SUBJECT TO REGULATORY CLEARANCE

ASX 24 Exchange Traded Derivatives and OTC Interest Rate Derivatives Client Clearing

ASX Clear (Futures) Operating Rules
Marked up against consultation version

12 December 2013

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PART 1 DEFINITIONS

Definitions

1.1 In these Rules, except where the content otherwise requires, words and expressions shall have the same meaning as in the Articles, provided that, except where the context otherwise requires the words and expressions in the first column in Rule 1.1 hereunder shall have the meaning assigned to them in the second column. In the absence of a contrary definition in these Rules, words and expressions shall have the same meaning as in the Exchange Operating Rules.

Words	**Meanings**
Abandonment	The abandonment of an Option in accordance with Exchange Operating Rules and these Rules.
Account	In relation to a Clearing Participant, means a House Clearing Account and/or Client Clearing Account as established in accordance with Part 4 of the Rules.
Adoption Date	The date on which the new Constitution of Australian Securities Exchange Limited, as approved at an extraordinary general meeting of Full Members of that Exchange on 22 July 2000, comes into effect.
Allocation	An allocation of an Open Contract (other than an OTC Open Contract) or Market Contract (other than an OTC Transaction) as provided by the Exchange Operating Rules. Amended 01/07/13
Alternative Clearing and Settlement Facility	A Clearing and Settlement Facility, approved by the Exchange, that the operator is licensed to conduct under an Australian CS Facility Licence that is operated by a Facility Participant. Introduced 04/12/02
API	Applications Programming Interface. Introduced 10/12/01
Appeal Tribunal	The tribunal convened in accordance with the provisions of the ASX Enforcement and Appeals Rulebook. Introduced 01/08/10
Approved Clearing and Settlement Facility	A Clearing and Settlement Facility approved by ASX Clear (Futures) as an Approved Clearing and Settlement Facility and specified in the Procedures Determinations & Practice Notes. Introduced 02/08/13
Approved Market Operator	A Market Operator approved by ASX Clear (Futures) as an Approved Market Operator and specified in the Procedures Determinations & Practice Notes. Introduced 02/08/13

Approved Subordinated Debt	An amount owing by a Clearing Participant which is payable at a time or by instalments approved by ASX Clear (Futures) and is to the satisfaction of ASX Clear (Futures) effectively subordinated so that any right of the creditor in question to receive payment in the case of bankruptcy of or any composition or compromise with creditors by or appointment of a trustee in bankruptcy or in the case of liquidation, liquidator in respect of the Clearing Participant or the partners or any of them is extinguished to such an extent as will ensure payment or provision for payment in full of all claims of all other present and future creditors of the Clearing Participant in priority to the claim of the subordinated creditors and in respect of which a Subordinated Loan Deed has been executed by the Clearing Participant, the lender and ASX Clear (Futures). The Subordinated Loan Deed shall specifically provide: (a) that its terms are not to be varied without the agreement in writing of all parties; (b) that the lender's rights to receive interest and principal payments pursuant to the loan are subordinated at all times to other creditors; (c) that repayment of the loan in whole or in part is subject to the approval of ASX Clear (Futures), which shall not be given unless it is satisfied that the Clearing Participant will, after repayment, be able to maintain the minimum level of Net Tangible Assets required by the Rules; (d) that the obligation to repay the loan and to pay interest will be suspended for the duration of any period in which the level of the Clearing Participant's Net Tangible Assets falls below the minimum required by the Rules; and shall also contain such other provisions as may be required by ASX Clear (Futures). Introduced 02/08/13
Approved Warehouse	That term as defined in the Exchange Operating Rules. Introduced 26/03/96
Articles or Articles of Association	The Articles of Association contained in the Constitution of ASX Clear (Futures) Pty Ltd.
ASX Clear (Futures)	ASX Clear (Futures) Pty Ltd (ABN 91 050 615 864). Where the Rules confer on ASX Clear (Futures) a power to do or refrain from doing some act or to exercise a discretion, a reference to ASX Clear (Futures) includes a reference to the Board, the Managing Director or other officer of ASX Clear (Futures) authorised by the Board or Managing Director to exercise that power or who is otherwise properly authorised to exercise that power. Amended 01/08/10
Australian Bank	Australian Bank within the meaning of the Corporations Act.

Australian CS Facility Licence	A licence granted to the operator of a Clearing and Settlement Facility in accordance with the Corporations Act that authorises it to operate a facility providing clearing and settlement services in respect of all products traded on the Exchange.
Australian Financial Services Licence or AFSL	A licence granted by ASIC that authorises a person who carries on a financial services business to provide financial services.
Board	Board of ASX Clear (Futures) Pty Ltd and except in relation to any power to expel a Clearing Participant, a delegate of the Board duly approved pursuant to the Articles.
Bond	A Bond issued by the Commonwealth of Australia or the Government of a State or Territory or issued by a borrowing authority of the Commonwealth, a State or a Territory.
Bond and Repurchase Clearing	The clearing of Bond Transactions and/or Repurchase Agreements.
Bond Position	The net result of Bond purchases and sales.
Bond Transaction	Purchase or sale of a Bond.
~~BOS~~	~~Back Office Server which connects to the OM SECUR BOC.~~ ~~Introduced 10/12/01~~ Deleted [ ]/[ ]/13 ***[Explanatory Note:** the amendments are to account for the upgrading of the clearing system to Genium INET Clearing in 2014. The purpose of these amendments is to replace references to superseded software with generic terms and eliminate duplication in the definitions]*
BRC	Bond and Repurchase Clearing.
BRC Business Day	Day on which ASX Clear (Futures) is open for the conduct of BRC transactions.
BRC House Account	An account established under ~~By-law~~ Rule 41A.1.
BRC Participant	A Clearing Participant who notifies ASX Clear (Futures) of its intention to undertake Bond and Repurchase Clearing and who complies with these Rules and the ASX Clear (Futures) procedures regarding Bond and Repurchase Clearing.
BRC Variation Margin	The adjustment amount calculated by ASX Clear (Futures) in the mark to market process under Rule 44A. Introduced 28/10/02

Bulk Handler	Any company which operates Delivery Depots with whom ASX Clear (Futures) has entered into an arrangement for the storage and handling of the Underlying Commodity. Introduced 24/10/11
Bulk Handler Agreement	An agreement with a Bulk Handler governing the storage and handling of an Underlying Commodity. Introduced 24/10/11
Business Day	Day on which the office of the ASX Clear (Futures) is open for business.
Business Day of the Relevant Exchange	Day on which the office of the relevant exchange is open for business.
Buyer	(a) In relation to a Market Contract, the Trading Participant who enters into the Market Contract as buyer or if such Trading Participant is a Non-Clearing Trading Participant, its Guarantor Clearing Participant, or if prior to Registration that Market Contract is Allocated or deemed to be Allocated to another Exchange Participant as buyer in accordance with the Exchange Operating Rules and that Allocation is accepted or confirmed or deemed to be accepted or confirmed by that Exchange Participant, that Exchange Participant, or if that Exchange Participant is a Non-Clearing Trading Participant its Guarantor Clearing Participant. (b) In relation to an Open Contract the Clearing Participant in the buying position with respect to such Open Contract. (c) In relation to a Bond the Clearing Participant in the buying position. (d) In relation to a Repurchase Agreement the Clearing Participant in the buying position. Amended 01/09/08
Cash Settlement Contract	A Futures Contract which is to be performed by cash settlement only without delivery of a Commodity.
CFD or Contract For Difference	A Futures Contract designated by the Exchange as a Contract for Difference.
CFD Client	In relation to both a Clearing Participant and Full Participant, any person firm or corporation (including a Related Body Corporate) on behalf of whom that Participant enters, acquires or disposes of a CFD or from whom the participant accepts instructions to enter, acquire or dispose of CFDs on behalf of others.
Clearing Account	A Client Clearing Account or a House Clearing Account.
Clearing and Settlement Facility	"Clearing and Settlement Facility" as that term is defined in the Corporations Act.

Clearing Infrastructure Fee	Any and all charges determined by ASX Clear (Futures) from time to time, payable by the Clearing Participant in consideration for, or in any way connected with, the use of the Exchange System. Introduced Jan 05
Clearing Participant	Any person who is admitted and remains recognised as a Clearing Participant pursuant to these Rules and unless the context otherwise requires, a reference in these Rules to a Clearing Participant will include a reference to a Facility Participant. Amended 04/12/02
Clearing Software	The Software developed by or on behalf of ASX Clear (Futures) or a Related Body Corporate from time to time to operate the Exchange System and required by a Clearing Participant in order to access the Exchange System for the purpose of carrying out its activities as a Clearing Participant. Introduced Jan 05
Client	In relation to a Clearing Participant any person, firm or corporation on behalf of whom the Clearing Participant enters into, acquires~~,~~ holds or disposes of a Market Contract or Open Contract, or on whose behalf the Clearing Participant proposes to enter into, acquire~~,~~ hold or dispose of a Market Contract or Open Contract or from whom the Clearing Participant accepts instructions to enter into, acquire~~,~~ hold or dispose of a Market Contract or Open Contract. Amended [ ]/[ ]/13 *[Explanatory Note: This amendment widens the definition of "Client" to incorporate any person, firm or corporation on behalf of whom a Clearing Participant undertakes the actions specified in the definition in relation to a Market Contract or Open Contract.]*
Client Clearing Account	An Account established under Rule 41.2.
Client Positions	Open Positions designated as Client Positions under Rule 41 or ~~41A or~~ under the Client Protection Model Provisions. Amended [ ]/[ ]/13 *[Explanatory Note: This amendment widens the definition of "Client Positions" to include client positions under the Client Protection Model Provisions.]*
Client Protection Model Client Fact Sheet	The fact sheet published by ASX Clear (Futures) from time to time and made available to CPM Clients in accordance with ~~Part 10 of these Rules~~the Client Protection Model Provisions. Introduced [ ]/[ ]/13 *[Explanatory Note: The term "Client Protection Model Client Fact Sheet" is used in Rule 112.]*

Client Protection Model Provisions	Part 10 of these Rules. Introduced [ ]/[ ]/13 *[Explanatory Note: The term "Client Protection Model Provisions" is used throughout these Rules. It refers to the provisions in Part 10.]*
Client Sub-Account	Each Omnibus Sub-Account and Individual Sub-Account. Introduced [ ]/[ ]/13 *[Explanatory Note: The term "Client Sub-Account" is used in Rules 31.8, 72.4 and in Part 10.]*
Clients' Segregated Account	In relation to a Clearing Participant that is a Trading Participant, an account maintained in accordance with the ~~Exchange Operating~~ Market Integrity Rules or where applicable a client bank account as defined in Regulation 2 of the Futures Industry (Client Funds) Regulations 1990 (New Zealand) ~~and for all other Participants, an account adopted in accordance with Part 7.8 of the Corporations Act (or any other equivalent regime)~~. Amended [ ]/[ ]/13 *[Explanatory Note: The amendments to this definition ~~mean that, for all Participants who are not Trading Participants, a Clients' Segregated Account means an account adopted in accordance with Part 7.8 of the Corporations Act (or any other equivalent regime)~~are intended to correct an error in the cross-reference to the Market Integrity Rules.]*
Close Out	To extinguish an Open Contract (other than an OTC Open Contract) by matching it with an offsetting Open Contract (other than an OTC Open Contract) and effecting the settlement of each such Open Contract against the other. Amended 01/07/13
Commission	Australian Securities and Investments Commission. Introduced 02/08/13
Commitment	The commitment of a Clearing Participant to provide Financial Support to the obligations of ASX Clear (Futures) as provided by these Rules. Amended 01/07/13
Commodity	Any thing, entitlement or instrument including stock and shares capable of delivery or transfer.
Compulsory Settlement	Compulsory Settlement as provided by Rule 102.
Corporation	Any body corporate.
Corporations Act	The Corporations Act 2001 (Cth) as amended from time to time. Amended 02/01/02
CPM Client	A Client to which the Client Protection Model Provisions apply. Introduced [ ]/[ ]/13

[Explanatory Note: The term "CPM Client" is used throughout these Rules. The "Client Protection Model Provisions" are in Part 10 of these Rules.]

Daily Closing Value	The closing value of a Bond Transaction or Repurchase Agreement determined by ASX Clear (Futures) under Rule 44A.
Daily Settlement	Daily Settlement pursuant to Rule 44. Amended 28/10/02
Daily Settlement Amount	The Amount payable by or to a Clearing Participant pursuant to Rule 44 calculated as the difference between the value of an Open Contract (other than an OTC Open Contract) at the last Daily Settlement Price (or in the case of an Open Contract arising subsequent to the last Daily Settlement Price, the contract price) and the value of that Open Contract at the current Daily Settlement Price. In addition, the Daily Settlement Amount for a CFD Contract will include such cashflow amounts as determined by the Exchange. Amended 01/07/13
Daily Settlement Price	The Daily Settlement Price determined under Exchange Operating Rules or if no such price is available a price determined by ASX Clear (Futures) having regard to prevailing market prices and/or such other factors as ASX Clear (Futures) considers relevant.
Dealer	Dealer as defined by NZFOE Rules.
Default	The existence of a Default with respect to a Clearing Participant as provided in Rule 71 as declared by the Board or Managing Director following an event of Default. Similar meanings shall apply to "in Default" and "to have Defaulted" as referred to in that Rule.
Deliverable Contract	A Futures Contract to be performed by Delivery of a Commodity.
Delivery	Delivery in accordance with Exchange Operating Rules and Part 6 of the Rules.
Delivery Depot	A facility for the storage and handling of the Underlying Commodity in a location approved by the Exchange in consultation with ASX Clear (Futures). Introduced 24/10/11
Delivery Month	The calendar month in which the Maturity Date falls. Introduced 24/10/11
Delivery Period	In relation to a Grain Contract, the period commencing on the second Business Day of the Delivery Month and ending on the Maturity Date. Introduced 24/10/11

Deny Automatic Exercise Request	The notice which may be lodged in the Exchange ~~Allocation & Clearing~~ System by Participants holding a bought option position in the Exchange ~~Allocation & Clearing~~ System pursuant to which the automatic exercise on the Declaration Date of an Option Contract in the money is denied. Introduced 10/12/01
Derivative	"Derivative" as that term is defined in the Corporations Act.
'Employee', 'member of staff', 'officer', 'official', 'ASX Clear (Futures) staff', 'staff of ASX Clear (Futures)' and like words	'employee', 'member of staff', 'officer', 'official' and like words of ASX Clear (Futures) Pty Limited or any of its related bodies corporate. Introduced 21/01/02
Exchange	Australian Securities Exchange Limited (ABN 000 943 377) formerly known as Sydney Futures Exchange Limited and/or the Related Exchange. The use in these Rules of the term "Exchange or Related Exchange" shall not detract from this wide definition of "Exchange". Amended 02/01/02, 01/08/10
~~Exchange Allocation & Clearing System~~	~~The computer system known as OM SECUR which includes the OMnet Gateway and related systems, and which comprises the central clearing system of the Exchange and all of its Related Bodies Corporate used for the receipt of matched trade records from SYCOM, and the processing of Allocations and Confirmations of each Trade.~~ ~~Introduced 10/12/01 Amended 01/08/10~~ Deleted [ ]/[ ]/13 *[**Explanatory Note**: the amendments are to account for the upgrading of the clearing system to Genium INET Clearing in 2014. The purpose of these amendments is to replace references to superseded software with generic terms and eliminate duplication in the definitions]*
Exchange Contract	A class of Futures Contract and Options Contract listed on a Market of the Exchange.
Exchange Dealing Participant	A Participant of the Exchange which: (a) holds an Australian Financial Services Licence under the Corporations Act; (b) is a body regulated by APRA; or (c) has declared to the Exchange that it will accept instructions from or deal on behalf of persons or corporations, or a Dealer of a Related Exchange which under the relevant Exchange Operating Rules and law of the place of incorporation of the Related Exchange is entitled to deal on behalf of clients.

Exchange Equipment	Equipment required by a Clearing Participant in order to access the Exchange System for the purposes of carrying out its activities as a Clearing Participant, which may be supplied from time to time by the Exchange, ASX Clear (Futures) or a Related Body Corporate. Introduced Jan 05
Exchange Markets	The markets of the Australian Securities Exchange Limited and any Related Exchange.
Exchange Operating Rules	The operating rules of the Exchange.
Exchange System	Any system, including the clearing system, computer system or other electronic system (including the Licensed Software and the Exchange Equipment) utilised by ASX Clear (Futures) or any of its Related Bodies Corporate from time to time in connection with any business of ASX Clear (Futures) or any of its Related Bodies Corporate. Introduced Jan 05 Amended 01/08/10
Excluded Assets	The value attributed to Intangible Assets, deferred tax assets, doubtful debts, goodwill, a financial commitment provided to any exchange or clearing house or any asset used to secure that commitment, unlisted securities, preliminary expenses and any other item which in the opinion of ASX Clear (Futures) should be excluded. Introduced 02/08/13
Exercise Price	The price at which an Option Contract may be exercised.
Exercise Request	The notice to be lodged by Participants holding a bought option position in the Exchange ~~Allocation & Clearing~~ System pursuant to which options (whether or not in the money) are exercised prior to their expiry on the Declaration Date. Introduced 10/12/01
Extra Margin	A deposit with ASX Clear (Futures) pursuant to Rule 45.2 or 45A.2.
Facility Participant	Any person approved by the Exchange who has an Australian CS Facility Licence and is a Clearing Participant. Introduced 04/12/02
Financial Requirements	Net Tangible Assets, Net Liquid Assets and such other requirements as may be determined pursuant to Clearing Rule 8. Amended 02/08/13
Financial Support	In relation to a Clearing Participant the financial support provided by that Clearing Participant pursuant to Rule 5 or Rule 7.6.
Fixed Commitment	The Commitment provided pursuant to Rule 5.6(i). Amended 01/07/13
Fixed OTC Commitment	Has the meaning given to it in the OTC Rules. Introduced 01/07/13

Force Allocate	The forced settlement of an Open Contract of a Non-Defaulting Clearing Participant matching that of a defaulting Clearing Participant at a price determined by ASX Clear (Futures). Introduced 01/07/13
Futures Commitment	The commitment of a Futures Participant to provide financial support to the obligations of ASX Clear (Futures) as set out in Rule 5. Introduced 01/07/13
Futures Contract	A Derivative other than an OTC Transaction. Amended 01/07/13
Futures Option Contract	An option over a Futures Contract.
Futures Participant	Each: (a) Clearing Participant who has been authorised to participate in the clearing of Futures Contracts through ASX Clear (Futures); and (b) BRC Participant. Introduced 01/07/13
Grain Contract	One of the matching deliverable grain contracts, as determined by the Exchange, between ASX Clear (Futures) and a Clearing Participant which arise when a Futures Contract for grain is registered by and novated to ASX Clear (Futures) under these Rules. Introduced 24/10/11
Group of Contracts	A group of contracts which, in the opinion of ASX Clear (Futures), have similar characteristics (including, but not being limited to being contracts which are denominated in a currency other than Australian dollars).
Guarantor Clearing Participant	A Clearing Participant who in accordance with Exchange Operating Rules is the guarantor of the Market Contracts of a Participant which is not a Clearing Participant and who enters into or receives an Allocation of a Market Contract in accordance with Exchange Operating Rules and unless the context otherwise requires, a reference to Guarantor Clearing Participant will include a reference to a Facility Participant. Amended 04/12/02
Holding Company	Holding Company within the meaning of the Corporations Act as if that Act applies to all Clearing Participants.
House Clearing Account	An Account established under Rule 41.1 or a BRC House Account established under ~~By-law~~ Rule 41A.1.
House Positions	Open Positions held other than Client Positions.

In Writing	Written, typed, printed or lithographed, or partly one and partly another and includes any other mode of representing or reproducing words in a visible form, including electronically produced, displayed and recorded matter.
Individual Contract Specifications	The terms of a Class of Contracts identified in the relevant Sub-Section (numbered from 6A to 6E) of Section 6 of the Exchange Operating Rules.
Individual Sub-Account	The sub-account so described in the Client Protection Model Provisions. Introduced [ ]/[ ]/13 *[Explanatory Note: The term "Individual Sub Account" is used in ~~Rules 41.4, 44.7,~~ Part 10 and OTC Rule 5.5.]*
Initial Margin	A deposit with ASX Clear (Futures) in accordance with Rule 43 or 43A.
Intangible Assets	Intangible assets as defined in accordance with Australian Accounting Standards (AASB 138), as varied from time to time, or any other accounting standard approved by ASX Clear (Futures). Introduced 02/08/13
Intellectual Property	(a) any patent, trade mark (whether registered or common law), copyright, registered design or other design right and any corresponding property right under the laws of any jurisdiction throughout the world; (b) any right under the laws of Australia, or of any jurisdiction throughout the world, to apply for the grant or registration of a patent, trade mark, copyright, design, or any corresponding property or right; and (c) any rights throughout the world in respect of an invention, discovery, trade secret, know-how, concept, idea, information, data, algorithm or formula. Introduced Jan 05
Intra-Day Margin	A deposit with ASX Clear (Futures) pursuant to Rule 45.1 or 45A.1.
Invoice Back	The forced settlement of an Open Contract of a Non-Defaulting Clearing Participant matching that of a defaulting Clearing Participant at a price determined by ASX Clear (Futures). Introduced 01/07/13
Licence	In clearing Rule 16.1 means a licence or a sub-licence. Introduced Jan 05
Licensed Software	The Clearing Software which is the subject of a licence granted by Clearing rule 16.1. Introduced Jan 05

Licensor	Means any third party who, as the owner of Intellectual Property rights, licenses ASX Clear (Futures) or a Related Body Corporate to use those Intellectual Property rights in the manner set out in the relevant licence. Introduced Jan 05
Liquid Assets	Assets that are realisable or otherwise convertible to cash within 24 hours. Introduced 02/08/13
Liquid Liabilities	Liabilities that may become due and payable within 24 hours. Introduced 02/08/13
Local Participant	(Deleted 01/09/08)
Managing Director	The Managing Director of ASX Clear (Futures) or where there is no Managing Director, the principal executive officer of ASX Clear (Futures). The principal executive officer of ASX Clear (Futures) shall be: (a) the Managing Director and CEO of SFE Corporation Limited; or (b) any other person or persons he delegates to perform or share the role of principal executive officer; or (c) in the absence of: (i) the Managing Director; or (ii) where there is no Managing Director, the principal executive officer. then a person delegated by the Managing Director or the principal executive officer to perform some or all of the powers and functions of the Managing Director conferred by the By-Laws. Amended 19/07/96, 05/08/02
Mandatory Cash Settlement	Cash settlement pursuant to the Exchange Operating Rules and Part 6 of the Rules.
Margin	Initial Margin, Variation Margin, Intra Day Margin or Extra Margin. Amended 28/10/02

Market Contract	(a) A contract traded on a market of the Exchange which market is listed in accordance with the Exchange Operating Rules, or otherwise executed in accordance with the Exchange Operating Rules (and, in the case of a Related Exchange, is prescribed in the schedules or has been accepted in writing by the Managing Director for clearing by ASX Clear (Futures)), provided that where a transaction is for more than one lot there shall be nevertheless deemed to be a separate contract with respect to each lot and includes, where the context so requires, either the position of the Buyer or the position of the Seller as the case may be; or (b) A Bond Transaction; (c) A Repurchase Agreement; or (d) An OTC Transaction. Amended 04/12/02, 01/07/13
Market Integrity Rules	ASIC Market Integrity Rules (ASX 24 Market) 2010, as amended from time to time. Introduced [ ]/[ ]/13 *[**Explanatory Note**: The term "Market Integrity Rules" is used in ~~Rule 44.7~~the definition of Clients' Segregated Account.]*
Maturity Date	In relation to a Grain Contract, the third Thursday of the month in which the Grain Contract is expressed to mature. Introduced 24/10/11
Net Liquid Assets	Liquid Assets less Liquid Liabilities. Amended 02/08/13
Net Tangible Assets	The value of total assets and Approved Subordinated Debt, less any Excluded Assets, owned by the Participant, less the value of any liabilities. Amended 02/08/13
Nominated Person	The person notified as such to ASX Clear (Futures) in accordance with Rule 115.4. Introduced [ ]/[ ]/13 *[**Explanatory Note**: a Nominated Person may communicate with ASX Clear (Futures) on the Default of a Clearing Participant instead of a CPM Client as set out in the Client Protection Model Provisions]*
Non-Clearing Trading Participant	A Trading Participant of the Exchange which is not a Clearing Participant.
Non-Defaulting Clearing Participant	A Clearing Participant not in Default.
NZFOE	New Zealand Futures & Options Exchange Limited (ARBN 061 299 269).

NZFOE Commencement Time	The date and time on which ASX Clear (Futures) commences to operate as the Clearing and Settlement Facility for NZFOE.
Officer	Includes director, partner or employee.
~~OM SECUR Back Office Software~~	~~The set of software components including the OM SECUR BOPC and OM SECUR BOC, supplied by the Exchange that handles the interaction between Participants and the Exchange Allocation & Clearing System and the downloading of clearing information.~~ ~~Introduced 10/12/01~~ Deleted [ ]/[ ]/13 ***[Explanatory Note:** the amendments are to account for the upgrading of the clearing system to Genium INET Clearing in 2014. The purpose of these amendments is to replace references to superseded software with generic terms and eliminate duplication in the definitions]*
~~OM SECUR BOC~~	~~Back office client being the Exchange Allocation & Clearing System users program which connects with the BOS and resides on the OM SECUR BOPC.~~ ~~Introduced 10/12/01~~
~~OM SECUR BOPC~~	~~The physical workstation where back office applications are executed.~~ ~~Introduced 10/12/01~~
~~OMnet API~~	~~The software application for use by Participants which allows the Participants to have direct interaction with the Exchange Allocation & Clearing System.~~ ~~Introduced 10/12/01~~
~~Omnet Gateway~~	~~The network comprising of a set of components for handling communications between Participant's applications and OM SECUR Back Office Software.~~ ~~Introduced 10/12/01 Amended 01/07/13~~
Omnibus Sub-Account	The sub-account so described in the Client Protection Model Provisions. Introduced [ ]/[ ]/13 *[Explanatory Note: The term "Omnibus Sub-Account" is used in ~~Rules 41.4,~~ Part 10 ~~and OTC Rule 2.16~~.]*
Open Contract	(a) Except where paragraph (b) applies, a contract of a Clearing Participant with ASX Clear (Futures) deemed to arise from: (i) the registration of a Market Contract; (ii) an Allocation; (iii) a Transfer; (iv) the Exercise of an Option Contract; or (v) a daily settlement in accordance with Rule 44.

(b) In the case of a Facility Participant, unless the context otherwise requires, a contract between ASX Clear (Futures) and the Facility Participant referred to in Clearing ~~By-laws~~ Rules 31A.7 and 31A.8.

Amended 28/10/02, 04/12/02, 01/07/13

Open Position	The entitlement of a Clearing Participant under Open Contracts (including Open Contracts replacing previous Open Contracts by Daily Settlement in accordance with Rule 44 or 44A) which has not been closed out or completed by Delivery or Mandatory Cash Settlement. In the case of BRC transactions, the entitlement of a BRC Participant under an Open Contract which has not been completed or closed out.
Option Contract	Includes both a Futures Options Contract and a Physical Options Contract.
OTC Allocated Futures Contracts	Futures Contracts allocated to the calculation of OTC Initial Margin in accordance with these Rules (including the OTC Rules). Introduced 01/07/13
OTC Clearing	The clearing of an OTC Transaction in accordance with the OTC Rules. Introduced 01/07/13
OTC Commitment	The commitment of an OTC Participant to provide financial support to the obligations of ASX Clear (Futures) as set out in the OTC Rules. Introduced 01/07/13
OTC Initial Margin	Has the meaning given to it in the OTC Rules. Introduced 01/07/13
OTC Open Contract	Has the meaning given to it in the OTC Rules. Introduced 01/07/13
OTC Open Position	Has the meaning given to it in the OTC Rules. Introduced 01/07/13
OTC Participant	A Clearing Participant who has been authorised to participate in the clearing of OTC Transactions through ASX Clear (Futures). Introduced 01/07/13
OTC Rules	The OTC Rules of ASX Clear (Futures), as amended from time to time. Introduced 01/07/13
OTC Transaction	An over-the-counter Derivative. Introduced 01/07/13

Participant (in relation to the Exchange or a Related Exchange)	Includes a person which is not a member or shareholder of Exchange or of a corporation which constitutes a Related Exchange but which under Exchange Operating Rules is entitled to directly access the market of that Exchange or has otherwise bound itself to comply with those operating rules other than as a client in accordance with the rules and includes a Participant of the Exchange or Dealer of NZFOE.
Person	Includes an individual and a body corporate.
Physical Option Contract	An option over a Commodity or index (as opposed to an option over a futures contract).
Position	The position of a Buyer or Seller under an Open Position.
Prescribed	Prescribed by the Board.
Prescribed in the Schedules	Prescribed by the Board and set out in the Schedules.
Premium	The amount payable by the Buyer of an Option Contract to the Seller as consideration for the Option Contract.
Procedures	The procedures, determinations and practice notes relating to the ASX Clear (Futures) Operating Rules, including, where relevant, the ASX OTC Handbook of ASX Clear (Futures), as published by ASX Clear (Futures) and as amended from time to time. Introduced 01/07/13
Publish or Published	Make information available to the public and/or to Participants by any means including electronic means.
Reciprocal Arrangement	Any agreement or arrangement between ASX Clear (Futures) and any governmental agency or regulatory authority (including, without limitation, any market, clearing house or clearing and settlement facility), in Australia or elsewhere, whose functions include the regulation of trading in, or clearing and settlement of, Financial Products (in Australia or elsewhere) which provides for the disclosure of information between ASX Clear (Futures) and the other party in relation to dealings in, or clearing and settlement of, Financial Products (in Australia or elsewhere). Introduced 02/08/13
Recorded by the Exchange	In relation to a Market Contract, recorded by the Relevant Exchange as Prescribed in the Schedules, on the day on which the Contract is traded or in the case of trades effected after the Close of Trading, on the next Business Day of the Relevant Exchange.
Registered Contract	A Market Contract which has been registered under Rule 31.
Related Body Corporate	Has the same meaning as in the Corporations Act. Introduced 21/01/02 Amended [ ]/[ ]/13

[Explanatory Note: No change has been made to the definition of "Related Body Corporate", other than to refer to the Corporations Act 2001 (Cwlth) by its defined term "Corporations Act".]

Related Exchange	New Zealand Futures & Options Exchange Limited (NZFOE).
Relevant Exchange	The Exchange (either the Australian Securities Exchange Limited or a Related Exchange) on which particular Market Contracts have been traded or are to be traded.
Representative	Includes a person who has been engaged in or is otherwise subject to an agreement, arrangement or understanding whereby that person will act on behalf of a Clearing Participant.
Repurchase Agreement	A repurchase transaction entered pursuant to The Bond Market Association and International Securities Market Association Global Master Repurchase Agreement (known as the TBMA-ISMA Global Master Repurchase Agreement), as amended from time to time.
Rules	These Rules including the Schedules and, where relevant, the OTC Rules, as amended from time to time. Amended 01/08/10, 01/07/13
Schedules	Schedules to the Rules.
Security Interest	Any mortgage pledge guarantee charge or security of any kind.
Seller	(a) In relation to a Market Contract the Trading Participant who enters into the contract as seller or if such Trading Participant is a Non-Clearing Trading Participant, its Guarantor Clearing Participant, or if prior to Registration that Market Contract is Allocated or deemed to be Allocated to another Exchange Participant as seller in accordance with the Exchange Operating Rules and that Allocation is accepted or confirmed or deemed to be accepted or confirmed by that Participant, that Exchange Participant or if that Exchange Participant is a Non-Clearing Trading Participant, its Guarantor Clearing Participant. (b) In relation to an Open Contract the Clearing Participant in the selling position with respect to such Open Contract. (c) In relation to a Bond the Clearing Participant in the selling position. (d) In relation to a Repurchase Agreement the Clearing Participant in the selling position. Amended 01/09/08
Settlement Time	The time specified in the Procedures or, where settlement is deferred under the Rules, a later time determined by ASX Clear (Futures). Introduced 24/10/11

Substantial Change in Control	In relation to a Clearing Participant means: (a) The transfer of twenty percent (20%) or more of the issued capital of the Clearing Participant. (b) The transfer of such lesser percentage of the issued capital of the Clearing Participant and/or the issue of new shares (or options in relation thereto) whereby one party becomes the holder of twenty percent (20%) or more of the issued capital of the Clearing Participant. (c) A change of 50% or more in the composition of the Board of the Clearing Participant. (d) Any transfer or issue of shares in any corporation which would result in a corporation becoming or ceasing to be a holding company of the Clearing Participant. (e) A change of 50% or more in the composition of the Board of a holding company of the Clearing Participant. (f) Any change in the partners of a Clearing Participant being a firm. (g) The entering into any agreement the completion of which will result in the application of paragraphs (a) to (e) above. (h) Any other event, agreement or act which in the reasonable opinion of the Board results in a substantial change in the control of the Clearing Participant. And for the purposes of Rule 11.2 means the occurrence of one of the events referred to in paragraphs (a) to (f) since the admission of a Clearing Participant as a Clearing Participant or since the last approval of an event specified in the paragraph, given under Rule 11.2.
Support Fee	The fee determined by ASX Clear (Futures) from time to time for the provision of support services in relation to the Licensed Software. Introduced Jan 05
~~SYCOM®~~	~~The computerised trading facility operated by the Exchange and known as "Sydney Computerised Market".~~ Deleted [ ]/[ ]/13 ***[Explanatory Note:*** *the amendments are to account for the upgrading of the clearing system to Genium INET Clearing in 2014. The purpose of these amendments is to replace references to superseded software with generic terms and eliminate duplication in the definitions]*
Tender Documentation	The documentation in the form set out in the Procedures for the purposes of Schedule 14. Introduced 24/10/11
Trading Participant	A Trading Participant of the Exchange pursuant to the Exchange Operating Rules. Introduced 13/12/99 Amended 01/08/10

Trading Platform	Has the meaning given to it in the Exchange Operating Rules. Introduced [ ]/[ ]/13 ***[Explanatory Note:** the amendments are to account for the upgrading of the clearing system to Genium INET Clearing in 2014. The purpose of these amendments is to replace references to superseded software with generic terms and eliminate duplication in the definitions]*
Warehouse Receipt	That term as defined in the Exchange Operating Rules. Introduced 26/03/96
Variable Commitment	The Commitment provided pursuant to Rule 5.6(ii). Amended 01/07/13
Variable OTC Commitment	Has the meaning given to it in the OTC Rules. Introduced 01/07/13
Variation Margin	An amount determined by ASX Clear (Futures) in its mark to market procedures, being BRC Variation Margin or Daily Settlement Amount. Introduced 28/10/02
Underlying Commodity	In relation to a Grain Contract, the type of grain which underlies the contract, as determined by the Exchange. Introduced 24/10/11

Good Standing

1.2 For the purposes of these Rules a Clearing Participant or a prospective Clearing Participant may be deemed by the Board not to be in good standing if in the opinion of the Board:

(a) The Clearing Participant or prospective Clearing Participant is suspended as a Participant of the Exchange or a Related Exchange or of ASX Clear (Futures), or any disciplinary proceedings or enforcement action within the jurisdiction of the Exchange or a Related Exchange or ASX Clear (Futures) for which a penalty of suspension or expulsion from the Exchange or Related Exchange or ASX Clear (Futures) could be imposed are pending against the Clearing Participant or prospective Clearing Participant.

(b) Any proceedings for which a penalty of suspension or revocation of a license held under the Corporations Act or the revocation of an authorisation under the Securities Amendment Act 1988 of New Zealand or a similar penalty under the law of any other jurisdiction could be imposed are pending against the Clearing Participant or prospective Clearing Participant.

(c) Arrangements satisfactory to the Exchange or a Related Exchange or ASX Clear (Futures), as the case may be, have not been made for the resolution of any claim, action or proceeding against the Clearing Participant or prospective Clearing Participant or any related company, affiliate or officer of such Clearing Participant or prospective Clearing Participant which in the opinion of the Exchange or a Related Exchange or ASX Clear (Futures), as the case may be, might adversely affect the goodwill or public image of the Exchange or a Related Exchange, its Participants or markets, or ASX Clear (Futures).

(d) Arrangements satisfactory to the Exchange or a Related Exchange or ASX Clear (Futures) as the case may be have not been made for the payment of any moneys due by the Clearing Participant or prospective Clearing Participant to the Exchange or Related Exchange or ASX Clear (Futures).

(e) A person who has been convicted (in Australia or New Zealand or any other jurisdiction) within the preceding 10 years of an offence involving fraud or dishonesty punishable upon conviction by imprisonment for three months or more or has within the last five years been convicted of an offence referred to in Part 2D.6 of the Corporations Act (or a similar offence in a jurisdiction other than Australia) or is an Insolvent under Administration within the meaning of the Corporations Act (or has similar status in a jurisdiction other than Australia including New Zealand):

(i) is a director, officer or partner of the Clearing Participant or prospective Clearing Participant;

(ii) is concerned or takes part in the management of the Clearing Participant or prospective Clearing Participant; or

(iii) has control, or substantial control, of the Clearing Participant or prospective Clearing Participant.

(f) there is any subsisting matter which would constitute an event of Default under Rule 71.3 in respect of the Clearing Participant or prospective Clearing Participant.

Amended 01/08/10

1.3 These Rules shall constitute a contract between ASX Clear (Futures) and Clearing Participants and between each Clearing Participant.

1.4 Except so far as the contrary intention appears in these Rules an expression has in a provision of these Rules that deals with a matter dealt with by a particular provision of the Corporations Act, the same meaning as in that provision of the Corporations Act.

1.5 The headings in these Rules are for convenience only and shall not affect the interpretation of the Rules.

1.6 Unless the contrary intention appears, a reference to a law, statute or provision of a law or statute includes that law, statute or provision as amended or replaced from time to time.

1.7 Except where the contrary intention appears from the Rules or any determination of ASX Clear (Futures):

(a) Subject to paragraph (b) any reference in the Rules to an amount of money shall refer to that amount in the lawful currency of Australia; and

(b) Any reference in or in relation to Open Contracts arising from Market Contracts traded on NZFOE and any Margin in relation to such contract shall be taken to be New Zealand dollars.

1.8 (a) Each person who was a Clearing Member immediately prior to the adoption Date is to be taken, for the purposes of these Rules, to be a Clearing Participant on the Adoption Date.

(b) The amendment of these Rules on the Adoption Date:

(i) shall not affect any liability, obligation or responsibility existing under the Rules prior to that date, of a person who was a Clearing Member prior to that date; and

(ii) shall not disturb the continuity, status, operation or effect of any act or thing done pursuant to the Rules in effect prior to that date.

In paragraph (b)(ii), "act or thing done" includes, but is not limited to:

- the making of a determination or passing of a resolution;
- the granting or exercise of a power, including a delegated power;
- the execution of a document; or
- the appointment of a person or removal of a person from an office or position.

1.9 As from the Effective Time (as defined in Rule 12B), these Rules (formerly known as the Clearing Rules of SFE Clearing) have been renamed the ASX Clear (Futures) Operating Rules.

Introduced 01/08/10

OTC Clearing and OTC Rules

1.10 The clearing facilities which may be provided by ASX Clear (Futures) in accordance with the terms of these Rules include the clearing of OTC Transactions under the OTC Rules. The OTC Rules supplement, and form part of, these Rules.

However, if a Clearing Participant is not an OTC Participant, has not been an OTC Participant and has not applied to be an OTC Participant, then the OTC Rules do not:

(a) vary the application of these ASX Clear (Futures) Operating Rules to that Clearing Participant; and

(b) impose any additional obligations on that Clearing Participant,

except as expressly set out in these ASX Clear (Futures) Operating Rules. Subject to this, in connection with OTC Clearing and OTC Participants, the OTC Rules prevail over these ASX Clear (Futures) Operating Rules to the extent of any inconsistency between them.

Introduced 01/07/13

1.11 Unless the contrary intention appears, capitalised terms not defined in these Rules have the meaning given to them in the OTC Rules.

Introduced [ ]/[ ]/13

[Explanatory Note: New Rule 1.11 provides that terms defined in the OTC Rules have the meaning given to them in those rules unless the contrary intention appears in these Rules.]

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PART 2 GENERAL

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3 ESTABLISHMENT OF ASX CLEAR (FUTURES)

3.1.1 These Rules relate to the Clearing and Settlement Facility operated by ASX Clear (Futures) Pty Ltd.

3.1.2 ASX Clear (Futures) may provide clearing facilities in accordance with the terms of these Rules.

Fees

3.2.1 The Board may impose the following fees in such amount as it may determine from time to time:

(a) an application fee for admission as a Clearing Participant, which shall be applied against the cost of investigation into the suitability of the applicant and shall not be refundable to the applicant.

(b) an admission fee;

(c) an annual fee;

(d) a transaction fee for each contract or transaction which is registered in the name of the Clearing Participant;

(e) a fee for the acceptance of securities or collateral for Initial Margins or their realisation or renewal of such securities as collateral;

(f) a fee for mandatory cash settlement and delivery or exercise of options;

(g) a Clearing Infrastructure Fee;

(h) a Support Fee if the Clearing Participant requires support as described in Rule 16, 17 or 18; and

(i) such other fees as it may determine.

and may impose different fees on different categories of Clearing Participant.

Clearing Participants shall pay any fees so imposed, upon demand unless another time is specified. Fees payable pursuant to the Rules may be deducted by ASX Clear (Futures) from any credit balance of any account of the Clearing Participant with ASX Clear (Futures).

Amended Jan 05, 01/07/13

3.2.2 Obligation to Pay Fees

(a) Payment of annual fees shall be due on 1 January in each year or such other date as may be specified. Such annual fees shall be payable notwithstanding the suspension of a Clearing Participant's status and rights.

(b) If a Clearing Participant fails to pay an annual fee within one (1) month of the due date its Participant status and rights shall, unless the Board or the Managing Director grants an extension of time for payment, thereupon be suspended until the sum due is paid together with interest from the due date at twelve per cent (12%) per annum or such other rate as may be fixed by the Board or the Managing Director from time to time. No such

suspension shall release the Clearing Participant from its liability in respect of its Commitment and no Commitment shall be liable to be returned except in accordance with Rule 6.

Amended 01/07/13

3.2.3 Monies Deposited with ASX Clear (Futures)

The Board may prescribe from time to time:

(a) the interest rate which shall be payable with respect to monies on deposit with ASX Clear (Futures); and

(b) the interest rate which shall be payable by Clearing Participants with respect to any monies which remain owing to ASX Clear (Futures) after the due time for payment.

ASX Clear (Futures) and Clearing Participants shall pay or receive such interest as the case may be. Subject to this provision any interest obtained by ASX Clear (Futures) from the investment of monies on deposit with ASX Clear (Futures) shall be monies to which ASX Clear (Futures) is absolutely entitled. Any monies so deposited may be invested as ASX Clear (Futures) sees fit and ASX Clear (Futures) shall not be liable for any failure to invest or to invest in a particular way.

Client Agreement Forms

3.3 The Board or the Managing Director may prescribe minimum terms for agreements to be entered into between Clearing Participants and their clients and may amend those terms from time to time.

Any prescriptions and variations thereto made by the Board or the Managing Director shall for the purposes of the Corporations Act be deemed to be an amendment to the Rules of ASX Clear (Futures).

Disclosure of Information

3.4.1 Disclosure of information regarding Clearing Participants

ASX Clear (Futures) may, where it considers it appropriate disclose information regarding its Clearing Participants and their activities that are relevant to ASX Clear (Futures) to:

(a) the Commission;

(b) the Reserve Bank of Australia;

(c) the Australian Prudential Regulation Authority;

(d) the Exchange;

(e) a Clearing & Settlement Facility; and

(e) any governmental agency or regulatory authority.

Introduced 02/08/13

3.4.2 ASX Clear (Futures) may disclose information

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

(a) pursuant to a Reciprocal Arrangement;

(b) required to be disclosed by ASX Clear (Futures) under any law or any order of any court or tribunal, authority or regulatory body;

(c) which at the time of disclosure to or by ASX Clear (Futures), was generally available to and known by the public;

(d) for the purposes of monitoring compliance with, or the enforcement of, the Rules or the adjudication of those matters (including, without limitation, to the Old Tribunal (as defined in Rule 12B) or the Appeal Tribunal);

(e) to a Related Body Corporate of ASX Clear (Futures), for the purpose of enabling that Related Body Corporate to assess whether the Participant is complying with, will comply with or has complied with the operating rules of, or any contractual arrangement with, that Related Body Corporate;

(f) to an Approved Market Operator or Approved Settlement Facility, for the purpose of enabling the Approved Market Operator or Approved Settlement Facility to assess whether the Clearing Participant (or a Participant of the Exchange for whom the Clearing Participant clears Futures Contracts) is complying with, will comply with or has complied with the Approved Market Operator's or Approved Settlement Facility's rules or procedures;

(g) to any governmental agency or regulatory authority including, without limitation, an exchange (including, without limitation, an Approved Market Operator), market, clearing house or clearing and settlement facility (in Australia or elsewhere) which requests ASX Clear (Futures) to provide the information to it, in the proper exercise of its powers relating to:

(i) the order and good government of Participants; or

(ii) the efficient, honest, fair, competitive and informed trading, clearing and settlement of Futures Contracts (in Australia or elsewhere); and

(h) any entity which provides financial backing or insurance to ASX Clear (Futures) for the purpose of enabling that entity to assess the risk to ASX Clear (Futures) or that entity from clearing activities generally or to assess any claim made in connection with a Clearing Participant's activities.

Introduced 02/08/13

4 BECOMING A CLEARING PARTICIPANT

4.1 A corporation (or in special circumstances to the satisfaction of the Board and with the consent of the Board a person or body other than a corporation not being an individual) may apply to become a Clearing Participant with access to the facilities of ASX Clear (Futures).

4.2 An applicant who wishes to be approved as a Clearing Participant shall lodge with the Board:

(a) an application in the Prescribed form signed by the applicant;

(b) such information concerning the applicant and supported by such evidence as the Board may prescribe

(c) an undertaking by the applicant in the Prescribed form to abide by these Rules as amended from time to time, if the application is granted; and

(d) an application fee of an amount determined from time to time in accordance with Rule 3.2.

Explanatory Note
Refer to Procedure 4.2A Becoming a Clearing Participant.

4.3 Where the applicant is a prospective Participant or Dealer of the Exchange the applicant shall lodge or cause to be lodged with ASX Clear (Futures) a copy of the application to become an Exchange Participant or Dealer, as the case may be, made by the prospective Participant or Dealer. The Board may rely on any information contained in such application as if it formed part of its application for approval as a Clearing Participant. (Amended 2/1/02)

4.4 In considering the application, the Board may call for the information provided pursuant to Rule 4.2(b) and such other information as it considers necessary and where the Board is satisfied that:

(a) the applicant satisfies or will satisfy the Financial Requirements;

(b) the applicant is in good standing;

(c) the applicant is of good character, high business integrity and financial probity;

(d) in the case of a Corporation, the directors of the applicant, those concerned in its management and those who have control or substantial control of the corporation are of good character and of high business integrity and financial probity;

(e) the applicant has or will have managerial, operational, financial and appropriate complementary business continuity arrangements in place to enable it to meet its ongoing obligations as a Clearing Participant pursuant to the Rules and in particular is in a position to make immediate transfer of funds to meet its obligations;

(f) in the case of a Corporation the applicant is incorporated in Australia or registered in Australia as a foreign company unless the corporation does not carry on business in Australia and this requirement is waived by the Board on condition that the applicant has nominated an address for service in Australia, and on such other conditions as it sees fit;

(g) the applicant satisfies or will satisfy any legal requirements either in Australia or elsewhere to operate as a Clearing Participant; and

(h) the applicant is otherwise a fit and proper person to be a Clearing Participant,

the Board may in its absolute discretion approve the application.

4.5 Any meeting of the Board held for the purpose of approving an application shall only be held on notice in writing of not less than forty-eight (48) hours given to all members of the Board and any resolution approving an application to become a Clearing Participant shall require the affirmative votes of not less than seventy-five per cent (75%) of all Board members present and entitled to vote at such meeting. The Board shall not be obliged to furnish any reason for its decision. The Board may as a condition of its approval impose such conditions on the applicant as it sees fit and the applicant shall comply with any conditions. Any such conditions may be required by the Board to be complied with before or after admission as a Clearing Participant or may be of a continuing nature.

4.6 An approval of the Board to admit a Clearing Participant shall not take effect until the Clearing Participant has paid to ASX Clear (Futures):

(i) an admission fee of such amount as the Board may determine from time to time; and

(ii) an annual fee or a proportion thereof, as the Board may determine in each case.

Amended 01/07/13

4.7 Unless the requirements of clause 4.6 are satisfied within two months of the date of the approval by the Board or such further time as the Board may in its absolute discretion allow, the approval shall lapse.

4.7A At the time when ASX Clear (Futures) admits an applicant as a Clearing Participant, or at any later time on the application of a Clearing Participant, ASX Clear (Futures) will impose a standard condition on the admission of the Clearing Participant that specifies the category or categories of Market Contracts (including, if applicable, OTC Transactions) that the Clearing Participant is authorised to clear through ASX Clear (Futures).

Introduced 01/07/13

4.7B Any approval of ASX Clear (Futures) to authorise a Clearing Participant to clear a category or categories of Market Contracts does not take effect until the applicant has provided its Commitment to ASX Clear (Futures) as required by these Rules and, if applicable, the OTC Rules. Unless this requirement is satisfied within two months of the date of the approval by ASX Clear (Futures), or such further time as ASX Clear (Futures) may in its discretion allow, the approval lapses.

Introduced 01/07/13

4.8 Subject to these Rules, a Clearing Participant shall be entitled to have a Market Contract registered in its name, or receive an Allocation or Transfer, after it has to the reasonable satisfaction of the Board or Managing Director established all necessary financial, managerial, operational and appropriate complementary business continuity arrangements to carry out its obligations as a Clearing Participant in respect of the relevant category of Market Contract.

4.9 Recognition as a Clearing Participant is a privilege granted by the Board and subject to the Rules may be withdrawn by the Board for cause at any time. A Clearing Participant shall not purport to pledge or otherwise encumber its rights as a Clearing Participant and ASX Clear (Futures) shall not be required to recognise any trust in relation to any such rights.

4.10 The requirements of Rule 4.4 (a) to (h) are continuing. ASX Clear (Futures) may impose or vary any conditions it sees fit on admission at any time. A Clearing Participant shall at all times ensure that these requirements are satisfied and otherwise comply with the Rules. A Clearing Participant shall immediately notify ASX Clear (Futures) if it breaches or is likely to breach any of these requirements.

Amended 30/12/09, 01/07/13

Undertaking to Abide by the Rules

4.11 (a) Subject to Rule 4.11(b), each Clearing Participant agrees to be bound by the Rules in its dealings with ASX Clear (Futures) and with each other Clearing Participant and each Clearing Participant agrees that the provisions of the Rules shall be binding on the Clearing Participant as between the Clearing Participant and ASX Clear (Futures) and as between the Clearing Participant and every other Clearing Participant. Each Clearing Participant shall also comply in full with any undertaking given, or condition imposed by the Rules. Further, each Clearing Participant must comply with any condition imposed by ASX Clear (Futures) on the admission of a Participant.

(b) Rule 4.11(a) applies to each Clearing Participant that is a Facility Participant except to the following extent:

(i) Rules 31 and 43 do not apply to a Facility Participant and to a Market Contract that becomes registered with the Facility Participant.

(ii) Rules 44, 45 and 47 do not apply to a Facility Participant where both the position of a Seller and the position of a Buyer under a Market Contract are registered with the Facility Participant.

(c) Clearing Participants shall lodge with ASX Clear (Futures) on request from time to time, an undertaking in the form required by ASX Clear (Futures) and to the effect set out in Rule 4.11(a) duly signed by the Clearing Participant.

(d) If ASX Clear (Futures) has not received an undertaking as referred to above signed by the Clearing Participant on the due date, the status and rights of the Clearing Participant will be suspended until the signed undertaking is received by ASX Clear (Futures). No such suspension shall release the Clearing Participant from its liability in respect of its Commitment and no Commitment shall be liable to be returned except in accordance with Rule 6.

(e) A Clearing Participant has the primary responsibility for compliance with the Rules and shall ensure that its officers and representatives shall comply with them.

(f) Where any Clearing Participant:

(i) undertakes any action, or course of actions which is contrary to a provision of the Rules; or

(ii) fails for any reason to act in accordance with a provision of the Rules, including, without limitation, failure to maintain any document or record, failure to give any notice or notification, or failure to comply with an undertaking or condition, required by or imposed under the Rules; or

(iii) fails to comply with or continue to comply with any requirement or condition for application for Participation Entitlements;

then the Clearing Participant shall thereby have committed a breach of the Rules and/or relevant provisions of the Rules.

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

Amended 04/12/02, 31/03/08, 30/12/09, 01/08/10, 01/07/13

General Conduct of Clearing Participants

4.12 (a) Clearing Participants shall at all times:

(i) Act in a manner consistent with the promotion and protection of the goodwill and public image of ASX Clear (Futures) and its Clearing Participants.

(ii) Pay its debts as and when they fall due.

(iii) Comply in all respects with the Corporations Law and Rules and accept and act consistently with decisions of the Board, its Committees and the Business Conduct Committee.

(b) Where the Operating Rules of Exchange purport to impose an obligation on a Clearing Participant, the Clearing Participant shall comply with that obligation as though it were an obligation created by, and included in, these Rules.

(c) Clearing Participants shall at all times co-operate with ASX Clear (Futures), the Appeal Tribunal and ASX Clear (Futures) staff:

(i) in complying with any conditions imposed on it under these Rules;

(ii) in complying with the Rules, directions and decisions and requirements of ASX Clear (Futures); and

(iii) in the performance of their respective duties imposed by ASX Clear (Futures) (including as may be affirmed or varied by the Appeal Tribunal (as the case may be following an appeal against such action) pursuant to the provisions of the ASX Enforcement and Appeals Rulebook) and Exchange Officials, Appeal Tribunals and ASX Clear (Futures) staff, in particular make available to those Appeal Tribunals or ASX Clear (Futures) staff its accounting and other records.

Amended 31/08/04, 30/12/09, 01/08/10

4.13 No Clearing Participant shall:

(a) Deal on behalf of a person other than in accordance with instructions accepted by the Participant from that person.

(b) Cheat, defraud, or deceive or attempt to cheat, defraud, or deceive any Client.

(c) Make or cause to be made to a Client a report, or enter or cause to be entered for a Client a record, which report or record the Participant knows (or ought reasonably to know) to be false.

(d) Submit information to ASX Clear (Futures) or its agents which the Clearing Participant knows (or ought reasonably to know) to be false or misleading.

4.14 Subject to Rule 4.15 it shall be the responsibility of each Clearing Participant:

(aa) To provide to ASX Clear (Futures) a copy of a prescribed audit report within three (3) months of its financial year end.

(a) To provide to ASX Clear (Futures) an annual audit certificate in the prescribed form within three (3) months of its financial year end unless the Clearing Participant is an Australian Bank.

(b) To provide to ASX Clear (Futures) a copy of any licence or approval granted to it by a regulatory authority to enable it to carry on its business and to advise ASX Clear (Futures) of any variation to the conditions of such licence or of the suspension or cancellation of such licence.

(c) Not to employ any person who has been a Clearing Participant (or a Director, partner, employee or representative of a Clearing Participant), without first obtaining the written approval of ASX Clear (Futures), if that person has to the knowledge of the Clearing Participant taken part or been concerned in any failure to comply with the Rules which failure has been found to have occurred by the Board or ASX Clear (Futures) under Rule 10, and where the Board or ASX Clear (Futures) has determined (at the time that action is taken under Rule 10 or at some later time) that this provision shall apply in relation to the person.

For the purposes of this sub-clause (c) the words "to employ" and cognate expressions shall include agreeing or arranging with a person for that person to act as the Clearing Participant's representative in relation to transactions cleared by ASX Clear (Futures).

(d) To advise ASX Clear (Futures) In Writing of any change in its partners, Directors or shareholders within twenty-one (21) days of such occurring provided that in the case of a listed public company it shall be deemed sufficient compliance with this paragraph in relation to shareholders if the Clearing Participant provides to ASX Clear (Futures) copies of all notifications given by it to the home stock exchange on which the Clearing Participant is listed, or if it is not listed then copies of notices served upon it pursuant to any law requiring shareholders to disclose a share holding in excess of five per cent (5%) of the issued capital of that Clearing Participant or such other percentage as may be provided for in the Corporations Act for the purposes of ascertaining substantial shareholding.

(e) To effect and maintain such form of indemnity as ASX Clear (Futures) may from time to time determine to be appropriate to protect the interests of Clients of the Clearing Participant.

(f) To notify ASX Clear (Futures) In Writing immediately upon the happening of any one or more of the following:

(i) the appointment of a receiver or liquidator in respect of the property of the Clearing Participant; and/or

(ii) the bankruptcy of any partner or Director of the Clearing Participant.

(g) To maintain internal records of instructions received from Clients and clearing services provided for Clients showing:

(i) the time and date of receipt of instructions;

(ii) the nature of the instructions received;

(iii) the time and date of transmission of instructions; and

(iv) the time and date of execution of instructions,

for a period of not less than seven (7) years from the date of the service.

(h) To maintain separate internal records of its own orders and trading, showing:

(i) the time and date of receipt of instructions;

(ii) the nature of the instructions received;

(iii) the time and date of transmission of those instructions; and

(iv) the time and date of execution of those instructions,

for a period of not less than seven (7) years.

(i) To maintain such accounting records as correctly record and explain the transactions of the Clearing Participant and the financial position of the Clearing Participant and in addition will enable compliance with these Rules to be conveniently ascertained by ASX Clear (Futures), such records to be maintained in a form that will enable them to be conveniently and properly audited.

(j) Before accepting a person as a Client, to have in force with such person an agreement duly signed by the Clearing Participant and the Client containing minimum terms to the following effect:

(i) Governing Law and Rules

The Client and Participant are bound by the ASX Clear (Futures) Rules and the customs, usages and practices of ASX Clear (Futures) and the Exchange's Markets.

(ii) Client to Provide Information

In relation to the Client's trading on the Exchange the Client will upon the Clearing Participant's request, provide all information and documentation relevant to that trading, to the Clearing Participant and the Clearing Participant is authorised by the Client to provide the information and documentation to the Exchange and ASX Clear (Futures).

(iii) Benefit to Participant of Contract Registration with ASX Clear (Futures)

Any benefit or right obtained by any Clearing Participant upon registration of a contract with ASX Clear (Futures) by way of assumption of liability of ASX Clear (Futures) under any contract or any other legal result of such registration is personal to the Clearing Participant and the benefit of such benefit or right does not pass to the Client.

(iv) Client only has Rights Against Participant

In relation to all trades conducted on the Exchange by a Full Participant and all Contracts registered by the Clearing Participant with ASX Clear (Futures) the Client has no rights whether by way of subrogation or otherwise, against any person or corporation other than the Clearing Participant.

(v) Margins

An acknowledgment by the Client that:

(A) the Clearing Participant may call for payment of Margin such money or property (or Call for the lodgement of Approved Securities in lieu thereof) as the Clearing Participant, in its absolute discretion, feels is necessary to protect itself from the personal obligation incurred by Dealing in Contracts on behalf of the Client.

(B) should the Client fail to meet the Call (or lodge Approved Securities) then the Clearing Participant may (without prejudice to any other rights or powers under the Agreement) in its absolute discretion, and without creating an obligation to do so, Close Out, without notice, all or some of the Client's Contracts.

(C) the time for payment of Margins is of the essence and if no other time is stipulated by the Clearing Participant prior to calling a Margin then the Client is required to comply within twenty-four (24) hours.

(D) liability to pay the Initial Margin accrues at the time the trade is executed regardless of when a Call is made.

(E) liability to pay Margin accrues at the time the Margin comes into existence regardless of when a Call is made.

(F) the Client is responsible to pay in cash any deficit owing to the Clearing Participant after closure and that if the Client

defaults in payment of such deficit, the Clearing Participant may realise any securities held by the Clearing Participant and apply the proceeds against that deficiency.

(vi) Appointment of Attorney

An appointment by the Client of the Managing Director of ASX Clear (Futures) as the Client's attorney to do all things necessary to transfer any Open Position held by the Clearing Participant on the Client's behalf to another Clearing Participant where the Clearing Participant status of the Clearing Participant has been suspended or terminated.

(vii) Exchange Data

An acknowledgment by the Client who has access to electronic order facilities that:

(A) data made available to the Client by access to electronic order entry facilities is not the property of the Clearing Participant and remains the valuable property of the Exchange; and

(B) the client is prohibited from publicly displaying, redistributing or re-transmitting the data in any way without having executed a Market Data Distribution Agreement or similar agreement with the Exchange.

(viii) Tape Recordings

An acknowledgment by the Client that the Client's telephone conversations with the Clearing Participant can be recorded by the Clearing Participant or the Exchange. The Client is to be given the right to listen to any recording in the event of a dispute or anticipated dispute.

(ix) Right to Refuse to Deal

An acknowledgment by the Client that the Clearing Participant reserves the right to refuse to Deal on behalf of the Client in relation to any Dealings in Contracts (other than closing out existing Open Positions held in the Clearing Participant's account on behalf of the Client) or limit the number of Open Positions held on behalf of the Client or both. The Clearing Participant will inform the Client of any refusal at or before the time of the Client placing the order or as soon as possible thereafter.

(x) Termination and Closing Out

An acknowledgment that:

(A) without affecting any existing obligations or liabilities, either the Client or the Clearing Participant may terminate the agreement at any time by giving the other notice In Writing to that effect;

(B) upon termination of the Client Agreement that unless otherwise agreed In Writing the Clearing Participant will Close out all the Client's Futures Contracts and Close Out, abandon or exercise any Options not yet exercised.

To the extent that the Client Protection Model Provisions apply to a Client, the terms addressing the requirements in Rule 4.14(j)(iii) and (iv) do not apply.

(ja) Rule 4.14(j) does not apply where the Client is a Full Participant, in which case an agreement containing this term is deemed to have been entered and come into effect immediately upon the Clearing Participant accepting the first instruction from the Client to enter a contract on the Exchange's Markets and/or register a contract with ASX Clear (Futures);

(k) To ensure that whilst such person is a Client an agreement as referred to in paragraph (j) above remains in force.

(l) Not to permit any one Client (in which context the expression "Client" shall include all persons, Firms and corporations related to associated or affiliated with the Client or otherwise financially dependent upon the Client) to represent such a percentage of the business operations of the Clearing Participant as may prejudice or diminish the ability of the Clearing Participant to meet its obligations under these Rules.

(m) Not knowingly to deal on behalf of any Director, partner or employee of any other Clearing Participant, entitled to deal on behalf of Clients, or on behalf of any account in which such Director, partner or employee has an interest either direct or indirect. For the purpose of this sub-clause "employee" shall include persons who as a representative of the Clearing Participant advise or solicit instructions from persons or corporations in relation to transactions cleared by ASX Clear (Futures). The provisions of this sub-clause shall not apply to clearing by a Clearing Participant through another Clearing Participant.

(n) Not to advertise or permit any other person, firm or corporation over which the Clearing Participant has control to advertise in any manner which may be false or misleading or prejudicial to the goodwill and public image of ASX Clear (Futures) or Clearing Participants.

(o) Not to issue, or cause to be issued, any unsolicited business communication In Writing to any person or persons (such expressions not to include companies listed on any Australian Stock Exchange for the purpose of this clause other than its Client without first obtaining the written approval of ASX Clear (Futures).

Amended 31/03/08, 02/11/09, 30/12/09, 01/07/13, [ ]/[ ]/13

Explanatory Note
Refer to Procedure 4.14 Becoming a Clearing Participant.

*[**Explanatory Note**:*

- *New Rule 4.14(aa) provides that each Clearing Participant shall provide to ASX Clear (Futures) a copy of a prescribed audit report within 3 months of its financial year end. This new Rule 4.14(aa) replaces the similar requirement which previously existed in the Futures Procedures.*
- *The amendment to 4.14(j) provides that to the extent the Client Protection Model Provisions apply, the terms addressing the requirements in Rule 14.4(j)(iii) and (iv) do not apply.]*

4.15 ASX Clear (Futures) may dispense with or temporarily postpone compliance by the Clearing Participant with any of the provisions of Rule 4.14 upon such conditions (if any) as ASX Clear (Futures) sees fit.

Amended 31/03/08

5 COMMITMENT TO SUPPORT OBLIGATIONS OF ASX CLEAR (FUTURES)

5.1 Each Clearing Participant shall provide a commitment to the financial support of the obligations of ASX Clear (Futures) in accordance with and subject to the Rules (the Commitment):

(a) of such amount and for such term as is provided for in the Rules;

(b) in cash or in such other form as the Board may allow; and

(c) which may readily, unequivocally and irrevocably be applied to support and discharge the financial obligations of ASX Clear (Futures) under Open Contracts, in the event of a Default, in accordance with Rule 7.

5.2 Without limiting the generality of Rule 5.1 the Board may determine that the Commitment may be provided in the form of an irrevocable Letter of Credit issued by an Australian Bank or by the provision of securities or other collateral, or in such other form as may be determined by the Board. The Board may prescribe limits on the letters of credit or other securities or collateral which may be provided from any one Bank or other entity.

5.3 The Board may in its absolute discretion determine the value of any Commitment provided otherwise than in cash or irrevocable commitment to provide cash for the purpose of determining whether a Clearing Participant has provided a Commitment of an amount which satisfies the provisions of the Rules.

5.4 The Board may at any time require a Clearing Participant to alter the form of its Commitment in any way and the Clearing Participant shall effect such alteration forthwith or by such time as the Board requires. Failing such alteration the Board may realise or apply any security or collateral when in the opinion of the Board such alteration or realisation is necessary to ensure compliance with Rule 5.1.

5.5 Without limiting the generality of Rule 5.4 the Board may at any time require the provision of replacement or additional letters of credit, substitute or additional securities or collateral or such other form of Commitment as is necessary to satisfy the Board that the Commitment of the Clearing Participant is of an amount and form which meets the requirements of ~~By-law~~ Rule 5.1. A Clearing Participant shall comply with such requirement.

5.5A The Futures Commitment required from a Futures Participant is determined in accordance with Rule 5.6. The OTC Commitment required from an OTC Participant is determined in accordance with the OTC Rules. A Clearing Participant which is both a Futures Participant and an OTC Participant must comply with the Commitment obligations of a Futures Participant and of an OTC Participant.

Introduced 01/07/13

5.6 Subject to Rule 7.6 the Futures Commitment of a Futures Participant shall be:

(i) A "Fixed Commitment" comprising:

(A) A minimum Commitment of two million dollars ($2,000,000) by each Futures Participant; or

(B) Where the Futures Participant is also a BRC Participant and engages in Futures Contracts and Options Contracts clearing and in Bond and Repurchase Clearing, a minimum Commitment of four million dollars ($4,000,000) for that Participant.

Provided however that where a Futures Participant is a BRC Participant and engages only in Bond and Repurchase Clearing, paragraph (B) shall not apply and the minimum Commitment shall be two million dollars ($2,000,000) in accordance with paragraph (A).

(ii) An additional Commitment (the "Variable Commitment") by each Futures Participant sufficient to bring the total aggregate amount committed by Futures Participants under the Futures Commitment (FC) to an amount in dollars calculated in accordance with the following formula:

FC = d + (n x $2,000,000)

where:

n = number of Futures Participants which are also BRC Participants (excluding those which cease clearing Futures Contracts and Options Contracts and which engage only in Bond and Repurchase Clearing); and

d = one hundred million dollars ($100,000,000) or such lesser amount determined by the Board calculated by reference to all Futures Participants' Open Positions (excluding OTC Open Positions) or Aggregate Initial Margins (excluding OTC Initial Margins) or on such other similar basis as the Board may determine.

The manner of calculation of the Variable Commitment shall be as Prescribed in the Schedules. For any period during which the total aggregate Fixed Commitments under sub-paragraph (i) are in excess of FC, no Variable Commitment shall be capable of being called pursuant to Rule 7.1. The Variable Commitment calculated in accordance with this sub-paragraph (ii) shall be recalculable at the intervals Prescribed in the Schedules.

For the purposes of this sub-paragraph (ii), in the case of BRC Participants the Variable Commitment may be determined by the Board at its discretion by reference to the value of Bond Transactions or Repurchase Agreements cleared by each BRC Participant (rather than by reference to Open Positions or Aggregate Initial Margins) or on such other similar basis as the Board may determine. In all other respects this sub-paragraph (ii) applies to BRC Participants.

The amount of the Futures Commitment held by ASX Clear (Futures) may exceed the amount as determined in accordance with the foregoing in circumstances where a Futures Participant is admitted at a time other than the beginning of a new quarter.

Amended 01/03/08, 01/07/13

5.7 Each Clearing Participant shall provide by such time as Prescribed Additional Commitment to ensure that its obligations under Rule 5.6 are met at all times. ASX Clear (Futures) may release a Clearing Participant's Commitment in whole or in part to enable the Commitment of a Clearing Participant to be reduced to that required by Rule 5.6. Where there is a Default the Commitment of a Clearing Participant shall notwithstanding this Rule 5.7 not be reduced below the Clearing Participant's liability or likely liability under Rule 7.5 and pending the finalisation of the Default procedures under Part 7 of the Rules the requirement of a Clearing Participant to provide a Commitment shall be adjusted accordingly.

Adjustment of Clearing Participant Commitments

5.7A Notwithstanding anything else in the Rules, the Board or Managing Director may determine that Clearing Participants or a Clearing Participant shall provide to ASX Clear (Futures) a Commitment for a period of not more than five business days after the amount of Commitment is adjusted in accordance with the Rules or a Commitment expires, of an amount equivalent to that required prior to that adjustment or expiry to be available to meet any default arising prior to that adjustment or expiry.

Introduced 19/07/96

5.8 ASX Clear (Futures) may in its absolute discretion pay each Clearing Participant an Accommodation fee in respect of its Commitment in recognition of and to compensate for the assumption of risk by the Clearing Participant. Such fee shall be as determined from time to time by the Board with due regard for the risk, exposure and amount of the Commitment of a Clearing Participant and may be, set on different bases for different categories of Clearing Participants.

Amended 01/07/13

5.9 ASX Clear (Futures) will pay a Clearing Participant interest on a Commitment provided in cash at the rate determined by ASX Clear (Futures) from time to time, provided that ASX Clear (Futures) may withhold any interest where in the opinion of the Board or Managing Director withholding such interest is necessary to ensure that the Clearing Participant is in compliance with Rule 5.1 and in such case such interest may be used by the Board as part of the Participant Commitment.

Amended 01/07/13

5.10 The Board may, with the agreement of a Clearing Participant and in addition to the obligation of a Clearing Participant to provide financial support under this Rule 5, obtain from a Clearing Participant additional financial backing to support the obligations of ASX Clear (Futures) on such terms as is agreed with the Clearing Participant.

5.11 The Board may, in its absolute discretion, waive the requirement for particular BRC Participants to make the Commitment under this clause 5.

6 WITHDRAWAL OF CLEARING PARTICIPANT COMMITMENT

6.1 A Clearing Participant is not entitled to withdraw its Commitment, and ASX Clear (Futures) is not obliged to repay or transfer Commitment, except on the Clearing Participant's resignation of the authorisation to which the Commitment relates in accordance with Rule 11.1, or termination of its rights and status as a Clearing Participant in accordance with Rule 72.1(i).

Introduced 01/07/13

6.2 A Clearing Participant's Futures Commitment or OTC Commitment (as applicable) shall remain available for application by ASX Clear (Futures) in accordance with Rule 7 in respect of a Default by any Clearing Participant that occurs prior to the Clearing Participant's resignation of the relevant authorisation or termination becoming effective in accordance with Rule 11.1 or Rule 72.1A (as applicable). ASX Clear (Futures) must not apply the Clearing Participant's Commitment in accordance with Rule 7 in respect of a Default by another Clearing Participant that occurs after the Clearing Participant's resignation or termination becomes effective.

Introduced 01/07/13

6.3 The Clearing Participant's Futures Commitment or OTC Commitment will be returned to it on the first Business Day of the New Quarter (as defined in Schedule 10) immediately following the date on which its resignation in respect of the relevant authorisation or termination is effective.

Introduced 01/07/13

7 SATISFACTION OF OBLIGATIONS OF ASX CLEAR (FUTURES)

7.1 Without affecting ASX Clear (Futures)'s rights as otherwise provided in the Rules, upon Default by a Clearing Participant the Board shall be entitled, in satisfying ASX Clear (Futures)'s obligations, subject to Part 7 of the Rules, to apply the following assets in the order stipulated in whole or in part:

(a) *first*, any moneys, securities, collateral or property held by ASX Clear (Futures) in any account of, or in respect of, the Clearing Participant in Default (including, subject to the provisions of Rules 41.5, 41.6 and 41.7[1] restricting access to a Client Clearing Account, a Client Clearing Account of the Clearing Participant in Default);

(b) *second*, the proceeds of the Commitment (including all Futures Commitment and all OTC Commitment) of the Clearing Participant in Default;

(c) *third*, any assets of ASX Clear (Futures) designated under the Procedures for the purposes of this paragraph up to the amount specified in the Procedures (such amount to be $120,000,000 or such greater amount as the Board in its discretion may from time to time determine);

(d) *fourth*:

(i) if the Clearing Participant in Default is a Futures Participant and is not an OTC Participant, the proceeds of the Futures Commitments of all Futures Participants (other than the Clearing Participant in Default) as provided by Rule 7.5, up to the total aggregate amount committed by all Futures Participants under the Futures Commitment ("**FC**") calculated in accordance with the formula set out in Rule 5.6 (including the Commitment of the Clearing Participant in Default) ("**Relevant Futures Commitments**");

(ii) if the Clearing Participant in Default is an OTC Participant and is not a Futures Participant, the proceeds of the OTC Commitments of all OTC Participants (other than the Clearing Participant in Default) as provided by Rule 7.5, up to the total aggregate amount of OTC Commitment committed by all OTC Participants calculated in accordance with the OTC Rules (including the OTC Commitment of the Clearing Participant in Default) ("**Relevant OTC Commitments**");

(iii) if the Clearing Participant in Default is both a Futures Participant and an OTC Participant, an amount equal to the aggregate of:

(A) the Futures Commitment Proportion of the Relevant Futures Commitments; and

[1] CPM references to be added.

(B) the OTC Commitment Proportion of the proceeds of the Relevant OTC Commitments.

For this purpose:

"**Futures Commitment Proportion**" is the proportion calculated by dividing:

(a) the daily average Initial Margin obligation of the Clearing Participant in Default that was attributable to Open Contracts other than OTC Open Contracts and OTC Allocated Futures Contracts

by:

(b) the daily average Initial Margin obligation of the Clearing Participant in Default that was attributable to all of its Open Contracts (including OTC Open Contracts and OTC Allocated Futures Contracts).

"**OTC Commitment Proportion**" is the proportion calculated by dividing:

(c) the daily average Initial Margin obligation of the Clearing Participant in Default that was attributable to OTC Open Contracts and OTC Allocated Futures Contracts

by:

(d) the daily average Initial Margin obligation of the Clearing Participant in Default that was attributable to all of its Open Contracts (including OTC Open Contracts and OTC Allocated Futures Contracts).

For the purpose of each of the above calculations, the "**daily average Initial Margin obligation**" is calculated by dividing the sum of the Clearing Participant's Initial Margin obligation for the relevant Open Contracts on each Business Day in the 90 days immediately preceding the day on which the Default first occurred by the number of Business Days in that period.

(e) *fifth*, proceeds of any insurance or other assets available to ASX Clear (Futures) as designated for the purposes of this paragraph up to the amount specified in the Procedures (such amount to be $150,000,000 or such greater amount as the Board in its discretion may from time to time determine) provided that in the case of any relevant policy of insurance the relevant excess has been exceeded;

(f) *sixth*, proceeds of

(i) the Relevant Futures Commitments; and

(ii) the Relevant OTC Commitments,

in each case to the extent that they have not already been applied above. If there is both Relevant Futures Commitments and Relevant OTC Commitments available to be applied then the allocation between them is to be conducted proportionally on the basis of the total amount of each of them which was available to be applied under this paragraph (f);

(g) *seventh*, the proceeds of any additional financial backing of Clearing Participants as referred to in Rule 5.10; and

(h) e*ighth*, any other monies or other assets available to ASX Clear (Futures) including those designated under the Procedures for the purposes of this paragraph up to the amount specified in the Procedures.

[Explanatory Note: This amendment provides the required reference to the Procedures where $180M of monies provided by ASX Clear (Futures) on 1 July 2013 is specified for the purpose of this tranche of the default waterfall.]

Amended 15/07/11, 01/07/13

7.2 To enable ASX Clear (Futures) to meet its obligations in a timely manner to Clearing Participants not in Default:

(a) Pending the realisation of any part of the assets referred to in Rule 7.1 the Board may borrow or otherwise seek accommodation or make other financial arrangements as it sees fit.

(b) Pending recovery of an asset in a paragraph of Rule 7.1 access may be had by ASX Clear (Futures) to assets referred to in a subsequent paragraph of Rule 7.1 subject to prompt adjustment when an asset in a preceding paragraph has been recovered PROVIDED THAT no access shall be had to the assets referred to in:

(i) paragraphs (d) or (f) of Rule 7.1 until the assets referred to in paragraph (c) have been exhausted; and

(ii) paragraph (f) of Rule 7.1 until the assets referred to in paragraph (e) have been exhausted,

AND PROVIDED FURTHER that ASX Clear (Futures) shall not be required to have access to assets referred to in a paragraph of Rule 7.1 pending the realisation of available assets referred to in a preceding paragraph.

Amended 15/07/11, 01/07/13, [ ]/[ ]/13

***[Explanatory Note**: The amendment to this Rule 7.2 means that no access can be had to the assets referred to in paragraph (f) of Rule 7.1 until the assets referred to in paragraph (e) have been exhausted.]*

7.3 Any application of monies or assets, whether permitted by Rule 7.1 or any other provision of these Rules, shall not preclude or limit ASX Clear (Futures) from seeking recovery from the Clearing Participant in Default or Clearing Participants in Default of any amount properly payable by that Participant or Participants including, without limitation, any Commitment.

7.4 The Board shall have absolute discretion to determine whether to seek recovery in accordance with Rule 7.3. However, if any one or more Non-Defaulting Clearing Participants provides ASX Clear (Futures) with:

(a) an indemnity of any payment, liability or obligation which ASX Clear (Futures) may thereby incur, in such form as the Board may prescribe; and

(b) security for the costs of ASX Clear (Futures) in the form and in an amount as advised by the Board,

then the Board shall proceed to seek recovery in accordance with Rule 7.2, except where the Board resolves that to do so would be contrary to the best interests of ASX Clear (Futures) or the Clearing Participants, or to the maintenance of an orderly and fair market.

7.5 For the purposes of Rule 7.1(d) and (f), ASX Clear (Futures) shall be entitled in satisfying its obligations to call in full or in part any Commitment up to the total amount committed by a Clearing Participant. Such call to be calculated as follows:

Futures Commitment of Futures Participants

(a) Until the Fixed Commitment of the Futures Commitment of each Futures Participant is exhausted a call or calls on Futures Commitments of Futures Participants shall be met equally by Futures Participants.

(b) Once the Fixed Commitments of the Futures Commitment of Futures Participants have been exhausted then any further call or calls or part of a call or calls against the Futures Commitment shall be met by Futures Participants in the same proportion as their Variable Commitment as at the date of the Default bears to the Variable Commitments of all non-defaulting Futures Participants. If the Futures Commitment of any Futures Participant is exhausted then any remaining liability shall be shared on the same basis between the remaining Non-defaulting Futures Participants.

OTC Commitment of OTC Participants

(c) Until the Fixed OTC Commitment of each OTC Participant is exhausted a call or calls on Fixed OTC Commitments of OTC Participants shall be met equally by OTC Participants.

(d) Once the Fixed OTC Commitments of the OTC Participants have been exhausted then any further call or calls or part of a call or calls on the OTC Commitment shall be met by OTC Participants in the same proportion as their Variable OTC Commitment as at the date of the Default bears to the Variable OTC Commitments of all Non-defaulting OTC Participants. If the OTC Commitment of any OTC Participant is exhausted then any remaining liability shall be shared on the same basis between the remaining Non-defaulting OTC Participants.

(e) However~~, despite (c) and (d),~~ if the OTC Rules provide for a different order of application, or manner of sharing, between OTC Participants of their Fixed OTC Commitment and Variable OTC Commitment then the OTC Rules are to be complied with.

Where Commitments or any part thereof of a Clearing Participant or Clearing Participants are utilised under this or any other provision of the Rules in satisfying the obligations of ASX Clear (Futures), subject to Rule 73.4, ASX Clear (Futures) shall be under no obligation to return or repay to the Clearing Participant any Commitment or any monies, securities or property constituting such Commitment or an amount equivalent thereto to the extent that they are so utilised.

***[Explanatory Note**: The amendment to this Rule 7.5 provides for the juniorisation process to apply with respect to the OTC Commitment of OTC Participants in accordance with the OTC Rules.]*

Amended 03/06/97, 15/07/11, 01/07/13

7.6 If a call is made on the Commitments of the Clearing Participants in full or part, the Board may request the Clearing Participants to make such further Commitment by way of deposit of cash, securities, collateral or property in such amount and at such times as the Board believes necessary to provide continuing financial support of the obligations of ASX Clear (Futures). A Clearing Participant which receives such a request may either provide the requested further Commitment or may decline to provide the further Commitment requested. A Clearing Participant which declines to provide such further Commitment in accordance with this Rule shall be deemed to

have given notice of resignation in accordance with Rule 11 (unless it has already provided such notice or has been given notice of termination in accordance with Rule 72.1A) but shall be under no obligation to provide such further Commitment. If one or more Clearing Participants decline to provide such further Commitment, the Board may issue such further or amended requests to other Clearing Participants under this Rule 7.6 as it considers necessary to provide continuing financial support of the obligations of ASX Clear (Futures). Each such further or amended request may be declined in accordance with, and with the resulting consequences set out in, this Rule 7.6.

Where further Commitments are provided pursuant to this Rule 7.6 the provisions of the Rules relating to the provision of and utilisation of Commitments provided by Clearing Participants shall be read mutatis mutandis on the basis that the Commitments of Clearing Participants comprise the Futures Commitments (for Futures Participants) or the OTC Commitments (for OTC Participants), as applicable, and the further Commitments provided under this Rule 7.6.

Amended 01/07/13

7.7 The application of any of the assets referred to in Rule 7.1 with respect to a Default or Defaults shall not preclude the use of any remaining assets in any subsequent Default or Defaults.

7.8 The Board may designate particular assets of ASX Clear (Futures) for the purposes of Rule 7.1(c) and may add to or vary such designated assets as it sees fit from time to time.

7.9 The Board may in its absolute discretion without being under any express or implied obligation to do so elect to meet any Default from assets available pursuant to paragraph (h) of Rule 7.1 and determine that such assets shall replace the obligation to apply assets referred to in any or all of paragraphs (d), (e), (f) or (g) of Rule 7.1.

Amended 01/07/13

7.10 The Board will review the size, structure and composition of ASX Clear (Futures)' financial resources, taking into account any recommendations made by the Risk Committee, changes (including anticipated changes) in ASX Clear (Futures)' regulatory obligations and any other matters considered relevant by the Board. The Board will conduct its review once in every successive period of 12 months following the effective date of this rule. The results of the review will be published.

Introduced 01/07/13

8 FINANCIAL REQUIREMENTS

8.1 A Clearing Participant shall at all times comply with the Financial Requirements from time to time determined by ASX Clear (Futures) and set out in the Schedules. Pending any such prescription the Financial Requirements shall be a requirement that the Clearing Participant have Net Tangible Assets of not less than five million dollars ($5,000,000).

Amended 02/08/13

8.2 Without affecting the generality of Rule 8.1 the Board may prescribe financial requirements relating to:

(a) the minimum level of each Clearing Participants' Net Tangible Assets; and

(b) the amount of Net Liquid Assets to be held by each Clearing Participant.

8.3 The Board or the Managing Director, or the delegate of either may determine that the Financial Requirements of a particular Clearing Participant shall be in excess of those applying pursuant to Rule 8.1 having regard to the number or value of Open Contracts held by the Clearing Participant, the Board, or the Managing Director or their delegate's assessment of the Clearing Participant's risk under such Open Contracts, the requirement of insurers or without limitation any other relevant factor and the Financial Requirements of that Clearing Participant shall be deemed to be Prescribed accordingly.

8.4 A Clearing Participant shall lodge with ASX Clear (Futures) in the Prescribed form a statement of its financial position as at the end of each month by no later than the Prescribed date or such other date as the Board may require.

8.5 (a) A Clearing Participant shall immediately advise ASX Clear (Futures) if:

(i) the value of its financial position at any time is less than 150% of the Financial Requirements;

(ii) the value of the Participant's financial position is less than 150% of the Financial Requirements and has decreased by more than 20% since the last advice provided to ASX Clear (Futures) pursuant to sub-paragraphs (a) or (b) hereof;

(iii) its financial position has varied such that it exceeds the Position limits prescribed pursuant to Rule 9;

(iv) its financial position has altered in such circumstances as are Prescribed in the Schedules;

(v) an event of Default occurs under ~~By-law~~ Rule 71, or the Clearing Participant has reasonable grounds to suspect that an event of Default may occur.

(b) The Clearing Participant shall also provide such additional statement or statements of its financial position, in such form or forms as ASX Clear (Futures) may require, at such time or times as it may direct.

The Managing Director shall immediately advise the Board of any such notice.

8.6 Financial Requirements for OTC Participants apply in accordance with the OTC Rules.

Introduced 01/07/13

8.7 A Clearing Participant must prepare its accounts and returns in accordance with accounting standards issued by the Australian Accounting Standards Board unless ASX Clear (Futures) approves or prescribes otherwise.

Introduced 02/08/13

9 POSITION LIMITS

9.1 (a) The Board may Prescribe limits on the number of Open Positions (whether Client Positions or House Positions) a Participant may hold in any Futures Contract or OTC Transaction or Options Contract or Bond Positions or Repurchase Agreements or on any market.

(b) The Board may prescribe limits relating to the exposure of the Clearing Participant under Open Contracts by reference to:

(i) the initial and/or variation margin and/or daily settlement liability of the Clearing Participant;

(ii) the number of Open Positions held by a Clearing Participant in any Futures Contract or OTC Transaction or Options Contract or Bond Positions or Repurchase Agreements;

(iii) the financial position of the Clearing Participant; or

(iv) any other criteria relating to the Clearing Participant's Open Positions or exposure as the Board thinks fit.

Amended 01/07/13

9.2 The Board may require a Clearing Participant to comply with special limits having regard to any requirements of insurers to ASX Clear (Futures) or such other matters as it sees fit.

9.3 Where a Clearing Participant's position is in excess of or appears likely to exceed the limits applicable to that Clearing Participant pursuant to Rule 9.1 or 9.2 the Board or the Managing Director or his delegate may in its or his absolute discretion do, without being limited to such actions, all or any of the following:

(a) Determine that the Clearing Participant shall lodge additional Initial Margin with respect to all or any Open Positions held by the Clearing Participant of such amount as the Board or the Managing Director or his delegate may determine. (Amended 19/7/96)

(b) Direct that the Clearing Participant reduce the number of its Open Positions so as not to exceed such limits.

(c) Direct that the Clearing Participant transfer all or any Open Contracts to another Clearing Participant. In the case of Bond Transactions or Repurchase Agreements such transfer may only be to a BRC Participant.

(d) Refuse to register further Market Contracts on behalf of the Clearing Participant or accept any Allocation or Transfer to the Clearing Participant.

(e) Exercise the powers set out in Rule 72.1(d) or (g) as if there were a Default.

(f) Declare the Participant to be in Default.

and a Clearing Participant shall do all things necessary to give effect to any such determination, direction or decision by such time as is required by the Board.

9.4 Without in any way limiting its powers under Rule 9.3 the Board may at any time determine in relation to a Clearing Participant or Clearing Participants the requirements which will apply pursuant to Rule 9.3 in the absence of any other determination under Rule 9.3 should the relevant Clearing Participant be in breach of the applicable limits or appear likely to be in breach of such limits.

9.5 ASX Clear (Futures) shall immediately advise the Exchange and any Related Exchange of any determination pursuant to Rule 9.3 or 9.4.

9.6 The Board may Prescribe in the Schedules requirements which shall apply to Clearing Participants upon the breach of applicable limits of a Clearing Participant in the absence of any determination pursuant to Rule 9.3 or 9.4. Such requirements may include any of the matters referred to in Rule 9.3.

9.7 A Clearing Participant shall comply with all requirements and limits Prescribed by the Board under this Rule 9.

9A REGULATION

Introduction and Oversight of Regulatory Affairs

9A.1.1 ASX Clear (Futures) shall undertake the detection, investigation and determination of potential and alleged breaches of the Rules and the provision of fair procedures and the taking of enforcement action in relation thereto.

Amended 01/08/10

9A.1.2 To assist it in doing so ASX Clear (Futures) may appoint agents, which may include officers and committees of bodies corporate which are related to ASX Clear (Futures). Subject to any right of appeal, Clearing Participants shall comply with decisions of agents of ASX Clear (Futures) as though they were decisions of the Board, and any failure to comply shall be deemed to be a breach of these Rules.

Amended 02/01/02, 31/03/08

9A.1.3 In the event that ASX Clear (Futures) appoints agents, those agents shall be responsible to the Chairman of ASX Clear (Futures) or his delegate for the efficient and effective performance of their functions and shall, upon request, report on their activities to that person in such detail as that person may reasonably require.

9A.1.4 The appointment of such agents shall in no way limit the authority of the Board to deal ultimately with any and all violations of the Rules either on its own initiative or upon appeal.

9A.1.5 Certain investigations and hearings may be conducted by ASIC, as determined by agreement between ASX Clear (Futures) and ASIC.

9A.1.6 Where ASIC makes a finding regarding a breach of the Corporations Act, by a Clearing Participant, ASX Clear (Futures) may impose a penalty without further investigation of the matter by ASX Clear (Futures).

9A.1.7 In the case of a breach by a Clearing Participant of a provision of the Rules which was committed on its behalf in whole or in part by a Representative of the Clearing Participant it shall be deemed to be, or have been, committed by that Clearing Participant.

ASX Clear (Futures) Investigation and Enforcement Function

9A.2 The functions of ASX Clear (Futures) referred to in Rule 9A.1 include:

(a) such investigations as it sees fit;

(b) such investigations, as it sees fit, of any allegations by a Clearing Participant or any other person which it considers to warrant investigation;

(c) maintenance of a program of inspections of the records and operations of Clearing Participants for the purpose of ensuring compliance with, and detecting breaches of, the Rules and in particular ensuring that Clearing Participants have appropriate procedures in place to prevent the occurrence of such breaches;

(d) where practical and relevant, maintenance of a program for the monitoring of the markets for which ASX Clear (Futures) provides services, and Open Positions and Open Contracts held by Clearing Participants and their Clients;

(e) ensuring that Clearing Participants lodge Financial Statements as required by the Rules;

(f) taking action in accordance with the provisions of the ASX Enforcement and Appeals Rulebook where it considers that a breach of the Rules may have occurred;

(g) to co-opt the services of the auditors of ASX Clear (Futures) and such other persons as ASX Clear (Futures) may approve, to assist in its activities; and

(h) referring matters to ASIC where ASIC has jurisdiction over such matters or by agreement between ASX Clear (Futures) and ASIC.

Amended 31/03/08, 01/08/10, 01/07/13

Exemptions

9A.3.1-7 Deleted – 31/03/08

9A.3.8 ASX Clear (Futures) may where it believes it to be just and equitable, and to the extent permitted by law, and on payment of the application fee (if any) prescribed by the Board, exempt a Clearing Participant or CPM Client or person or class of Clearing Participant or CPM Client from compliance with such provisions of the Rules and on such conditions as it sees fit, including conditions relating to the payment of fees or costs in relation to the monitoring of such exemption. ASX Clear (Futures) may, at any time, revoke such exemption. A breach of a condition imposed in respect of an exemption shall be deemed to be a breach of these Rules.

Any exemption granted to a class of Clearing Participant or CPM Client (but not an exemption granted to a specified Clearing Participant or CPM Client) shall, for the purposes of the Corporations Act, be deemed to be an amendment to the Rules.

Amended 31/03/08, [ ]/[ ]/13

9A.3.9 Deleted – 31/03/08

***[Explanatory Note**: The amendments to Rule 9A.3.8 extend ASX Clear (Futures)'s ability to exempt Clearing Participants or persons from provisions of the rules in accordance with Rule 9A.3.8 to CPM Clients.]*

10 APPOINTMENT OF BOARD AS AGENT

10.1-8 Deleted – 31/03/08

10.9 Each Clearing Participant and CPM Client shall be deemed to have irrevocably appointed each member of the Board jointly and severally as its duly authorised agent to do all things and execute all documents, in the name of the Clearing Participant or otherwise, necessary to transfer any Open Positions or Open Contracts held by that Clearing Participant in the circumstances described in clause 15 of Schedule 13 and in the case of a CPM Client, subject to the Client Protection Model Provisions.

The Board may nominate one of its members to take all action in the name of the Clearing Participant and to execute all documents and do all things necessary to give effect to such transfer.

Amended [ ]/[ ]/13

***[Explanatory Note**: The amendments to Rule 10.9 mean that each CPM Client (as well as each Clearing Participant) is deemed to have irrevocably appointed each member of the Board jointly and severally as its duly authorised agent for the purposes of the items set out in Rule 10.9.]*

Automatic Suspension

10.11 A Clearing Participant shall automatically be suspended without a meeting of the Board being required, if:

(a) the Clearing Participant is in Default;

(b) the Clearing Participant is in breach of the Financial Requirements or the requirements of Rule 8.4 and fails to rectify that breach within 24 hours or such longer period as the Board in its absolute discretion may allow;

or

(c) where a liquidator, receiver, receiver and manager or administrator or some other form of external management is appointed in respect of the property of the Clearing Participant or if the Clearing Participant or a partner of the Clearing Participant becomes bankrupt. Such suspension shall, unless the Board at its absolute discretion approves otherwise, continue for the duration of the liquidation or receivership, administration, bankruptcy or external management.

Amended 31/03/08

10.12 The suspension or termination of a Clearing Participant shall not affect any subsisting rights which the Board or ASX Clear (Futures) may have in respect of that Clearing Participant or the CPM Clients under the Rules or any subsisting obligations of the Clearing Participant or the CPM Clients to the Board or ASX Clear (Futures) under the Rules and in the case of a suspension shall not affect any continuing obligations of the Clearing Participant or the CPM Clients under the Rules.

Amended [ ]/[ ]/13

***[Explanatory Note**: The amendments to Rule 10.12 mean that the suspension or termination of a Clearing Participant shall not affect any subsisting rights which the Board or ASX Clear (Futures) may have in respect of the CPM Clients under the Rules or any subsisting obligations of the CPM Clients to the Board or ASX Clear (Futures) under the Rules, and in the case of a suspension, shall not affect any continuing obligations of the CPM Clients under the Rules.]*

10.13 A suspended Clearing Participant shall not except to the extent allowed by the Board or Managing Director in its or his absolute discretion be entitled to have Market Contracts registered in its name or to receive an Allocation or Transfer of an Open Contract and shall not be entitled to vote.

Interim Suspensions

10.14 Notwithstanding any other provision of this Rule 10, the Board may, by unanimous resolution of those present at a meeting and entitled to vote and on the basis that it reasonably believes it is necessary to do so in the interest of the public, or ASX Clear (Futures), suspend a Clearing Participant pending the conduct of proceedings in accordance with this Rule 10. Such suspension shall not be for more than twenty-one (21) days but may be extended from time to time by a unanimous resolution of those present and entitled to vote at a subsequent meeting. Where a suspension is made pursuant to this provision, proceedings shall commence within twenty-one (21) days or within the period of any extension.

10.15 Deleted

10.16 Deleted – 31/03/08

10.17 Deleted – 01/07/13

Conduct of Associated Parties

10.18 Where the Board reasonably believes that the character, reputation, business integrity, or financial probity or conduct of:

(a) an Associated Company;

(b) a Representative of a Clearing Participant, or of an Associated Company;

(c) a former Representative of a Clearing Participant or of an Associated Company;

(d) any person who has, or who has in the past had, the capacity to exercise control over a Clearing Participant, or an Associated Company;

(e) any other person which the Board reasonably believes is associated with, or connected to, the Clearing Participant or an Associated Company; or

(f) a non-Clearing Participant in any way associated or connected with a Clearing Participant,

is such that the interests of the public or ASX Clear (Futures) or its Clearing Participants, are being prejudiced by reason of the behaviour of the entities listed in Rule 10.18(a)-(f), then the Board may, without prejudice to any other action it may take under the Rules, direct the Clearing Participant to cause the behaviour of its entities to cease. If the behaviour of the entities listed in Rule 10.18(a)-(f) does not cease, the enforcement action may be taken against the Clearing Participant in accordance with this Rule 10 as if the conduct was that of the Clearing Participant.

For the purposes of this Rule, an "Associated Company" is a company which is in any way associated with, or connected to, the Clearing Participant. Without limiting the generality of the foregoing, a company shall be deemed to be associated or connected with a Clearing Participant where one has the power, directly or indirectly, to control the other. Without limiting the generality of the term "control", such control shall be deemed to exist where one holds twenty per cent (20%) or more of the issued share capital of the other or where a Director of one is a Director of the other.

Amended 01/08/10

10.19 Deleted – 31/03/08

11 RESIGNATION AND CHANGE IN CONTROL

Resignation

11.1 (a) A Clearing Participant may give notice of resignation in respect of one or more of its authorisations to clear a category or categories of Market Contracts to ASX Clear (Futures). If it notifies that it is resigning all of its authorisations then it is taken to also notify its resignation as a Clearing Participant.

(b) Resignation is not effective unless:

(1) the Clearing Participant has given notice of resignation in writing to ASX Clear (Futures);

(2) ASX Clear (Futures) confirms to the Clearing Participant in writing that the Clearing Participant has satisfied the following conditions:

(A) it has performed all of its accrued obligations under the Rules (including but not limited to the payment of all fees);

(B) it is not the subject of any disciplinary proceedings or enforcement action within the jurisdiction of ASX Clear (Futures);

(C) it has no Open Contracts applicable to the authorisation in respect of which it has given notice of resignation.

ASX Clear (Futures) will provide such confirmation, or reasons why such confirmation cannot be given, within 5 Business Days of receipt of a written request from a Clearing Participant which has given notice of resignation.

(c) Resignation will be effective at the end of the last day of the quarter in which the Clearing Participant meets the conditions in (1) and (2) above, provided those conditions are met at least 30 days prior to the last day of the quarter. If the Clearing Participant meets those conditions less than 30 days prior to the last day of the quarter, the Clearing Participant's resignation will be effective at the end of the last day of the following quarter. For these purposes, quarters are as defined in Schedule 10.

Amended 01/07/13

Change in Control

11.2 Where there is or is proposed to be a Substantial Change in Control of a Clearing Participant the Clearing Participant shall advise ASX Clear (Futures) forthwith in writing giving full particulars of such change. The Board shall consider such change and may in its absolute discretion approve such change.

12 APPEALS

12.1 The following decisions may be appealed in accordance with the provisions of the ASX Enforcement and Appeals Rulebook:

(a) the Board's decision to refuse an Applicant its application for Clearing Participant status; or

(b) a decision of the ASX Clear (Futures) to issue an Enforcement Notice under Section 2 of the ASX Enforcement and Appeals Rulebook or any sanction imposed in the Enforcement Notice.

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

12.2-5 Deleted – 31/03/08

12.6 If a notice of appeal is given in accordance with the ASX Enforcement and Appeals Rulebook, then pending a decision of the Appeal Tribunal unless the Appeal Tribunal otherwise determines:

(a) (i) any decision to refuse an application to become a Clearing Participant shall stand;

(ii) any suspension imposed by the Board or ASX Clear (Futures) shall remain in force;

(iii) where applicable, any termination of a Clearing Participant shall be deemed to be a suspension pending the decision of the Appeal Tribunal; and

(b) where there has been a finding of a breach of the Rules and an imposition of a sanction by ASX Clear (Futures) under the ASX Enforcement and Appeals Rulebook:

(i) any monetary penalty imposed shall not be required to be paid.

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

12.7-13 Deleted – 31/03/08

12A TRANSITIONAL PROVISIONS – [DELETED]

Introduced 31/03/08 Deleted 01/08/10

12B TRANSITIONAL PROVISIONS

Transitional Provision Definitions

12B.1 For the purposes of this Rule 12B:

"**Commence**" means:

(a) in relation to disciplinary proceedings relating to conduct or a failure prior to the Effective Time, the provision of a contravention notice by ASX Clear (Futures) to the Regulated Person pursuant to Rule 2.1 of the Old Australian Securities Exchange Disciplinary Processes and Appeals Rulebook; and

(b) in relation to appeal proceedings relating to conduct or a failure prior to the Effective Time, the provision of notice of appeal by the relevant person pursuant to Rule 3.1 of the Old Australian Securities Exchange Disciplinary Processes and Appeals Rulebook.

"**Effective Time**" means the date of commencement of Schedule 1 to the Corporations Amendment (Financial Market Supervision) Act 2010.

"**Old SFE Clearing Rules**" means the SFE Clearing Rules in force before the Effective Time.

"**Old Australian Securities Exchange Disciplinary Processes and Appeal Rulebook**" means the Australian Securities Exchange Disciplinary Processes and Appeals Rulebook in force before the Effective Time;

"**Old Tribunal**" means the Disciplinary Tribunal or Appeal Tribunal (as the context requires) convened in accordance with the Old Australian Securities Exchange Disciplinary Processes and Appeal Rulebook, irrespective of whether it is convened before or after the Effective Time.

"**Relevant Person**" or "**Regulated Person**" means a Clearing Participant or a Representative or a person applying to ASX Clear (Futures) for admission as a Clearing Participant pursuant to Rule 4 of the Rules.

Introduced 01/08/10

Sanctions

12B.2 Following the Effective Time:

(a) ASX Clear (Futures) will have jurisdiction pursuant to Rule 9A.2(f) and the ASX Enforcement and Appeals Rulebook and may take any action under

that rule or rulebook in respect of a Relevant Person concerning any conduct or failure under:

(i) these Rules, where that conduct or failure occurred on or after the Effective Time; or

(ii) these Rules and the Old SFE Clearing Rules, where the relevant conduct or failure the subject of the action spans both prior to and following the Effective Time,

irrespective of when ASX Clear (Futures) became aware of, or should have become aware of, that conduct or failure;

(b) the Appeal Tribunal will have jurisdiction pursuant to the ASX Enforcement and Appeals Rulebook and may conduct appeal proceedings (including the holding of any hearings or engaging in any procedures) under those Rules in respect of a Relevant Person concerning any conduct or failure under:

(i) these Rules, where that conduct or failure occurred on or after the Effective Time; or

(ii) these Rules and the Old SFE Clearing Rules, where the relevant conduct or failure the subject of the proceedings spans both prior to and following the Effective Time,

irrespective of when ASX Clear (Futures) became aware of, or should have become aware of, that conduct or failure;

(c) ASX Clear (Futures) will continue to have jurisdiction pursuant to Rule 9A.2(f) of the Old SFE Clearing Rules and the Old Australian Securities Exchange Disciplinary Processes and Appeals Rulebook and may take disciplinary action under that rule or rulebook after the Effective Time in respect of a Regulated Person concerning any conduct under or any failure to comply with the Old SFE Clearing Rules, where that conduct or failure occurred prior to the Effective Time, irrespective of when ASX Clear (Futures) became aware of, or should have become aware of, that conduct or failure;

(d) the Old Tribunal shall continue to have jurisdiction to conduct disciplinary proceedings (including any appeal proceedings from those disciplinary proceedings) or appeal proceedings (as the case may be) in accordance with, and pursuant to its jurisdiction under, the provisions of the Old Australian Securities Exchange Disciplinary Processes and Appeal Rulebook in respect of a Regulated Person concerning any conduct under or any failure to comply with the Old SFE Clearing Rules, where that conduct or failure occurred prior to the Effective Time, irrespective of whether disciplinary or appeal proceedings have Commenced prior to the Effective Time or when ASX Clear (Futures) became aware of, or should have become aware of, that conduct or failure;

(e) for the purposes of paragraphs (c) and (d) above:

(i) the maximum penalty that may be imposed on a Regulated Person shall be the maximum penalty that would have been imposed for the relevant conduct or failure under the rules in existence at the time that the relevant conduct or failure occurred, irrespective of whether the disciplinary proceedings or appeal proceedings (as the case may be) were Commenced before or after the Effective Time;

(ii) ASX Clear (Futures) and the Old Tribunal shall take disciplinary action and conduct the disciplinary proceedings or appeal proceedings (as the case may be) with due regard to the relevant

rules that were in force at the time that they were alleged to be contravened;

(f) the Old SFE Clearing Rules and the Old Australian Securities Exchange Disciplinary Processes and Appeals Rulebook continue to apply in respect of the Regulated Person to the extent required to give effect to the paragraphs above;

(g) Nothing in this Rule 12B.2 limits the continued operation of rule 12A of the Old SFE Clearing Rules where disciplinary proceedings or appeal proceedings have Commenced (as defined in the Old SFE Clearing Rules) prior to the Effective Time (as defined in the Old SFE Clearing Rules).

12B.3 For the avoidance of doubt, where the relevant conduct or failure the subject of the action or proceeding spans both prior to and following the Effective Time:

(a) ASX Clear (Futures) and the Appeal Tribunal will have the jurisdiction and may take action or conduct appeal proceedings as referred to in Rules 12B.2(a) & (b) above;

(b) Rules 12B.2(c), (d) and (e) do not apply to such conduct or failure.

Introduced 01/08/10

13 ACCESS TO RECORDS

13.1 A Clearing Participant shall provide ASX Clear (Futures) with immediate access to information and records concerning the Clearing Participant's trading and financial position, including the financial position of a related company if requested, whether for client or principal trading and ASX Clear (Futures) may itself inspect the records of the Clearing Participant or may appoint a person or persons to inspect the records on its behalf.

Amended 30/12/09

13.2 ASX Clear (Futures) may request the Exchange or any related company to provide any information in its possession concerning a Clearing Participant and may request the Exchange or any related company to conduct an inspection of the Participant, or to appoint a person or persons to conduct an inspection, to assist ASX Clear (Futures) to obtain information for the purposes of Rule 13.1.

Amended 30/12/09

13.3 ASX Clear (Futures) shall provide to the Exchange or any related company, information concerning a Clearing Participant and Open Positions held by that Clearing Participant as may reasonably be required by the Exchange or any related company as the case may be from time to time. Where such information includes information concerning or arising from Market Contracts traded on a market of an exchange other than the Exchange making the requirement then ASX Clear (Futures) may decline in its absolute discretion to provide such information if it reasonably believes that such request is not made in accordance with an information sharing agreement between the Exchange and any related company.

Amended 30/12/09

13.4 ASX Clear (Futures) shall provide to relevant Australian regulation authorities and to the Securities Commission of New Zealand all information requested by the authority or Commission in the performance of its duties relating to the operations of ASX Clear (Futures) or a Clearing Participant and Open Positions held by that Clearing Participant.

13.5 ASX Clear (Futures) may provide information about the Clearing Participant and its Clients (including information about the Clearing Participant's and its Clients' trading and financial position) to a trade repository (whether located in Australia or in a foreign country). Clearing Participants must obtain any necessary consents (including from their Clients) to permit ASX Clear (Futures) to make such disclosures to trade repositories. The reference to "trade repository" includes a derivative trade repository as defined under the Corporations Act.

Introduced [ ]/[ ]/13

*[**Explanatory Note**: The new Rule 13.5 provides for ASX Clear (Futures) to provide information about the Clearing Participant and its Clients to a trade repository. Clearing Participants must obtain any necessary consents to permit ASX Clear (Futures) to do so.]*

13.6 Except as provided by these Rules or as required by law ASX Clear (Futures) shall keep confidential information concerning Clearing Participants or Open Positions held by them and shall only disclose such information to any other party as provided by these Rules, as required by law or for the purposes of discharging any of its functions or obligations under the Articles or the Rules including, without limiting the generality of the foregoing, the provision of information to any insurers to ASX Clear (Futures) or to a provider of delivery facilities or regulatory body. For the avoidance of doubt, "law" when used in this Rule includes the law of any relevant jurisdiction including Australia or New Zealand.

Amended 30/12/09

14 AMENDMENT TO RULES

14.1 Any amendment to the Rules (other than any amendment to the Schedules) concerning the subject matter set out in the following table which has been approved by the Board after the Commencement Date shall not be effective unless and until it is approved by the applicable Voting Clearing Participants:

Subject matter	**Voting Clearing Participants**
The aggregate amount of Commitment.	All Clearing Participants.
The order of application of assets upon Default by a Clearing Participant under Rule 7.1 if the amendment would reduce the amount of assets that may be applied in priority to the Commitment of a Clearing Participant ("Affected Clearing Participant").	All of the Affected Clearing Participants.

Note: Voting does not apply to any amendment of the amount specified from time to time in paragraph (c) or (e) of Futures Rule 7.1.

Subject to the following, each Voting Clearing Participant is entitled to one vote. However, any two or more Voting Clearing Participants that are Related Bodies Corporate are together entitled to one vote only.

An amendment is approved by the applicable Voting Clearing Participants for the purposes of this Rule 14.1 when it is either:

(a) approved at a meeting of Voting Clearing Participants convened by the Secretary on not less than 21 days' notice (or such shorter notice as may be agreed in writing by Voting Clearing Participants entitled to not less than

75% of the votes) at which a resolution is passed by Voting Clearing Participants present in person or by proxy and entitled to vote at the meeting with a majority of votes; or

(b) Voting Clearing Participants entitled to a majority of votes sign a document approving an amendment of which notice has been given to all Clearing Participants.

Amended 01/07/13, [ ]/[ ]/~~1314.2~~/13

14.2 Except as provided in Rule 14.1, a meeting held for the purposes of that Rule shall be conducted as if it were a general meeting of ASX Clear (Futures) convened pursuant to the Articles provided that the quorum for a meeting of Clearing Participants shall be no less than one half of Clearing Participants entitled to vote.

14.2A ASX Clear (Futures) will provide reasonable notice to Clearing Participants of any proposed amendments to the Rules and Procedures prior to the amendments taking effect. However, any omission by ASX Clear (Futures) to give notice to one or more Clearing Participants does not affect the validity of any amendments to the Rules or Procedures.

Introduced 01/07/13

14.2B ASX Clear (Futures) will consult with the applicable Consulting Clearing Participants on any proposed changes to the Rules and Procedures set out in the following table, unless:

(a) ASX Clear (Futures) is directed by any competent regulatory authority (whether or not located in an Australian or other jurisdiction) to amend the Rules or Procedures;

(b) ASX Clear (Futures) considers, in good faith but otherwise in its discretion, that such amendment is to correct a manifest error; or

(c) ASX Clear (Futures) considers, in good faith but otherwise in its discretion, that an amendment is required to comply with its CS facility license obligations or other applicable regulatory requirements (whether or not required under the laws of an Australian or other jurisdiction).

ASX Clear (Futures) may determine the form of such consultation, which may be by way of consultation with the Risk Committee.

Rules and Procedures being amended	**Consulting Clearing Participants**
Rules (other than OTC Rules), where the amendment affects a Clearing Participant ("Affected Clearing Participant")	All of the Affected Clearing Participants.
OTC Rules	All OTC Participants.
OTC Handbook, where ASX Clear (Futures) is of the view that the amendment is likely to have a material impact on Clearing Participants	All OTC Participants.
Procedures, Determinations and Practice Notes where ASX Clear (Futures) is of the view that the amendment is likely to have a material impact on a Clearing Participant ("Materially Affected Clearing Participant")	All of the Materially Affected Clearing Participants.

Introduced 01/07/13

14.3 Subject to Rule 14.1, 14.2 and 14.2A, the Rules may be amended from time to time in the manner provided in the Articles.

Amended 01/07/13

14.4 Only ASX Clear (Futures) can change the Rules or OTC Rules.

Introduced 01/07/13

15 BOND AND REPURCHASE TRANSACTIONS

15.1 (a) Upon the registration of each Market Contract in the form of a Bond Transaction or upon registration of each Market Contract in the form of a Repurchase Agreement (each such case being referred to in this ~~clause~~ Rule 15 as a 'BRC Contract') with ASX Clear (Futures) such BRC Contract shall be extinguished and replaced by a BRC Contract with ASX Clear (Futures) in accordance with the Rules and the original parties shall be released from their obligations to each other.

(b) All BRC Contracts referred to in paragraph (a) shall be between BRC Participants as principals and ASX Clear (Futures) shall not be obliged to recognise the interest of any party other than such BRC Participants and upon the registration of a BRC Contract with ASX Clear (Futures) ASX Clear (Futures) shall not be obliged to recognise the interest of any party other than the party to the BRC Contract with ASX Clear (Futures).

(c) Where a BRC Contract is registered with ASX Clear (Futures), references in ASX Clear (Futures) Rules to the Buyer or Seller in a BRC Contract shall be read as references to the BRC Participant party to the BRC Contract with ASX Clear (Futures).

(d) Where the BRC Participants to a BRC Contract wish to renegotiate or unwind a BRC Contract, they shall directly renegotiate between themselves and notify ASX Clear (Futures) of the agreed renegotiated details. ASX Clear (Futures) shall then amend the details of the BRC Contract. ASX Clear (Futures) shall not be liable to any person for loss or damage arising in relation to the making of any such amendment.

16 USE OF EXCHANGE SYSTEM

Introduced January 05

Licence over Clearing Software

16.1 By meeting and continuing to meet the conditions set out in Rule 16.2, and subject to the Rules, a Clearing Participant is granted by ASX Clear (Futures) and continues to hold a non-transferable, non-exclusive Licence to use such part of the Clearing Software as is approved by ASX Clear (Futures).

Conditions of Licence

16.2 The conditions of a Licence granted by ASX Clear (Futures) under Rule 16.1 are that the Clearing Participant must:

(a) use the Licensed Software solely for purposes in the ordinary course of business directly related to the Clearing Participant's activities as a Clearing Participant;

(b) pay the Clearing Infrastructure Fee and any Support Fee;

(c) not breach any Intellectual Property rights of ASX Clear (Futures) or any other third party in relation to the Licensed Software;

(d) use the Licensed Software only in accordance with the Rules;

(e) not make or permit others to make any copy of the Licensed Software other than for back-up purposes and only in the ordinary course of its back-up procedures;

(f) not sub-license or otherwise transfer, assign, disclose or otherwise make available or supply the Licensed Software, or any part, version, copy, adaptation, enhancement, amendment, modification or new release of the Licensed Software to any other person without the consent of ASX Clear (Futures);

(g) not transfer the Licensed Software to or network it with any site other than the site authorised by ASX Clear (Futures) from time to time;

(h) not use the Licensed Software to process the data of any third party for the purposes of the business of such third party, except in accordance with the Rules;

(i) not change, modify, amend or alter the Licensed Software or permit, employ or contract any other party (other than ASX Clear (Futures) or a party authorised by ASX Clear (Futures)) to do so;

(j) not remove or deface any identification of ownership of copyright, trade mark or other proprietary rights connected with the Licensed Software;

(k) not reverse assemble, reverse compile, reverse engineer, adapt, alter, decompile, modify, unlock or permit, assist or cause any other person to reverse assemble, reverse compile, reverse engineer, adapt, alter, decompile, modify or unlock the Licensed Software;

(l) not derive works from the Licensed Software which infringe the Copyright Act 1968 (Cth);

(m) not use or permit the use of the Licensed Software by any persons not authorised to do so;

(n) not attach to the Licensed Software any item which is not Exchange Equipment or equipment approved by ASX Clear (Futures);

(o) not disseminate data or confidential information generated by the Exchange System to a third party or allow a third party access to the Exchange System for the purpose of dissemination of that data or confidential information to others;

(p) install any enhancements or upgrades to the Licensed Software as ASX Clear (Futures) may from time to time direct;

(q) upon ASX Clear (Futures) giving the Clearing Participant reasonable notice, allow ASX Clear (Futures) to effect any enhancements or upgrades to the Licensed Software as required by ASX Clear (Futures);

(r) only use the Licensed Software on a site or sites as ASX Clear (Futures) may from time to time agree to in writing;

(s) use the Licensed Software in accordance with any operating instructions supplied by ASX Clear (Futures) or by any other party on behalf of ASX Clear (Futures);

(t) use all reasonable endeavours to prevent reckless or negligent use or wilful abuse of the Licensed Software;

(u) bear all costs of repairing or replacing damaged Licensed Software where such damage results from negligent or reckless use or wilful abuse of the Licensed Software on the part of the Clearing Participant, its officers or agents;

(v) notify ASX Clear (Futures) as soon as possible in the event of a breakdown of, or malfunction in, or defect in, the Licensed Software;

(w) not permit any unauthorised software to be installed or loaded in conjunction with the Licensed Software.

Title to Licensed Software and Ownership of any Intellectual Property rights

16.3 (a) With the exception of the non-exclusive Licence granted pursuant to Rule16.1, use by a Clearing Participant of the Exchange System will not confer upon the Clearing Participant any right, title or interest in the Licensed Software.

(b) Ownership of any Intellectual Property Rights in:

(i) The Licensed Software; and

(ii) any works within the meaning of the Copyright Act 1968 (Cth) derived from the Licensed Software,

will vest or remain vested in ASX Clear (Futures) or the relevant Licensor or any other entity as ASX Clear (Futures) or its Licensor (as the case may be) may in their sole discretion elect.

Warranty as to Title

16.4 ASX Clear (Futures) warrants to each Clearing Participant to whom it grants a Licence in accordance with Rule 16.1 that it is authorised to grant the Licence and that the Clearing Participant is entitled to use the Licensed Software in accordance with the Rules.

Intellectual Property Rights Indemnity

16.5 (a) ASX Clear (Futures) agrees to indemnify each Clearing Participant to whom a Licence has been granted against any loss the Clearing Participant may suffer due to any claim by any third party that the use or possession by the Clearing Participant of the Licensed Software infringes any Intellectual Property right of that third party but only to the extent to which ASX Clear (Futures) is actually indemnified by its Licensors under the relevant licence agreements and provided that:

(i) ASX Clear (Futures) is given notice of the claim as soon as practicable after receipt of a written claim by the Clearing Participant from any such third party;

(ii) ASX Clear (Futures) or its Licensors (as the case may be) are given complete control over such claim, and the Clearing Participant fully co-operates with ASX Clear (Futures) at ASX Clear (Futures)'s or its Licensor's reasonable expense in the conduct of such claim;

(iii) the Clearing Participant does not prejudice in any manner ASX Clear (Futures)'s or the Licensor's conduct of such claim;

(iv) the claim is not based upon the use of the Licensed Software in a manner:

(A) not authorised under these Rules;

(B) for which the Licensed Software was not designed; or

(C) not in accordance with the documentation provided by ASX Clear (Futures) or its Licensors; and

(v) ASX Clear (Futures) will not be obliged to indemnify the Clearing Participant for any claim of infringement based on the:

(A) use of an altered version of the Licensed Software unless such alteration was authorised in writing by ASX Clear (Futures);

(B) combination, operation or use of the Licensed Software with software, hardware, equipment or other materials not supplied by ASX Clear (Futures); or

(C) use of a superseded version of the Licensed Software where the Clearing Participant has failed to install an upgraded or enhanced version of the Licensed Software as directed by ASX Clear (Futures).

(b) If a final injunction is obtained against the use of any part of the Licensed Software as a result of a claim under which ASX Clear (Futures) is obliged to indemnify the Clearing Participant under this Rule 16.5 and provided the Clearing Participant has fully complied with its obligations regarding any such claim, ASX Clear (Futures) may, at its absolute option and expense either:

(i) procure for the Clearing Participant the right to continue to use the Licensed Software;

(ii) modify the Licensed Software so that it becomes non-infringing;

(iii) replace the Licensed Software with software offering substantially similar functions; or

(iv) terminate the Licence without any further liability to the Clearing Participant.

(c) The Clearing Participant agrees to indemnify ASX Clear (Futures) for any loss or damage ASX Clear (Futures) may suffer due to any claim by a third party for actual or alleged infringement of any Intellectual Property right arising out of the Clearing Participant's use of the Exchange System in any manner prohibited by the Rules. The maximum liability of the Clearing Participant to ASX Clear (Futures) under this paragraph (c) is $50,000,000.

Amended 01/07/13

Explanatory Note
Refer to Procedure 16 Use of Exchange Systems.

17 TERMS RELATING TO EXCHANGE EQUIPMENT

Introduced January 05

Supply of Exchange Equipment

17.1 (a) Any Exchange Equipment supplied to a Clearing Participant will be supplied, installed and serviced subject to the Clearing Participant complying with the conditions in Rule 17.2 and subject to the Rules.

(b) The quantity and type of Exchange Equipment supplied pursuant to Rule 17.1(a) shall be as approved by ASX Clear (Futures).

(c) Any equipment supplied by a Clearing Participant in lieu of Exchange Equipment must comply with specifications approved by ASX Clear (Futures) and, if ASX Clear (Futures) so determines, must be installed by ASX Clear (Futures).

Conditions of use of Exchange Equipment

17.2 The conditions applicable to the supply and use of the Exchange Equipment by a Clearing Participant are that the Clearing Participant must:

(a) pay the Clearing Infrastructure Fee and any Support Fee;

(b) use the Exchange Equipment in accordance with any operating instructions supplied by ASX Clear (Futures) or by any other party on behalf of ASX Clear (Futures);

(c) use all reasonable endeavours to maintain an environment suitable to keep the Exchange Equipment in effective working order and condition;

(d) use all reasonable endeavours to prevent reckless or negligent use or wilful abuse of the Exchange Equipment;

(e) bear all costs of repairing or replacing damaged Exchange Equipment where such damage results from negligent or reckless use or wilful abuse of the Exchange Equipment on the part of the Clearing Participant, its officers or agents;

(f) notify ASX Clear (Futures) as soon as possible in the event of a breakdown of, or malfunction in, or defect in, the Exchange Equipment;

(g) insure the Exchange Equipment to its full market value, such value to be advised in writing by ASX Clear (Futures);

(h) not permit any unauthorised software to be installed or loaded onto the Exchange Equipment.

Title to the Exchange Equipment and Insurance Requirements

17.3 (a) Title to the Exchange Equipment will remain with the Exchange and shall not pass to a Clearing Participant upon delivery of the Exchange Equipment to the Clearing Participant.

(b) A Clearing Participant must effect and maintain adequate insurance cover with a reputable insurance company with respect to loss or damage to the Exchange Equipment and for any potential liability, loss or damage arising out of use of the Exchange Equipment and must produce on demand by ASX Clear (Futures) evidence of such insurance cover.

18 TERMS RELATING TO BOTH LICENSED SOFTWARE AND EXCHANGE EQUIPMENT

Introduced January 05

Responsibility of ASX Clear (Futures)

18.1 ASX Clear (Futures) will:

(a) supply and service the Exchange Equipment and the Licensed Software in the Sydney central business district, or such other location(s) as ASX Clear

(Futures) may designate in writing, in accordance with the installation and servicing instructions for the Exchange Equipment and the Licensed Software or as otherwise provided by ASX Clear (Futures) from time to time;

(b) subject to Rules 16.2(u) and 17.2(e), as soon as reasonably possible repair or replace damaged Exchange Equipment and Licensed Software;

(c) liaise with the Clearing Participant concerning the Clearing Participant's requirements for Exchange Equipment and Licensed Software;

(d) co-ordinate additions, reductions and relocations of Exchange Equipment and Licensed Software;

(e) maintain an inventory of Exchange Equipment and Licensed Software and provide a copy of the same to the Clearing Participant upon reasonable request;

(f) provide a facility for the Clearing Participant to report faults in the Exchange Equipment and Licensed Software to operational staff;

(g) provide the Clearing Participant with upgrades or enhancements of the Licensed Software as and when they become available;

(h) in consideration for payment by the Clearing Participant of Support Fee, provide the Clearing Participant with on-going support services during working hours (8.00 am to 5.00 pm Monday to Friday Sydney time), which will consist of:

(i) telephone support;

(ii) remote access support;

(iii) on-site support where ASX Clear (Futures) determines that support cannot be provided through the use of telephone support, or remote access capability.

Responsibility for Security

18.2 A Clearing Participant will be solely responsible for the use of the Exchange System by any person not authorised by ASX Clear (Futures) or for any misuse, damage or destruction of the Exchange System resulting from the use of the Exchange System by the Clearing Participant.

Termination of Licence

18.3 ASX Clear (Futures) may terminate a Licence granted under Rule 16.1 and the Clearing Participant's access to the Exchange System in the event that the Clearing Participant ceases to be a Clearing Participant under these Rules.

Amended 01/08/10, 01/07/13

Suspension of Licence

18.4 ASX Clear (Futures) may suspend a Clearing Participant's access to the Exchange System in the event that:

(a) the Clearing Participant has been suspended under these Rules or

(b) in the opinion of the Managing Director or his or her delegate, a physical emergency (as described in these Rules) occurs and the Managing Director (or in his or her absence, his or her delegate) or the Board, as the case may be, determines that such suspension is necessary to deal with the emergency;

(c) except where such amount is disputed in good faith and without prejudice to any other rule relating to rights for late payment of fees in these Rules, the Clearing Participant fails to pay the Clearing Infrastructure Fee or any Support Fee within 30 days of the due date where ASX Clear (Futures) has issued a notice in writing to that effect to the Clearing Participant requiring payment, the Clearing Participant has failed to pay the amount set out in that notice within thirty days, ASX Clear (Futures) has issued a second notice, the Clearing Participant has failed to pay the amount set out in ASX Clear (Futures)'s second notice within a further seven days and the total amounts referred to in the second notice exceed 25% of the total amount due under that invoice.

Suspension to be Lifted

18.5 If:

(a) the Clearing Participant's suspension is lifted; or

(b) a physical emergency ceases to exist; or

(c) the Clearing Participant pays to ASX Clear (Futures) the amount referred to in Rule 18.4(c) as well as any other outstanding amount which has accrued from the date of the last notice issued by ASX Clear (Futures),

then ASX Clear (Futures) must immediately lift the suspension of the Clearing Participant's access to the Exchange System.

Clearing Participant's Obligations on Termination of Licence

18.6 Upon termination of the Licence granted to it under Rule 16.1, a Clearing Participant will within 7 days of termination:-

(a) cease use of the Exchange System, return all documentation relating to the Exchange System to ASX Clear (Futures) and certify in writing to ASX Clear (Futures) that it has complied with the foregoing;

(b) return the Exchange Equipment and Licensed Software to ASX Clear (Futures); and

(c) pay any outstanding Clearing Infrastructure Fee, Support Fee and other charges and expenses.

19 MISCELLANEOUS

Notice, Notification and Service of Documents

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

(b) Without limiting ~~any other provision of Rules~~ Rule 19.1 ~~(a) to (e)~~ , any notice to be given by a Clearing Participant to ~~the Exchange~~ ASX Clear (Futures) must be given to the person holding the position notified by ~~the Exchange~~ ASX Clear (Futures) to Clearing Participants and may be given in the manner set out in the Procedures. Any notice to be given by ~~the Exchange~~ ASX Clear (Futures) to a person, firm or corporation may be given in the manner set out in the Procedures.

(c) For the purposes of any Rule that requires or permits a document to be given to a person, whether the expression 'serve', 'give' or 'send' or any other

expression is used, the document may be given, and will be taken to have been received, at the time and in the manner set out in the Procedures.

Nothing in this Rule 19.1(c) or the Procedures prevents documents being sent or given to, or served on, a person in any other manner required or permitted by law.

A Clearing Participant must acquire and maintain an operating e-mail system for the purposes of receiving notices under Rule 19.1(c).

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

Introduced 01/01/12

20 RISK COMMITTEE

ASX Clear (Futures) will invite all Clearing Participants to participate in a Risk Committee subject to the procedures set out in the Procedures, for the purpose of consulting on:

(a) changes of the risk model of ASX Clear (Futures);

(b) changes to the procedures on a Default set out in Part 7 (Procedures on a Default) of these Rules or the total size, structure and composition of the amounts available under Rule 7 or the default management process as described in Schedule 3 (Default Management Process) of the OTC Rules;

(c) proposed amendments to the Rules;

(d) introducing new asset classes for clearing or by forming new products through combining existing products;

(e) changes to the method to determine eligible margin or the methods to determine haircuts (provided that ASX Clear (Futures) will be entitled to make such changes without consultation of the Risk Committee in individual cases in the normal course of business);

(f) changes to the admission criteria (including the required minimum capital) for new Clearing Participants;

~~(g) formation of new, and changes to existing, Liquidation Groups (as defined in the Default Management Procedures) of the OTC Rules;~~

~~(h~~(g) policies of ASX Clear (Futures) which relate to membership approvals, positions or liquidity limits of Clearing Participants, and any proposed changes to those policies;

(~~i~~h) the process for the discontinuation of OTC Clearing (if applicable); and

(~~j~~i) all other matters which may have an impact on the risk management of ASX Clear (Futures) and its Clearing Participants.

ASX Clear (Futures) will invite Clients to participate in the Risk Committee in accordance with the Procedures.

Proposals and recommendations of the Risk 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 Risk Committee. However, it will provide reasons to the Risk Committee if it chooses not to follow any proposal or recommendation of the Risk Committee prior to taking, or not taking, any action.

Introduced 01/07/13 Amended [ ]/[ ]/13

Explanatory Note
Refer to Schedule 15 – Procedures for the Risk Committee.

***[Explanatory Note**: The amendments to Rule 20 mean that ASX Clear (Futures) will invite Clients to participate in a Risk Committee in accordance with the Procedures.~~]~~ The reference to the Liquidation Group has also been deleted as this term is no longer used in the DM Process.]*

21 PRODUCT COMMITTEE

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

The 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 and the other types of Market Contract which may be cleared through ASX Clear (Futures);

(b) material amendments to the Rules; and

(c) such other matters as ASX Clear (Futures) determines.

The procedures for the Product Committee are set out in the Procedures.

ASX Clear (Futures) will invite Clients to participate in the Product Committee in accordance with the Procedures.

Proposals and recommendations of the 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 Product Committee. However, ASX Clear (Futures) will provide reasons to the Product Committee if it chooses not to follow any proposal or recommendation of the Product Committee prior to taking, or not taking, any action.

~~21~~ 22 to 29 Not in use.

End of Section. Next page is no. 301.

ASX CLEAR (FUTURES) OPERATING RULES

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PART 3 REGISTRATION OF MARKET CONTRACTS AND OBLIGATIONS OF ASX CLEAR (FUTURES)

30 Introduction

30.1 This Part of the Rules contains provisions dealing with the legal relationship created between Clearing Participants and ASX Clear (Futures). In particular this part provides for ASX Clear (Futures) to become a principal to each side of a contract traded on the Exchange or a BRC transaction notified to ASX Clear (Futures), and accepted for registration, by way of substitution of ASX Clear (Futures) as the opposite party to each contract. These provisions are supplemented by the Client Protection Model Provisions to the extent that they apply.

Amended [ ]/[ ]/13

[Explanatory Note: The amendments to Rule 30.1 provide that the provisions in Part 3 are supplemented by the Client Protection Model Provisions to the extent they apply.]

31 Registration of a Market Contract with ASX Clear (Futures)

31.1 (a) A Market Contract Recorded by the Exchange, or a BRC transaction notified to ASX Clear (Futures), in the manner Prescribed in the Schedules shall be deemed to have been presented to ASX Clear (Futures) by the Buyer and Seller (and in the case of a Market Contract in respect of which only the position of one party is to be registered with ASX Clear (Futures), by that Buyer or that Seller as the case may be) and shall be deemed to be registered with ASX Clear (Futures) at the time Prescribed in the Schedules. Only Clearing Participants shall be entitled to have Market Contracts registered in their name.

(b) (i) Where a Market Contract is Recorded by the Exchange incorrectly, upon correction of any such Recording in accordance with the Exchange Operating Rules the Market Contract registered shall also be deemed to be corrected and the Rules shall be read as if such Market Contract had originally been registered as corrected. ASX Clear (Futures) shall not be liable to any party as a result of any correction so made.

(ii) In relation to Bond and Repurchase Clearing, where a Market Contract is recorded by ASX Clear (Futures) incorrectly, upon correction of any such recording the Market Contract registered shall be deemed to be corrected and the Rules shall be read as if such Market Contract had originally been registered as corrected. ASX Clear (Futures) shall not be liable to any party as a result of any correction so made.

(c) Where a Market Contract is allocated and such allocation confirmed in accordance with Exchange Operating Rules prior to registration that Market Contract shall for the purposes of this Rule be deemed to be Recorded by the Exchange as so allocated and confirmed.

(d) Particulars of a Market Contract not Recorded by the Exchange (through failure of the parties to advise particulars of that Contract to the Exchange or otherwise) may subsequently be presented for registration in the

Prescribed manner and confirmed to ASX Clear (Futures) by both parties to the Market Contract if they are Clearing Participants (and in the case of a Market Contract in respect of which only the position of one party is to be registered with ASX Clear (Futures), by that Buyer or that Seller as the case may be) or if they are not Clearing Participants, their Guarantor Clearing Participant or Guarantor Clearing Participants and upon the acceptance of such particulars by ASX Clear (Futures) with the approval of the Relevant Exchange the Market Contract shall be registered with ASX Clear (Futures) and these Rules shall apply accordingly.

(e) (i) Where on the application of a Clearing Participant ASX Clear (Futures) is satisfied that a Market Contract which has been registered by ASX Clear (Futures) has been inadvertently Recorded by the Exchange incorrectly it may in its absolute discretion with the agreement of all parties, being the Buyer and Seller of the Market Contract and any Buyer and Seller of an Open Contract arising from the registration of such contract, correct the registration of such Market Contract so that such Market Contract shall be deemed to be registered as so corrected and the Rules shall apply accordingly. Any such correction may be made subject to any conditions imposed by ASX Clear (Futures), including the payment of Margin.

(ii) In relation to Bond and Repurchase Clearing, where ASX Clear (Futures) is satisfied that a Market Contract which has been registered by ASX Clear (Futures) has been registered incorrectly it may in its absolute discretion with the agreement of all parties, being the Buyer and Seller of the Market Contract and any Buyer and Seller of an Open Contract arising from the registration of such contract, correct the registration of such Market Contract so that such Market Contract shall be deemed to be registered as so corrected and the Rules shall apply accordingly. Any such correction may be made subject to any conditions imposed by ASX Clear (Futures), including the payment of Margin and ASX Clear (Futures) shall not be liable to any party as a result of any correction so made.

(f) **Misallocation**

Subject always to any objection made by the Exchange and/or ASX Clear (Futures) where an Open Contract has been incorrectly allocated by reason of inadvertence, then the Participant may, with the consent of:

(i) the holder of the Open Contract; and

(ii) the proposed holder of the Open Contract (the new holder),

correct such allocation within the Exchange ~~Allocation & Clearing~~ System, and such Open Contract shall be deemed to be held by the new holder of the open position as if the Open Contract had been allocated to the new holder of the Open Contract on the day of the trade, and the Rules shall be deemed to apply to such Open Contract as if such allocation had occurred in accordance with the Rules of the Relevant Exchange. Amounts held in the relevant Clearing Account shall be adjusted accordingly.

Amended 10/12/01, 04/12/02

[Explanatory Note: *the amendment to Rule 31.1 is to account for the upgrading of the clearing system to Genium INET Clearing in 2014. The purpose of this amendment is to replace references to superseded software with generic terms and eliminate duplication in the definitions]*

31.2 Notwithstanding Rule 31.1 the Board or Managing Director or a delegate of either may in their absolute discretion at any time prior to registration decline to register a Market Contract in the name of a Clearing Participant or may impose conditions (including the deposit of Margin) on the registration of any Market

Contract, without being required to give any reason and shall notify any such decision to the Clearing Participant. ASX Clear (Futures) shall where practical consult with the Exchange and where registration relates to a Market Contract traded on a Related Exchange, that Related Exchange with respect to any decision under this Rule 31.2.

31.3 (a) Upon and by virtue of registration with ASX Clear (Futures), a Market Contract shall be extinguished and two new contracts which shall be binding on ASX Clear (Futures) and Clearing Participants, shall come into existence:

(i) an Open Contract between ASX Clear (Futures) and the Buyer in terms identical to the Market Contract except that ASX Clear (Futures) shall have the rights and obligations as seller; and

(ii) an Open Contract between ASX Clear (Futures) and the Seller in terms identical to the Market Contract except that ASX Clear (Futures) shall have the rights and obligations of buyer.

The terms of each Open Contract shall be subject to these Rules.

(b) Upon and by virtue of registration with ASX Clear (Futures) of only the position of the Buyer or of the Seller in a Market Contract, the Market Contract shall be extinguished and a new contract which shall be binding on ASX Clear (Futures) and the Clearing Participant, shall come into existence:

(i) an Open Contract between ASX Clear (Futures) and the Buyer in terms identical to the Market Contract except that ASX Clear (Futures) shall have the rights and obligations as seller; or

(ii) an Open Contract between ASX Clear (Futures) and the Seller in terms identical to the Market Contract except that ASX Clear (Futures) shall have the rights and obligations of buyer.

The terms of the Open Contract shall be subject to these Rules.

Introduced 04/12/02

31.4 Each Open Contract (whether Designated to a House Clearing Account or a Client Clearing Account) shall be between ASX Clear (Futures) and a Clearing Participant as a principal and not as an agent. No other person (including any Non-Clearing Trading Participant which is guaranteed by the Clearing Participant or with which the Clearing Participant has a Clearing agreement) shall have any rights or obligations under any Open Contract between the Clearing Participant and ASX Clear (Futures). However, to the extent that the Client Protection Model Provisions apply to a Client, the nature of the relationship between ASX Clear (Futures), that Client and its Clearing Participant is as set out in those Client Protection Model Provisions, despite this Rule.

Amended [ ]/[ ]/13

[*Explanatory Note: The amendments to Rule 31.4 provide that Rule 31.4 is subject to the Client Protection Model Provisions which, to the extent they apply, prevail to the extent of any inconsistency.*]

31.5 (a) ASX Clear (Futures) shall be entitled to rely on the particulars of any Market Contract recorded with the Exchange being correct and shall not be bound to recognise any error in relation to such particulars.

(b) In relation to Bond and Repurchase Clearing ASX Clear (Futures) shall be entitled to rely on the particulars of any Market Contract notified to it as being correct and shall not be bound to recognise any error in relation to such particulars.

31.6 ASX Clear (Futures) shall not register any Market Contract in the name of a Clearing Participant which is not entitled under the Rules (whether under Rule 105 or otherwise) or Exchange Operating Rules to have a Market Contract registered in its name.

31.7 ASX Clear (Futures) shall not be obliged to meet its obligations under an Open Contract with a Clearing Participant where the Market Contract the registration of which gave rise to the Open Contract:

(a) was entered into fraudulently by the Clearing Participant or the party to such Market Contract in relation to which the Clearing Participant holds an equivalent position (ie. of Buyer or Seller); or

(b) was, to the knowledge of the Clearing Participant or such party entered into with an intention by one or both parties to the Market Contract to Default; or

(c) was otherwise not entered into in a bona fide manner by the Clearing Participant or such party,

provided that:

(i) the rights provided under this Rule to ASX Clear (Futures) shall not relieve the Clearing Participant from any obligations to ASX Clear (Futures) under the Open Contract; and

(ii) the existence of or exercise of any rights under this Rule by ASX Clear (Futures) in relation to an Open Contract shall not affect or avoid ASX Clear (Futures) obligations under any other Open Contract whether or not arising from the registration of the same Market Contract.

31.8 ASX Clear (Futures), each Clearing Participant and each CPM Client acknowledge that Open Contracts are market netting contracts (as defined in the Payment Systems and Netting Act 1998) the terms of which incorporate, without limitation, any and all Rules which provide for, relate to or are in connection with the exercise of default rights, the netting, set-off or termination of obligations, the calculation or payment of termination values or net amounts, the obligation to make a payment, or a transfer of property, to meet a deposit or margin call, the enforcing of security, and the transfer of, or dealing with, rights, obligations or property or which otherwise affect the rights and obligations of the parties to the contracts, including, without limitation, Part 4 of the Rules (including Rule 49.2), and Rule 72 and the OTC Rules (including OTC Rule 5) and the Rules relating to the segregation of Client Accounts and Client Sub-Accounts.

Introduced 13/07/09 Amended 01/07/13, [ ]/[ ]/13

[Explanatory Note: The amendments to Rule 31.8 provide that each CPM Client acknowledges that Open Contracts are market netting contracts as set out in the Rule and that those contracts incorporate the rules relating to the segregation of Client Accounts and Client Sub-Accounts.]

31A Registration of a Market Contract Allocated to a Facility Participant

31A.1 Where a Market Contract is Allocated to a Facility Participant by a Full Participant, the Facility Participant agrees to accept that Market Contract or the position of either a Buyer or a Seller under a Market Contract for registration in accordance with these Rules provided the Full Participant arranges to have its trades registered with the Facility Participant by an entity that is a participant (as that term is defined in the Corporations Act) of the Facility Participant.

Introduced 04/12/02

31A.2 Where the positions of a Buyer and of a Seller under a Market Contract are registered separately with ASX Clear (Futures) and a Facility Participant respectively, upon such registration the Market Contract shall be extinguished and two new contracts which shall be binding on ASX Clear (Futures) and the Facility Participant respectively shall come into existence:

(a) an Open Contract between ASX Clear (Futures) and the Buyer or the Seller, as the case may be, in terms identical to the Market Contract except that ASX Clear (Futures) shall have the rights and obligations as the Seller or the Buyer as the case may be.

(b) a contract between a Facility Participant and the Seller or Buyer as the case may be in accordance with the rules of the Facility Participant.

Introduced 04/12/02

31A.3 Where a Market Contract is Allocated to a Facility Participant prior to registration with ASX Clear (Futures), that Market Contract will not be registered with ASX Clear (Futures) in accordance with Rule 31 and the Market Contract will be deemed to be registered with the Facility Participant by the Buyer and Seller (or in the case of a Market Contract in respect of which only the position of one party is to be registered with ASX Clear (Futures), either the Buyer or the Seller, as the case may be) at the time the Market Contract is recorded with the Exchange.

Introduced 04/12/02

31A.4 Subject to Rule 31A.5, where the Market Contract is not Allocated to a Facility Participant at the time it is recorded by the Exchange, the Market Contract will be registered with ASX Clear (Futures) in accordance with Rule 31.

Introduced 04/12/02

31A.5 Where an Open Contract is Allocated to a Facility Participant after registration with ASX Clear (Futures) in the Exchange ~~Allocation and Clearing~~ System, the registration of that Open Contract with ASX Clear (Futures) shall be extinguished and a new open contract will be registered with the Facility Participant in accordance with its rules, such registration with the Facility Participant being deemed to have come into existence when the Market Contract was recorded by the Exchange in the manner prescribed in Schedule 1.

Introduced 04/12/02

***[Explanatory Note:** the amendment to Rule 31A.5 is to account for the upgrading of the clearing system to Genium INET Clearing in 2014. The purpose of this amendment is to replace references to superseded software with generic terms and eliminate duplication in the definitions]*

31A.6 (a) Where a Market Contract is Recorded by the Exchange incorrectly, upon correction of any such Recording in accordance with the Exchange Operating Rules, the Market Contract registered with the Facility Participant shall also be deemed to be corrected, the Rules shall be read as if such Market Contract had originally been registered as corrected and ASX Clear (Futures) shall not be liable to any party as a result of any correction so made.

(b) Where a Market Contract is allocated and such allocation confirmed in accordance with Exchange Operating Rules prior to registration, that Market Contract shall for the purposes of this Rule be deemed to be Recorded by the Exchange as so allocated and confirmed.

(c) Particulars of a Market Contract not Recorded by the Exchange (through failure of the parties to advise particulars of that Contract to the Exchange or otherwise) may subsequently be presented for registration in the Prescribed manner and confirmed to the Facility Participant by both parties to the Market Contract or in the case of a Market Contract in respect of which only the position of one party is to be registered with ASX Clear (Futures), either the Buyer or the Seller, as the case may be and upon the acceptance of such particulars by ASX Clear (Futures) with the approval of the Relevant Exchange the Market Contract shall be registered with the Facility Participant and these Rules shall apply accordingly.

Introduced 04/12/02

31A.7 In the case of a Market Contract in respect of which only the position of one party is to be registered with ASX Clear (Futures), there will exist a contract between the Facility Participant and ASX Clear (Futures) by virtue of the position of a party to a Market Contract that has been registered with the Facility Participant so that the Facility Participant will be subject to the same obligations of any other Clearing Participant in the same way as if that position had been registered with ASX Clear (Futures) in the name of the Facility Participant including without limitation the obligations to pay Daily Settlement Amounts and Intra Day and Extra Margins.

Introduced 04/12/02

31A.8 ASX Clear (Futures) will have contractual rights and obligations only with the Facility Participant and no other person (including any Clearing Participant of the Facility Participant) will have any rights or obligations under the contractual relationship referred to in Rule 31A.7 or otherwise.

Introduced 04/12/02

32 Allocation of Open Contracts

32.1 A Clearing Participant (the Allocating Clearing Participant) may within the period allowed by the Exchange Operating Rules, subject to the confirmation of the allocation by the Clearing Participant receiving the Allocation (the Allocated Clearing Participant), Allocate an Open Contract to another Clearing Participant (the Allocated Clearing Participant). An allocation pursuant to the Exchange Operating Rules to a Non-Clearing Trading Participant shall be deemed to be an Allocation to the Guarantor Clearing Participant of that Non-Clearing Trading Participant and an Allocation by a Non-Clearing Trading Participant pursuant to the Exchange Operating Rules shall be deemed to be an Allocation by the Guarantor Clearing Participant of the Non-Clearing Trading Participant. Upon the Allocated Clearing Participant confirming the Allocation within the period allowed by the Exchange Operating Rules or as Prescribed in the Schedules, unless ASX Clear (Futures) declines to accept an Allocation, the Open Contract between the Allocating

Participant and ASX Clear (Futures) shall be extinguished and a new Open Contract will come into existence between ASX Clear (Futures) and the Allocated Clearing Participant on the same terms as the extinguished Open Contract.

32.2 ASX Clear (Futures) shall only accept Allocations by one Clearing Participant to another Clearing Participant. No Open Contract traded on the Exchange or a Related Exchange shall be allocated to any Clearing Participant which is not entitled under the Exchange or Related Exchange as the case may be Exchange Operating Rules to have a Market Contract registered with ASX Clear (Futures) in its name.

32.3 ASX Clear (Futures) may in its absolute discretion without giving any reason decline to accept the Allocation of an Open Contract or to accept such Allocation subject to conditions (including the deposit of Margin) being satisfied before or after such Allocation and a Clearing Participant shall comply with any such conditions. Any such decision shall be promptly notified to the relevant Clearing Participants.

32.4 The provisions of the Exchange Operating Rules relating to the allocation, confirmation and designation of Exchange Contracts insofar as they are stated to apply to Clearing Participants shall apply as though they were Rules of ASX Clear (Futures).

32.5 This clause 32 shall not apply to Open Contracts in the form of Bond Transactions or Repurchase Agreements.

33 Transfer of Contracts

33.1 ASX Clear (Futures) may:

(i) upon the request of a Clearing Participant and the consent of the Relevant Exchange; or

(ii) where provided in Exchange Operating Rules, at the direction of the Relevant Exchange; or

(iii) pursuant to Part 7 or Part 8 of the Rules,

transfer an Open Contract held in the name of a Clearing Participant (the Transferor Clearing Participant) to another Clearing Participant (the Transferee Clearing Participant).

33.2 The Board or Managing Director may in their absolute discretion decline to effect a transfer without giving any reason.

33.3 A Transfer may be made subject to the Transferor Clearing Participant and Transferee Clearing Participant complying with any conditions imposed by ASX Clear (Futures) including the deposit of Margin, cash, securities, collateral or property by either or both of the Transferor and Transferee Clearing Participant or any other party.

33.4 The Transfer shall be effected in such manner and at such time as ASX Clear (Futures) determines and shall be subject to the acceptance of the Transferee Clearing Participant. For the purposes of determining the terms of the Open Contract to be transferred the determining time shall be the time of acceptance.

33.5 Upon the Transferee Clearing Participant accepting the Transfer in the manner prescribed in the Schedules the Open Contract between the Transferor Clearing Participant and ASX Clear (Futures) shall be extinguished and a new Open Contract will come into existence between ASX Clear (Futures) and the Transferee Clearing

Participant to which the Open Contract has been transferred on the same terms as the extinguished Open Contract.

34 Registration Fees and Exchange Fees

34.1 A Clearing Participant shall pay to ASX Clear (Futures) such fees for the Registration of Market Contracts, creation of Open Contracts on the exercise of Option Contracts, the Transfer or Allocation of Open Contracts etc, as may be determined in accordance with Rule 3.2. Fees duly payable pursuant to the Rules may be deducted by ASX Clear (Futures) from any credit balance of any account of the Clearing Participant with ASX Clear (Futures).

34.2 ASX Clear (Futures) may deduct from the relevant Account held by the Clearing Participant with ASX Clear (Futures) any fees payable by the Clearing Participant to the Exchange whether on its own behalf or on behalf of another Participant of the Exchange with respect to the trading of Market Contracts in accordance with Exchange Operating Rules and shall remit such fees to the Exchange.

35 Bond and Repurchase Clearing Fees

35.1 A BRC Participant shall pay to ASX Clear (Futures) such fees for the Registration of Market Contracts as are determined in accordance with ~~By-law~~ Rule 3.2. Fees duly payable pursuant to this Rule may be deducted by ASX Clear (Futures) from any credit balance of any account of the BRC Participant with ASX Clear (Futures).

35.2 The Board or Managing Director may, in their absolute discretion, waive the requirement for particular BRC Participants to pay fees; and for particular BRC Participants may vary the level of fees payable.

36 Transitional Provisions Relating to NZFOE Contracts after the Closure of the NZFOE Market

36.1 **Definitions**

For the purposes of this Rule 36:

Changeover Day	in respect of a Class of Contract listed on NZFOE, means the day which a Rule 10.2A determination becomes effective.
Class of Contract	All those Contracts which have the same Individual Contract Specifications.
Dealer	means Dealer within the meaning of the Rules of NZFOE.
NZFOE	means New Zealand Futures & Options Exchange Limited.
NZFOE Contract	means a contract which was executed on NZFOE in accordance with the Rules of NZFOE on or before the Changeover Day.
Rule 10.2A determination	means a determination made by NZFOE pursuant to Rule 10.2A of the NZFOE Rules:

- to delete a Class of Contract from those listed for trading by NZFOE, where a Class of Contract is listed on the Exchange with substantially the same Contract Specifications as those of the Class of Contract to be deleted;
- that all existing Open Positions in the NZFOE Contract the subject of the deletion shall cease to be NZFOE contracts; and
- that all trading on the NZFOE of Contracts in the relevant class shall cease.

Time of Conversion	Time immediately after the time at which NZFOE determines that contracts which were executed on NZFOE cease to be NZFOE Contracts.
Equivalent Class of Exchange Contract	A Class of Contract which is listed on the Exchange is an Equivalent Class of Exchange Contract to a Class of Contract listed on NZFOE if the Exchange has so determined.

36.2 This Rule 36 provides for NZFOE Contracts to be treated for the purposes of these Rules, as though they had been executed on the Exchange. Where such contracts are to be so treated they will, after the Time of Conversion, be subject to the Exchange Operating Rules.

36.3 Where an Open Position in an NZFOE Contract exists after the time on the Changeover Day which has been determined by NZFOE as the time at which trading shall cease in the Class of Contract to which the NZFOE Contract belongs, at the Time of Conversion:

(a) the holder of that Open Position will be deemed to be the holder of an Open Position in an Equivalent Class of Exchange Contract;

(b) each relevant Open Position in an NZFOE Contract will be deemed to be an Open Position in an Equivalent Class of Exchange Contract; and

(c) moneys or securities provided to ASX Clear (Futures) for the purpose of initial margin and other deposits in respect of the Open Position in the NZFOE Contract will be held by ASX Clear (Futures) for the purpose of initial margin and other deposits in respect of the Open Position in an Equivalent Class of Exchange Contract.

36.4 If, after the Time of Conversion, it appears that there is no-one properly authorised to give instructions in relation to an Open Contract to which Rule 36.3 applies, or if there is no guarantee from a Clearing Participant (the Guarantor Clearing Participant) relevant to that Open Contract, then ASX Clear (Futures) may invoke Compulsory Settlement in respect of the relevant Open Position and the provisions of Rule 102 shall apply.

37 Transitional Provisions Relating to ASX Grains Contracts

37.1 Definitions

For the purposes of this Rule 37:

ASX	means ASX Limited.
Changeover Day	in respect of a Class of Contract listed on ASX, means the day which that Class of Contract becomes listed on the Exchange.
Class of Contract	means all those Contracts which have the same Individual Contract Specifications.
Equivalent Exchange Contract	Means an Exchange Contract which is equivalent to a Grains Contract (as determined by the Exchange).
Grains Contract	means a contract which was executed on ASX in accordance with the Rules of ASX on or before the Changeover Day, and which is to be transferred to the Exchange.
Time of Conversion	means the time immediately after the time at which ASX determines that contracts which were executed on ASX cease to be ASX Contracts.

Introduced 24/10/11

37.2 This Rule 37 provides for Grains Contracts to be treated, for the purposes of these Rules, as though they had been executed on the Exchange. Where such contracts are to be so treated they will, after the Time of Conversion, be subject to the ASX 24 Operating Rules.

Introduced 24/10/11

37.3 Where an open position in a Grains Contract exists, after the time on the Changeover Day which has been determined by ASX as the time at which trading shall cease in the Class of Contract to which the Grains Contract belongs, at the Time of Conversion:

(a) the holder of that Open Position will be deemed to be the holder of an Open Position in an Equivalent Exchange Contract;

(b) each relevant Open Position in an ASX Grains Contract will be deemed to be an Open Position in an Equivalent Exchange Contract;

(c) moneys or securities provided to ASX Clear Pty Limited for the purpose of initial margin and other deposits in respect of the Open Position in the ASX Grains Contract will be held by ASX Clear (Futures) for the purpose of initial margin and other deposits in respect of the Open Position in an equivalent Exchange Contract.

Introduced 24/10/11

37.4 If, after the Time of Conversion, it appears that there is no-one properly authorised to give instructions in relation to an Open Position to which Rule 37.3 applies, or if there is no guarantee from a Clearing Participant (the Guarantor Clearing Participant) relevant to that Open Contract, then ASX Clear (Futures) may invoke Compulsory Settlement in respect of the relevant Open Position and the provision of Rule 102 shall apply.

Introduced 24/10/11

38 to 39 Not in use.

End of Section. Next page is no. 401.

ASX CLEAR (FUTURES) OPERATING RULES

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PART 4 ACCOUNTS AND DAILY SETTLEMENT

40 Introduction

This Part of the Rules contains provisions whereby Open Positions are settled on a daily basis by ASX Clear (Futures) by a procedure known as settlement to market and new contracts opened on the same terms other than that they are at the Daily Settlement Price. This Part of the Rules also contains provisions concerning the accounts of Clearing Participants. These are supplemented by the Client Protection Model Provisions to the extent that they apply.

Amended [ ]/[ ]/13

[Explanatory Note: The amendments to Rule 40 provide that the provisions in Part 4 are supplemented by the Client Protection Model Provisions to the extent that they apply.]

41 Accounts

41.1 An account shall be established at ASX Clear (Futures) with respect to each Clearing Participant and (unless otherwise Prescribed) in respect of~~,~~ :

(a) such Relevant Exchanges at which the Market Contracts from the Clearing Participants' House Positions were originally traded~~, each~~ ; and

(b) if applicable, the House Positions comprising OTC Open Positions of the Clearing Participant,

such account to be known as a House Clearing Account. Each House Clearing Account shall be established in the manner set out in the Procedures and shall be the account to which all monies or property owing to or from ASX Clear (Futures) in relation to relevant House Positions of a Clearing Participant shall be referable.

ASX Clear (Futures) may establish an additional House Clearing Account for a Clearing Participant with respect to a single Relevant Exchange, to which all monies or property owing to or from ASX Clear (Futures) in relation to relevant House Positions of a Clearing Participant for a prescribed Group of Contracts shall be referable.

Amended [ ]/[ ]/13

*[**Explanatory Note:** The amendments to Rule 41.1 provide reference to OTC Open Positions as well as Market Contracts and that the establishment of House Clearing Accounts will be as set out in the Procedures.]*

41.2 In addition to each House Clearing Account~~,~~ , with respect to each Participant which is an Exchange Dealing Participant ~~a Client Clearing Account~~ or an OTC Participant, an account shall be established at ASX Clear (Futures) and (unless otherwise Prescribed) in respect of~~each~~ :

(a) such Relevant ~~Exchange~~ Exchanges at which the Market Contracts ~~which~~ from the Clearing Participants' Client Positions ~~arose~~ were originally traded~~, each~~ ; and

(b) if applicable, the Client Positions comprising OTC Open Positions of the Clearing Participant's CPM Clients,

such account to be known as a Client Clearing Account. Each Client Clearing Account shall be established in the manner set out in the Procedures and shall be the account to which all monies or property owing to or from a Clearing Participant with respect to relevant Client Positions shall be referable and to which all liabilities relating to such Client Positions shall attach.

ASX Clear (Futures) may establish an additional Client Clearing Account for a Clearing Participant with respect to a single Relevant Exchange, to which all monies or property owing to or from a Clearing Participant with respect to relevant Client Positions for a prescribed Group of Contracts shall be referable and to which all liabilities relating to such Client Positions shall attach.

Amended [ ]/[ ]/13

[Explanatory Note: The amendments to Rule 41.2 provide reference to OTC Open Positions as well as Market Contracts and that the establishment of Client Clearing Accounts will be as set out in the Procedures.]

41.3 Initial Margin, Variation Margin, Intra Day Margin or Extra Margin shall be calculable separately and (unless otherwise Prescribed) in respect of each Relevant Exchange and, if applicable, the OTC Open Positions for each House Clearing Account and Client Clearing Account of each Clearing Participant. Any Margin deposited with ASX Clear (Futures) by a Clearing Participant with respect to an Open Position shall be designated to the Account of that Clearing Participant to which the Open Position is designated.

Amended ~~28/10/02~~[ ]/[ ]/13

[Explanatory Note: The amendments to Rule 41.3 provide reference to OTC Open Positions as well as Market Contracts.]

41.4 A Clearing Participant shall, with respect to all Open Positions held in its name with ASX Clear (Futures), designate in accordance with Exchange Operating Rules (where applicable) whether such Open Positions are Client Positions or House Positions. A Clearing Participant may with the approval of the Relevant Exchange (where applicable) and ASX Clear (Futures) alter such designation where the previous designation was made in error or is otherwise required in order to comply with the Exchange Operating Rules (where applicable). Any such change in designation may be made subject to any condition imposed by ASX Clear (Futures) including a requirement that the Clearing Participant deposits further Initial Margins in relation to any Account of the Clearing Participant with ASX Clear (Futures).

~~Positions held by a Clearing Participant on behalf of its Related Body Corporate which is acting, directly or indirectly, as agent for unrelated third parties must be designated by the Clearing Participant as Client Positions.~~

~~Positions held by a Clearing Participant on behalf of its Related Body Corporate which is acting as principal or agent for other Related Bodies Corporate of such Clearing Participant may be designated by the Clearing Participant as House Positions or Client Positions unless the relevant Related Body Corporate is acting, directly or indirectly, on behalf of an unrelated third party (provided that Rule 44.7 is complied with). If designated as Client Positions, such Client Positions must be held in an Individual Sub-Account (and not an Omnibus Sub-Account).~~

Pending any designation all positions shall be deemed to be House Positions unless ASX Clear (Futures) in its absolute discretion designates them as Client Positions.

Nothing in this Rule limits Rule 113.5.

Amended [ ]/[ ]/13

[Explanatory Note: The amendments to Rule 41.4 ~~provide how positions held by a Clearing Participant on behalf of its Related Body Corporate are designated where the Related Body Corporate is acting as agent for unrelated third parties, and where it is acting as principal or agent for other Related Bodies Corporate of such Clearing Participant~~apply this rule to both OTC Open Positions as well as Market Contracts.]

41.5 Upon a Default by a Clearing Participant ASX Clear (Futures) may in accordance with Part 7 of the Rules apply any surplus in any House Clearing Account or any other account of that Clearing Participant with ASX Clear (Futures) (whether or not arising from obligations under the Rules) to meet any deficiency in any Client Clearing Account of the Clearing Participant but shall not apply any surplus in any Client Clearing Account to meet any deficiency in any House Clearing Account of that Clearing Participant.

41.6 All securities or other collateral or property held by ASX Clear (Futures) with respect to Positions designated to a Client Clearing Account or House Clearing Account shall be dealt with by ASX Clear (Futures) in the same way as monies paid to the relevant Account and shall be allocated by ASX Clear (Futures) to such account.

41.7 In no circumstances shall any monies payable to, or securities, collateral or other property required to be allocated to, a Client Clearing Account be paid to or allocated to or used on the account of or in relation to Positions designated to a House Clearing Account.

41.8 With respect to CFD Positions, Clearing Participants must maintain Client accounts referable to each CFD Client within the Client Clearing Account.

Explanatory Note:
For clarity, any money, security or other collateral or property held by ASX Clear (Futures) with respect to Positions referable to CFD Clients under Rule 41.8 can be used by ASX Clear (Futures) to meet any obligations with respect to a Client Clearing Account and are subject to the same rules in relation to the treatment of money, security or other collateral or property held by ASX Clear (Futures) in a Client Clearing Account.

41A Bond and Repurchase Clearing Accounts

41A.1 (a) An account shall be established at ASX Clear (Futures) with respect to each BRC Participant, each such account to be known as a BRC House Account. Each BRC House Account shall be the account to which all monies or property owing to or from ASX Clear (Futures) in relation to relevant House Positions of a BRC Participant shall be referable.

(b) Amounts payable to ASX Clear (Futures) by a BRC Participant in relation to House Positions may be paid from the House Clearing Account or the BRC House Account, at the discretion of the BRC Participant.

41A.2 Margins shall be calculable separately for each BRC House Account of each BRC Participant. Any Margin deposited with ASX Clear (Futures) by a BRC Participant with respect to an Open Position shall be designated to the Account of that BRC Participant to which the Open Position is designated.

41A.3 Upon a Default by a BRC Participant ASX Clear (Futures) may in accordance with Part 7 of the Rules apply any surplus in any BRC House Account or any other account of that BRC Participant with ASX Clear (Futures) (whether or not arising from obligations under the Rules) to meet any deficiency of the BRC Participant.

42 Relationship with ASX Clear (Futures)

The payment of margin or settlement monies into a Client Clearing Account of a Clearing Participant or the designation by a Clearing Participant of an Open Position as a Client Position shall not in any way derogate from the fact that ASX Clear (Futures) is dealing with Clearing Participants as principals as provided for in Rule 31 and 31A, and ASX Clear (Futures) shall not in any way be required to recognise any clients of the Clearing Participant and shall not be in any way responsible for the performance of the obligations under Open Contracts to such clients. ASX Clear (Futures) shall not in any way, be on notice in relation to any matter arising between the Clearing Participant and any Client or otherwise affecting the Client. A Clearing Participant's obligations as principal to ASX Clear (Futures) shall extend to any monies owing to ASX Clear (Futures) in relation to any account established in relation to a Clearing Participant at ASX Clear (Futures) including (subject to Rule 41.7) any Client Clearing Account.

However, to the extent that the Client Protection Model Provisions apply to a Client, the nature of the relationship between ASX Clear (Futures), that Client and its Clearing Participant is as set out in those Client Protection Model Provisions, despite this Rule.

Amended [ ]/[ ]/13

[Explanatory Note: The amendments to Rule 42 provide that Rule 42 is subject to the Client Protection Model Provisions which, to the extent they apply, prevail to the extent of any inconsistency.]

43 Initial Margin and Other Deposits

43.1 A Clearing Participant shall deposit with respect to each Open Position with ASX Clear (Futures) an amount determined by ASX Clear (Futures) in its absolute discretion from time to time (whether before or after the opening of such Open Position) upon demand or by such time as is Prescribed in the Schedules or is required by the Board or the Managing Director or his delegate. Such amount shall be held by ASX Clear (Futures) which shall be entitled to apply it in satisfaction of performance by the Clearing Participant of its obligations pursuant to these Rules. The Clearing Participant shall not be entitled to a refund or repayment of any amount so deposited except in accordance with these Rules and until the Position is Closed Out or completed by Delivery or acceptance of Delivery or is Mandatory Cash Settled. In this regard ASX Clear (Futures) shall without limitation of any other rights of ASX Clear (Futures) under the Rules have the rights of set-off referred to in Rule 47. ASX Clear (Futures) may in its absolute discretion accept the provision of securities or other collateral or property as a deposit instead of cash and may determine the valuation of any such property or securities for that purpose. ASX Clear (Futures) may from time to time require the provision of a deposit by way of further cash, securities, collateral or property to be deposited to ensure that the valuation of such securities or property and any cash is at least equal to the Initial Margin Liability of the Clearing Participant or may require that any securities or property be replaced with cash. The obligation upon a Clearing Participant to make a deposit pursuant to this Rule shall be in addition to any other obligation of the Clearing Participant to make deposits of cash, securities, collateral or property as otherwise provided in accordance with the Rules.

43.2 ASX Clear (Futures) may determine a higher rate of Initial Margin for a particular Clearing Participant or for all or some Clearing Participants for a particular Exchange Contract or contract month or options series or in such other manner as it considers appropriate.

43.3 Initial Margins applicable to Open Positions held by Clearing Participants may be changed from time to time and relate to both existing and new Open Positions.

43.4 The Board may Prescribe the amount of Initial Margin which a Clearing Participant shall deposit in relation to Open Contracts in the absence of any other determination requiring a greater Initial Margin pursuant to Rule 43. Such prescription may include provision for reduced amounts in circumstances Prescribed in the Schedules for example in relation to spread positions or where there are offsetting positions (whether registered or not). The Board may not reduce the amount of Initial Margin applicable pursuant to this Rule 43.4 relating to products executed on the Exchange or a Related Exchange without the consent of the Exchange, and where the Exchange Contract is that of a Related Exchange, the consent of the Related Exchange.

43.5 If a Clearing Participant is an OTC Participant then, without limiting the discretions of ASX Clear (Futures) in the calculation of Initial Margin, the calculation of Initial Margin with respect to that Clearing Participant will take into account any OTC Allocated Futures Contracts.

Introduced 01/07/13

43A BRC Initial Margins and Other Deposits

43A.1 A BRC Participant shall deposit with respect to each Open Position with ASX Clear (Futures) an amount determined by ASX Clear (Futures) in its absolute discretion from time to time (whether before or after the opening of such Open Position) upon demand or by such time as is Prescribed in the Schedules or is required by the Board or the Managing Director or his delegate. Such amount shall be held by ASX Clear (Futures) which shall be entitled to apply it in satisfaction of performance by the BRC Participant of its obligations pursuant to these Rules. The BRC Participant shall not be entitled to a refund or repayment of any amount so deposited except in accordance with these Rules and until the Bond Transaction or Repurchase Agreement is Closed Out or completed. In this regard ASX Clear (Futures) shall without limitation of any other rights of ASX Clear (Futures) under the Rules have the rights of set-off referred to in Rule 48.

ASX Clear (Futures) may in its absolute discretion accept the provision of securities or other collateral or property as a deposit instead of cash and may determine the valuation of any such property or securities for that purpose. ASX Clear (Futures) may from time to time require the provision of a deposit by way of further cash, securities, collateral or property to be deposited to ensure that the valuation of such securities or property and any cash is at least equal to the Initial Margin Liability of the BRC Participant or may require that any securities or property be replaced with cash. The obligation upon a BRC Participant to make a deposit pursuant to this Rule shall be in addition to any other obligation of the BRC Participant to make deposits of cash, securities, collateral or property as otherwise provided in accordance with the Rules.

43A.2 ASX Clear (Futures) may in appropriate circumstances or for particular transactions or class of transactions, waive the requirement to pay Margins or determine a higher or lower rate of Initial Margin for a particular BRC Participant.

43A.3 Initial Margins applicable to Open Positions held by BRC Participants may be changed from time to time and relate to both existing and new Open Positions.

43A.4 The Board may Prescribe the amount of Initial Margin which a BRC Participant shall deposit in relation to Open Contracts in the absence of any other determination

requiring a greater Initial Margin pursuant to Rule 43A. Such prescription may include provision for reduced amounts in circumstances Prescribed in the Schedules.

44 Daily Settlement

44.1 ASX Clear (Futures) shall on each Business Day of the Relevant Exchange after the determination of the Daily Settlement Price and at any other Prescribed time effect settlement to market of all Open Contracts arising from Market Contracts traded prior to the Prescribed time, at the Daily Settlement Price.

44.2 Daily Settlement of an Open Contract shall be effected by:

(a) the deemed creation of an Open Contract on the same terms as the Open Contract to be Daily Settled (other than as to price which shall be the Daily Settlement Price) except that the Open Contract created shall be to the opposite effect such that an Open Contract where ASX Clear (Futures) is Buyer shall give rise to an Open Contract where ASX Clear (Futures) is Seller and vice versa. The Open Contract so created shall be referred herein as a Settlement Contract;

(b) such Settlement Contract shall be settled against the relevant Open Contract, and Daily Settlement Amounts paid in accordance with Rule 44.4, Upon such settlement, the Open Contract being settled and the Settlement Contract shall be extinguished; and

(c) a New Open Contract on the same terms as the Open Contract settled shall be created on the same terms other than as to price (which in the case of Option Contracts shall refer to the Premium) and such contracts shall be created at the Daily Settlement Price.

44.3 In the case of Options the settlement made under Rule 44.1 and 44.2 shall be made with respect to the premium.

44.4 Subject to Rule 47, on the Business Day of the Relevant Exchange following the determination of the relevant Daily Settlement Price in relation to an Open Position:

(a) Each Clearing Participant shall by the Prescribed time or on demand, pay to ASX Clear (Futures) any Daily Settlement Amount owing with respect to Open Positions held by it.

(b) ASX Clear (Futures) shall pay any Daily Settlement Amounts owing to the Clearing Participant holding the Open Position to the respective Clearing Participant.

44.5 Amounts paid to ASX Clear (Futures) by a Clearing Participant with respect to Open Positions which have been designated as House Positions and Client Positions shall be paid to the relevant House Clearing Account and Client Clearing Account respectively held with respect to that Clearing Participant.

Amended [ ]/[ ]/13

[Explanatory Note: The amendments to Rule 44.5 amend typographical references relating to defined terms.]

44.6 Amounts paid to a Clearing Participant with respect to Open Positions which have been designated as House Positions or Client Positions shall be paid from the relevant House Clearing Account or Client Clearing Account held with respect to that Clearing Participant, respectively.

Amended [ ]/[ ]/13

[Explanatory Note: The amendments to Rule 44.6 amend typographical references relating to defined terms.]

44.7 Amounts paid by ASX Clear (Futures) from a Client Clearing Account held with respect to a Clearing Participant shall be paid to ~~a~~ the Clearing Participant's Clients' Segregated Account ~~of~~ or other bank account nominated to ASX Clear (Futures) by the Clearing Participant in accordance with applicable law.

~~A Clearing Participant must maintain one or more Clients' Segregated Account(s) for the receipt of margin or other amounts from a Client in respect of their Client Positions.~~

~~A Clearing Participant must maintain a single separate Clients' Segregated Account in respect of all Clients which are Related Bodies Corporate of the Clearing Participant and which are acting as principal or agent for other Related Bodies Corporate of that Clearing Participant (excluding those which, directly or indirectly, are acting on behalf of unrelated third parties) in the circumstances where:~~

~~(a) its Positions are designated as Client Positions; and~~

~~(b) the Client Protection Model Provisions apply to that Client and those Client Positions are allocated to an Individual Sub-Account in accordance with the Rules and Procedures.~~

~~A Clearing Participant must:~~

~~(c) perform daily and monthly reconciliations of amounts held in each of those Clients' Segregated Accounts; and~~

~~(d) prepare and submit reports in respect of those Clients' Segregated Accounts,~~

~~in accordance with the Procedures.~~

~~Nothing in this Rule limits Rule 113.5.~~

~~Amended [ ]/[ ]/13~~

[Explanatory Note: The amendments to ~~Rule 44.7 provide:~~this Rule are to recognise that cash collateral returned by ASX Clear (Futures) to OTC Participants may include monies referable to client positions in OTC Interest Rate Derivatives which the law may require to be paid into a client money account that is not an ASX 24 Clients' Segregated Account.]

- ~~*a Clearing Participant must maintain one or more Client Segregated Account(s) for the receipt of margin; and*~~
- ~~*a Clearing Participant must maintain a single separate Client Segregated Account for all Clients who are Related Body Corporates of the Clearing Participants in the circumstances set out in Rule 44.7.*~~]

44.8 Amounts payable under this Rule 44 shall be paid by the Prescribed time.

44A BRC Variation Margin

44A.1 ~~By-law~~ Rule 44 shall not apply to Bond Transactions and Repurchase Agreements. ASX Clear (Futures) will specify the method of calculation for, or directly determine, the Daily Closing Values and BRC Variation Margins applicable to Bond Transactions and Repurchase Agreements.

Amended 28/10/02

44A.2 ASX Clear (Futures) shall on each BRC Business Day after the determination of the Daily Closing Values for Bond Transactions and Repurchase Agreements and at any other Prescribed time calculate BRC Variation Margins by marking to market all Open Contracts arising from Market Contracts for Bond Transactions and Repurchase Agreements notified to and accepted by ASX Clear (Futures) prior to the Prescribed time.

Amended 28/10/02

44A.3 Subject to Rule 48:

(a) On the BRC Business Day following the determination by ASX Clear (Futures) of the relevant Daily Closing Value and BRC Variation Margin in relation to each BRC Open Position, each BRC Participant shall by the Prescribed time or on demand pay to ASX Clear (Futures) any BRC Variation Margin owing with respect to each BRC Open Positions held by it.

(b) BRC Variation Margin paid to ASX Clear (Futures) shall be retained by ASX Clear (Futures) until ASX Clear (Futures) returns the BRC Variation Margin to the BRC Participant who paid it, either on settlement of the relevant Bond Transaction or Repurchase Agreement or prior to settlement in accordance with ASX Clear (Futures)'s margining policy.

Amended 28/10/02

44A.4 ASX Clear (Futures) will pay interest to the BRC Participant, at a rate determined by ASX Clear (Futures), during the period that a BRC Variation Margin is retained by ASX Clear (Futures) under Rule 44A.3(b).

Added 28/10/02

44A.5 Amounts paid to ASX Clear (Futures) by a BRC Participant with respect to Open Positions which have been designated as BRC House Open Positions shall be paid to the relevant BRC House Account held with respect to that BRC Participant.

44A.6 Amounts paid to a BRC Participant with respect to Open Positions which have been designated as House Open Positions shall be paid from the relevant BRC House Account held with respect to that BRC Participant.

44A.7 Amounts payable under this Rule 44A shall be paid by the Prescribed time.

45 Intra Day and Extra Margins

45.1 A Clearing Participant shall by no later than the Prescribed time on each Business day of the Relevant Exchange deposit with ASX Clear (Futures) by way of Intra Day Margin amounts owing as a result of the revaluation in the prescribed manner of Open Contracts held by it.

45.2 In addition to or instead of the Intra Day Margins provided by Rule 45.1 ASX Clear (Futures) may at any time require at its absolute discretion a Clearing Participant or all or any Clearing Participants by a time determined by the Board or Managing

Director to deposit as Extra Margin further cash, securities, margin or cover for Open Contracts or Market Contracts eligible to be registered having regard to movements in the price of Market Contracts traded in any market of the Exchange.

45.3 In the absence of any other determination by the Board or Managing Director either generally or in a particular case the time for deposit of Extra Margin called pursuant to Rule 45.2 shall be one hour.

45.4 Where a Market Contract, in respect of which only the position of one party is to be registered with the Facility Participant, is registered with a Facility Participant, the Facility Participant may call on ASX Clear (Futures) to deposit with the Facility Participant by way of Intra Day Margin amounts owing as a result of the revaluation in the prescribed manner of Open Contracts held by it with respect to the other position of that Market Contract.

Introduced 04/12/02

45.5 In addition to or instead of the Intra Day Margins provided by Rule 45.4, where a Market Contract, in respect of which only the position of one party is to be registered with the Facility Participant, is registered with a Facility Participant, the Facility Participant may at any time require ASX Clear (Futures) to deposit as Extra Margin further cash, securities, margin or cover for Open Contracts or Market Contracts eligible to be registered having regard to movements in the price of Market Contracts traded in any market of the Exchange.

Introduced 04/12/02

45A BRC Intra Day and Extra Margins

45A.1 A BRC Participant shall by no later than the Prescribed time on each business day deposit with ASX Clear (Futures) by way of Intra Day Margin amounts owing as a result of the revaluation in the prescribed manner of Open Contracts held by it.

45A.2 In addition to or instead of the Intra Day Margins ASX Clear (Futures) may at any time require at its absolute discretion a BRC Participant or all or any BRC Participants by a time determined by the Board or Managing Director to deposit as Extra Margin further cash, securities, margin or cover for Open Contracts or Market Contracts eligible to be registered having regard to movements in the price of Market Contracts.

45A.3 In the absence of any other determination by the Board or Managing Director either generally or in a particular case the time for deposit of Extra Margin called pursuant to Rule 45A.2 shall be one hour.

46 Daily Close-Out of Matched Positions

46.1 At the prescribed time on a Business Day of the Exchange, or of any Related Exchange in relation to those Open Positions as determined by ASX Clear (Futures) arising from Exchange and a Related Exchange each Clearing Participant shall advise ASX Clear (Futures), in the manner Prescribed of the number of Open Positions which it wishes to remain open and ASX Clear (Futures) shall Close Out any excess opposite Open Positions. Contracts so Closed Out and the resulting settlement amount shall be payable by or to ASX Clear (Futures) as the case may be.

46.2 Any advice provided to ASX Clear (Futures) pursuant to Rule 46.1 shall be made in compliance with any applicable provisions of the Exchange Operating Rules relating to the maintenance of Open Positions at ASX Clear (Futures).

46.3 Where a Clearing Participant advises that a request made pursuant to Rule 46.1 was made in error and requests that Open Contracts extinguished in accordance with Rule ~~46.2~~ 46.1 be reinstated ASX Clear (Futures) may subject to the approval of the Relevant Exchange reinstate such Open Contracts and such Open Contracts shall be deemed never to have been Closed Out. Such reinstatement may only occur subject to any conditions imposed by ASX Clear (Futures) including the payment of Margin.

46.4 Where Rule 46.1 does not apply to a Related Exchange a Clearing Participant may request ASX Clear (Futures) to Close Out any opposite Open Positions and ASX Clear (Futures) may give effect to such request.

46.5 ASX Clear (Futures) may give directions to Clearing Participants to exclude from its advice pursuant to Rule 46.1 certain Open Positions which do not, in the opinion of ASX Clear (Futures), contribute to market liquidity. A Clearing Participant must comply with any such direction given by ASX Clear (Futures).

Explanatory Note
Refer to Procedure 46.5 Daily Close-Out of Matched Positions.

A Determination has been made that an Open Position in a CFD contract cannot be closed out under Rule 46.1 unless the Open Position are for the same beneficial client for the same CFD Contract. The definition of client for the reporting of Open Positions for the Open Interest Charge calculation means;

"Any person, firm or corporation (including a Related Body Corporate) on behalf of whom a Participant or a client of a Participant provides instructions to enter, acquire or dispose of a CFD".

47 Offset – Daily Settlement Amounts

47.1 Each Business Day of the Relevant Exchange ASX Clear (Futures) shall in relation to each Clearing Participant calculate separately with respect to its relevant Client Clearing Accounts and House Clearing Accounts:

(a) The sum of all Daily Settlement Amounts payable by the Clearing Participant in respect of the Daily Settlements of the previous Business Day of the Relevant Exchange and all amounts payable by the Clearing Participant to ASX Clear (Futures) in respect of Open Contracts which were Closed Out prior to that Daily Settlement and after the previous Daily Settlement.

(b) The sum of all Daily Settlement Amounts payable by ASX Clear (Futures) to the Clearing Participant in respect of Daily Settlements of the previous Business Day of the Relevant Exchange and all amounts payable by ASX Clear (Futures) to the Clearing Participant in respect of Open Contracts which were Closed Out prior to that Daily Settlement and after the previous Daily Settlement.

If the amount payable by the Clearing Participant under paragraph (a) is greater than the amount payable by ASX Clear (Futures) under paragraph (b) then the Clearing Participant shall pay the difference to ASX Clear (Futures).

If the amount payable by ASX Clear (Futures) under paragraph (b) is greater than the amount payable by the Clearing Participant under paragraph (a) then, subject to this Rule 47, and the deduction of any amounts otherwise owing by the Clearing Participant or to the Clearing Participant including amounts with respect to

Mandatory Settlements, Deliveries or otherwise, ASX Clear (Futures) shall pay the difference to the Clearing Participant.

47.2 ASX Clear (Futures) may, at any time:

(a) combine or consolidate the balances (whether arising from Settlements, Margin payments or otherwise) in respect of all or any of the Open Contracts relating to Open Positions designated to a Clearing Participant's House Clearing Accounts; and/or

(b) set-off any amount or amounts standing from time to time to the credit of any of the Clearing Participants House Clearing Accounts, in or towards payment or satisfaction of all or any of that Clearing Participant's liabilities to ASX Clear (Futures) in respect of:

(i) Open Contracts relating to Open Positions designated to any of that Participant's House Clearing Accounts; or

(ii) Open Contracts relating to Open Positions designated to any of the Clearing Participant's Client Clearing Accounts, to the extent of any shortfall where proceeds of a Client Clearing Account are insufficient to meet its liabilities to ASX Clear (Futures) in respect of Open Contracts designated to that Account.

47.3 Except to the extent that the Client Protection Model Provisions apply and provide otherwise, ASX Clear (Futures) may combine or consolidate the balances (whether arising from Settlements, Margin payments or otherwise) in respect of all or any of the Open Contracts designated to a Clearing Participant's Client Clearing Accounts and to set-off any amount or amounts standing from time to time to the credit of any of a Clearing Participant's Client Clearing Accounts in or towards payment or satisfaction of all or any of the Clearing Participant's liabilities to ASX Clear (Futures) in respect of Open Contracts designated to the Clearing Participant's Client Clearing Accounts.

Amended [ ]/[ ]/13

[Explanatory Note: The amendments to Rule 47.3 provide that Rule 47.3 applies except to the extent that the Client Protection Model Provisions apply and provide otherwise.]

47.4 Debit balances due to ASX Clear (Futures) on the Clearing Participant's House Clearing Accounts or Client Clearing Accounts are to be paid by the Clearing Participant to ASX Clear (Futures) on demand.

48 BRC Offset

48.1 BRC Variation Margin payable to a BRC Participant may be offset against any BRC Variation payable by that BRC Participant.

Amended 28/10/02, 01/07/13

48.2 Debit balances due to ASX Clear (Futures) on the BRC Participant's BRC House Accounts are to be paid by the BRC Participant to ASX Clear (Futures) on demand.

49 Excess Deposits

49.1 All deposits held by ASX Clear (Futures) in a Clearing Participant's House Clearing Account or Client Clearing Account, including any monies deposited in excess of a Clearing Participant's Margin and Daily Settlement obligations at the time of the

deposit, are deemed to have been deposited for the purpose of satisfying Margin and Daily Settlement obligations.

Introduced 21/06/04

49.2 Deposits held by ASX Clear (Futures) which are in excess of a Clearing Participant's Margin and Daily Settlement obligations from time to time are refundable to the Clearing Participant by ASX Clear (Futures) upon demand, provided that ASX Clear (Futures) is satisfied, in its absolute discretion, that such deposits will not be required to satisfy the Clearing Participant's obligations under the Rules (including a Margin or Daily Settlement obligation).

Introduced 21/06/04 Amended 01/07/13

End of Section. Next page is no. 501.

ASX CLEAR (FUTURES) OPERATING RULES

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52 Exercise and Abandonment of Options ..... ~~503~~502

53 Premium ..... ~~504~~503

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PART 5 OPTIONS

50 Introduction

50.1 This part of the Rules contains provisions in relation to the exercise of options and premiums.

51 Obligations of ASX Clear (Futures) Regarding Options

51.1 ASX Clear (Futures) shall give effect to the exercise of Open Positions which are Option Contracts, in accordance with Exchange Operating Rules and the Rules.

52 Exercise and Abandonment of Options

52.1 ASX Clear (Futures) shall act on an Exercise Request and/or Deny Automatic Exercise Request with respect to an Option Contract in accordance with the terms of Open Contracts and the Exchange Operating Rules.

Amended 10/12/01

52.2 Subject to any provisions in the Exchange Operating Rules relating to the Exercise of Options, a Clearing Participant that has not previously lodged an Exercise Request and/or Deny Automatic Exercise Request in accordance with Rule 52, will at the last time for exercise of an Option Contract be deemed to have exercised an Option Contract:

(a) where in the case of a Futures Option Contract upon the exercise of which the Futures Contract which vests in the holder of the Option Contract would result in an obligation of ASX Clear (Futures) to pay a Mandatory Settlement Amount to the holder, (an “in the money option”);

(b) in the case of a Physical Option Contract, in the prescribed circumstances,

and shall be deemed to have abandoned all other Option Contracts.

Amended 10/12/01

52.3 Exercise Requests and/or Deny Automatic Exercise Requests must be lodged in the Exchange ~~Allocation & Clearing system~~ System in the Prescribed form and any exercise made pursuant to such requests shall be final and may not be withdrawn. ASX Clear (Futures) may act upon any such Exercise Request and/or Deny Automatic Exercise Requests and is under no obligation to check the accuracy or validity of any Exercise Request and/or Deny Automatic Exercise Requests lodged in the Exchange ~~Allocation & Clearing~~ System but may reject such exercise or denial if it believes it to be made contrary to the Exchange Operating Rules or the Rules.

Amended 10/12/01

***[Explanatory Note:** the amendments to Rule 52.3 are to account for the upgrading of the clearing system to Genium INET Clearing in 2014. The purpose of these amendments is to replace references to superseded software with generic terms and eliminate duplication in the definitions]*

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52.4 ASX Clear (Futures) may Exercise or Abandon Option Contracts in accordance with Part 7 or Part 8 of the Rules.

52.5 Upon the Exercise of a Futures Option Contract, in relation to the Futures Contract which is the subject of the Futures Option Contract (underlying Futures Contract).

(a) In the case of a call option:

(i) an Open Contract in the underlying Futures Contract shall arise at the exercise price between ASX Clear (Futures) and the Buyer of the Option with ASX Clear (Futures) as Seller and the Buyer of the Option as Buyer;

(ii) an Open Contract in the underlying Futures Contract shall arise at the exercise price between ASX Clear (Futures) and a Seller, as appointed by ASX Clear (Futures) in its absolute discretion, (being a Seller holding the Selling position under an Open Contract which is a Futures Option Contract in the same series) of an option, with ASX Clear (Futures) as Buyer and the Seller of the Option as Seller and such option shall thereby be deemed to be exercised.

(b) In the case of a put option:

(i) an Open Contract in the underlying Futures Contract shall arise at the exercise price between ASX Clear (Futures) and the Buyer of the Option with ASX Clear (Futures) as Buyer and the Buyer of the Option as Seller;

(ii) an Open Contract in the underlying Futures Contract shall arise at the exercise price between ASX Clear (Futures) and a Seller as appointed by ASX Clear (Futures) in its absolute discretion, (being a Seller holding the selling position under an Open Contract which is a Futures Option Contract in the same series) of an option, with ASX Clear (Futures) as Seller and the Seller of the Option as Buyer and such option shall thereby be deemed to be exercised,

and the Open Contracts thereby arising in each case shall be deemed to arise from the registration of a Market Contract.

53 Premium

53.1 Premiums shall be paid by and to Clearing Participants in accordance with the Rules and the Exchange Operating Rules.

53.2 Sellers of Futures Option Contracts shall only be entitled to receive premiums where there is a corresponding obligation of Buyers to pay premiums in accordance with the Exchange Operating Rules.

54 Settlement of Physical Options Contracts

54.1 Upon the exercise of a Physical Options Contract it shall be settled in the manner provided in Exchange Operating Rules or as Prescribed in the Schedules.

55 to 59 Not in use.

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End of Section. Next page is no. 601.

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ASX CLEAR (FUTURES) OPERATING RULES

PART 6 MANDATORY CASH SETTLEMENT AND DELIVERY PROCEDURES 603

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61 Obligations of ASX Clear (Futures) 603

62 Mandatory Cash Settlement 603

63 Delivery Procedures 603

63A BRC Delivery Procedures 604

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PART 6 MANDATORY CASH SETTLEMENT AND DELIVERY PROCEDURES

60 Introduction

60.1 This Part of the Rules contains provisions for the Mandatory Cash Settlement of Cash Settlement Contracts and for delivery under Deliverable Contracts.

61 Obligations of ASX Clear (Futures)

61.1 ASX Clear (Futures) shall effect the Mandatory Cash Settlement of Open Contracts which are Cash Settlement Contracts, in accordance with Exchange Operating Rules and these Rules.

61.2 ASX Clear (Futures) shall make and take or cause to be made and taken by buyers and sellers delivery of Commodities in relation to Open Contracts which are Deliverable Contracts, in accordance with the Exchange Operating Rules and these Rules.

62 Mandatory Cash Settlement

62.1 Mandatory Cash Settlement shall be effected subject to the Rules by ASX Clear (Futures) paying or receiving the Mandatory Cash Settlement Amount in accordance with the terms of Open Contracts and the Exchange Operating Rules.

63 Delivery Procedures

63.1 Subject to the Exchange Operating Rules, Delivery under Deliverable Contracts shall at the absolute discretion of ASX Clear (Futures) be effected by:

(a) ASX Clear (Futures) directing Clearing Participants holding Open Contracts under which they are obliged to make or take delivery to make delivery to or take delivery from a Clearing Participant holding an opposite obligation nominated by ASX Clear (Futures) and to make or receive the settlement amount accordingly. Clearing Participants shall comply with any direction so given and any failure to do so shall be deemed to be a Default; or

(b) ASX Clear (Futures) making or taking delivery under Open Contracts subject to delivery obligations and paying or receiving the settlement amounts accordingly. Any failure by a Clearing Participant to give or take delivery or pay the settlement amount under an Open Contract with ASX Clear (Futures) shall be deemed to be a Default.

63.2 Delivery effected under Rule 63.1 shall be a full and complete discharge of obligations under the relevant Open Contracts.

63.3 A Clearing Participant shall comply with all provisions of Exchange Operating Rules or the Rules and the terms of Open Contracts relating to the delivery of information, documents or Commodity to ASX Clear (Futures) or to Clearing Participants and shall comply with all time limits therein imposed. Clearing Participants shall be obliged to accept Delivery of any Commodity made in accordance with the Rules and the Exchange Operating Rules.

63.4 ASX Clear (Futures) shall be under no obligation to check any Commodity or document received from a Clearing Participant in relation to an obligation to give or take delivery under an Open Contract. The passing on of such Commodity or a direction to deliver to a Clearing Participant in respect to which ASX Clear (Futures) is making or taking delivery shall not be taken to be acceptance of such Commodity or document by ASX Clear (Futures) and rejection of such Commodity or documents by such Clearing Participant in accordance with the Exchange Operating Rules or the Rules shall be deemed to be a rejection by ASX Clear (Futures).

63.5 ASX Clear (Futures) shall have no liability with respect to any forged Commodity or document delivered to Clearing Participants pursuant to Rule 63.1 (whether by or at the direction of ASX Clear (Futures)) and the sole recourse of the Clearing Participant receiving such forged Commodity or document shall be to the Clearing Participant which delivered or caused to be delivered that forged Commodity or document to the Clearing Participant or ASX Clear (Futures) and ASX Clear (Futures) shall have no liability under any Open Contract as a result of any non-fulfilment of that Open Contract because of such forgery.

Amended 01/07/13

63.6 Where ASX Clear (Futures) is obliged under Open Contracts to make or have effected delivery of a Commodity and does not receive delivery or delivery is not available, under an Open Contract opposite in effect in accordance with the Rules it shall not be obliged to effect or have effected delivery of the Commodity but may effect cash settlement with the Buyer at a price determined by the Relevant Exchange which price may include any compensation determined by the Relevant Exchange pursuant to Exchange Operating Rules. Where ASX Clear (Futures) is satisfied that any failure by a Clearing Participant to deliver to ASX Clear (Futures) or to deliver at its direction is due to delivery being rendered impossible ASX Clear (Futures) may instead direct that such Clearing Participant may make cash settlement to it in such an amount as it determines.

63.7 If ASX Clear (Futures) invoice is not ready by the time Prescribed then ASX Clear (Futures) may estimate the amount of such invoice and the Buyer shall pay such invoice on account. ASX Clear (Futures) shall likewise estimate the amount payable to the Seller and shall pay the amount on account, pending final calculation.

63.8 Subject to any shorter period specified in the Exchange Operating Rules, any dispute or claim with respect to the delivery of a Commodity shall be referred to arbitration in accordance with Rule 91 within seven (7) Business Days of the Relevant Exchange.

63A BRC Delivery Procedures

63A.1 Delivery under a BRC transaction shall, at the absolute discretion of ASX Clear (Futures), be effected by:

(a) ASX Clear (Futures) directing BRC Participants holding Open Contracts under which they are obliged to make or take delivery to make delivery to or take delivery from a Clearing Participant holding an opposite obligation nominated by ASX Clear (Futures) and to make or receive the netted settlement amount accordingly. BRC Participants shall comply with any direction so given and any failure to do so shall be deemed to be a Default; or

(b) ASX Clear (Futures) making or taking delivery under Open Contracts subject to delivery obligations and paying or receiving the netted settlement amounts accordingly. Any failure by a Clearing Participant to give or take

delivery or pay the netted settlement amount under an Open Contract with ASX Clear (Futures) shall be deemed to be a Default.

63A.2 Delivery effected under Rule 63A.1 shall be a full and complete discharge of obligations under the relevant Open Contracts.

63A.3 A BRC Participant shall comply with all provisions of the Rules and the terms of Open Contracts relating to the delivery of information or documents to ASX Clear (Futures) or to BRC Participants and shall comply with all time limits therein imposed.

63A.4 ASX Clear (Futures) shall be under no obligation to check any document received from a BRC Participant in relation to an obligation to give or take delivery under an Open Contract. The passing on of a document to a BRC Participant in respect to which ASX Clear (Futures) is making or taking delivery shall not be taken to be acceptance of such document by ASX Clear (Futures) and rejection of such document by such BRC Participant in accordance with the Rules shall be deemed to be a rejection by ASX Clear (Futures).

63A.5 ASX Clear (Futures) shall have no liability with respect to any forged document delivered to BRC Participants pursuant to Rule 63A (whether by or at the direction of ASX Clear (Futures)) and the sole recourse of the BRC Participant receiving such forged document shall be to the BRC Participant which delivered or caused to be delivered that forged document to the BRC Participant or ASX Clear (Futures) and ASX Clear (Futures) shall have no liability under any Open Contract as a result of any non-fulfilment of that Open Contract because of such forgery.

Amended 01/07/13

63A.6 In the event of a failure to settle a BRC transaction by the time required for settlement under ASX Clear (Futures)'s BRC procedures, ASX Clear (Futures) may, in its absolute discretion, determine the Clearing Participant at fault and may direct Clearing Participants to pay and receive compensation calculated in accordance with a methodology determined by ASX Clear (Futures). A Clearing Participant required to pay compensation pursuant to a direction under this Rule shall do so promptly. ASX Clear (Futures) is authorised to access any credit balance in a BRC Participant's BRC House Account for the purpose of satisfying a direction to pay compensation.

Explanatory Note
Refer to Procedure 63A.6 BRC Delivery Procedures (Compensation Policy).

64 Warehouse Receipts

64.1 In Rules 64.2, 64.3, 64.4 and 64.5, “Warehouse Receipt” includes a Warehouse which is forged or which contains any endorsement or signature which is forged, irregular, or which has been placed on the Warehouse Receipt without the authority of the person whose signature it purports to be.

Introduced 26/03/96

64.2 None of the Exchange, ASX Clear (Futures), their respective Boards, directors and employees will be liable in respect of, or in connection with:

(a) the delivery of a Warehouse Receipt;

(b) the transfer of title, or failure to transfer title, of a commodity by an Approved Warehouse in respect of a Warehouse Receipt;

(c) the limitation or exclusion of liability by an Approved Warehouse in respect of a Warehouse Receipt.

Introduced 26/03/96

64.3 The Exchange, ASX Clear (Futures) and Approved Warehouse intend that the rights represented by a Warehouse Receipt may be transferred by the endorsement and delivery of that Warehouse Receipt by the holder, and that Warehouse Receipts will be used by all market participants on that basis. However, the Approved Warehouse, in issuing the Warehouse Receipt does not warrant the negotiability of the Warehouse Receipt, and neither ASX Clear (Futures) nor the Exchange warrant the negotiability of a Warehouse Receipt. No right of action can be acquired by any person (including the holder of a Warehouse Receipt) against an Approved Warehouse, ASX Clear (Futures) or the Exchange by reason only of a Warehouse Receipt being in fact not negotiable.

Introduced 26/03/96

64.4 Provided that the seller has acted in good faith and in the ordinary course of business:

(a) the delivery to a buyer or ASX Clear (Futures) of an endorsed Warehouse Receipt and certificates as required by these Rules or the Exchange Operating Rules in respect of a futures contract shall fully discharge the obligations of the seller;

(b) the seller is not required to prove that the endorsement (if any) are regular and were made by or under the authority of the persons whose endorsement they purport to be; and

(c) the buyer has no right of action against the seller of the Warehouse Receipt even if it contains any endorsement or signature which is forged, irregular, or which has been placed on the Warehouse Receipt without the authority of the person whose signature it purports to be.

Introduced 26/03/96

64.5 The buyer agrees with ASX Clear (Futures), the Exchange and Clearing Participants that the buyer has no right of action against any holder or previous holder of the Warehouse Receipt even if it contains endorsements which are irregular, unauthorised or forged provided that the holder was a bona fide purchaser without notice. These Rules constitute an effective release of liability that such a holder would but for this sub-clause otherwise be under.

Introduced 26/03/96

64.6 Rules 64.2, 64.3~~,~~ 64.4 and 64.5 operate without limiting the generality of Rules 63.4, 63.5 and 63.6.

Introduced 26/03/96

65 to 69 Not in use.

End of Section. Next page is no. 701.

ASX CLEAR (FUTURES) OPERATING RULES

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PART 7 PROCEDURES ON A DEFAULT

70 Introduction

70.1 This Part of the Rules contains provisions detailing circumstances in which a Clearing Participant will be deemed to have defaulted on its obligations to ASX Clear (Futures), the consequences of such default and the powers of ASX Clear (Futures) in that regard.

70.2 The OTC Rules contain supplementary provisions which apply if the Clearing Participant is an OTC Participant. These supplementary provisions do not limit the application of this Part of the Rules to an OTC Participant or any other Clearing Participant.

Introduced 01/07/13

71 Existence of Default

71.1 (a) A Clearing Participant shall immediately notify the Managing Director of ASX Clear (Futures) if an event of Default occurs under ~~By-law~~ Rule 71.3, or if the Clearing Participant has reasonable grounds to suspect that an event of Default may occur.

(b) Where there is in the opinion of the Board or Managing Director an event of Default as set out in Rule 71.3 with respect to a Clearing Participant, the Board or Managing Director may declare the Clearing Participant to be in Default and for the purpose of the Rules that Clearing Participant shall be taken to have Defaulted.

71.2 Deleted

71.3 Events of Default referred to in Rule 71.1 are where:

(a) the Clearing Participant fails to meet any of its obligations under Open Contracts or the Rules or Exchange Operating Rules or any agreement or understanding entered into with ASX Clear (Futures) or fails to comply with any reasonable directions of ASX Clear (Futures);

(b) Deleted

(c) the Clearing Participant fails to pay Initial Margins or Variation Margins or Daily Settlement Amounts or Intra Day Margins or Extra Margins within the period provided by these Rules;

(d) the Clearing Participant fails to pay an amount or amounts other than an amount or amounts to which paragraph (c) is applicable in total exceeding A$1,000, which is due and payable to ASX Clear (Futures);

(e) an administrator of the Clearing Participant or a related body corporate of the Clearing Participant or similar person is appointed;

(f) except for the purposes of a solvent reconstruction or amalgamation previously notified to ASX Clear (Futures):

(i) an application or an order is made, proceedings are commenced, a resolution is passed or proposed in a notice of meeting or an application to a court or other steps are taken for:

(A) the winding up, dissolution or official management or administration of the Clearing Participant or a related body corporate of the Clearing Participant; or

(B) the Clearing Participant or a related body corporate of the Clearing Participant enters into any arrangement, compromise or composition with or assignment for the benefit of its creditors or any class of them; or

(ii) the Clearing Participant ceases or suspends or threatens to cease or suspend substantially all of its business or threatens to dispose of substantially all of its assets; or

(iii) the Clearing Participant is or is deemed under any applicable legislation to be unable to pay its debts as and when they fall due (other than as a result of failure to pay a debt or claim the subject of a good faith dispute) or stops or suspends or threatens to stop or suspend payment of all or a class of its debts.

(g) the Clearing Participant is suspended, expelled or terminated as a member of any Australian or overseas, futures, securities, commodity or stock exchange or is subject to sanctions by any Australian or overseas regulatory authority;

(ga) the Clearing Participant has failed to comply with a determination made by an Old Tribunal (as defined in Rule 12B) pursuant to the Old Australian Securities Exchange Disciplinary Processes and Appeals Rulebook (as defined in Rule 12B);

(gb) the Clearing Participant fails to comply with any action taken by ASX Clear (Futures) in accordance with Rule 9A.2(f) or the provisions of the ASX Enforcement and Appeals Rulebook (including as may be affirmed or varied by the Appeal Tribunal (as the case may be following an appeal against such action) pursuant to the ASX Enforcement and Appeals Rulebook);

(h) with respect to all or any of the assets and undertaking of the Clearing Participant or a related body corporate of the Clearing Participant:

(i) a receiver, receiver and manager, administrative receiver, administrator or similar officer is appointed;

(ii) a Security Interest is enforced; or

(iii) a distress, attachment, or other execution is levied or enforced.

(i) an investigator, inspector or other officer is appointed or an investigation is directed or commenced under the Corporations Act or any other legislation to investigate all or any part of the affairs of the Clearing Participant or a related Company of the Participant, in circumstances which are material to its capacity to meet its obligations to ASX Clear (Futures);

(j) anything analogous to anything referred to in paragraphs (a) to (i) inclusive, or having substantially similar effect, occurs with respect to the Clearing Participant including, without limitation, anything occurring outside Australia or under the law of a jurisdiction other than Australia;

(k) the Clearing Participant is the subject of a notice under any insurance referred to in Rule 7.1(e), or any other insurance taken out by ASX Clear (Futures) to enable it to meet its obligations to Clearing Participants which affects the amount or conditions or operation of such insurance;

(l) there is an event deemed or described as a default by the Exchange Operating Rules or as otherwise provided in the Rules including a failure to

comply with the requirements of Rule 9 or Exchange Operating Rules relating to position limits;

(m) the Clearing Participant acts fraudulently or in a misleading or deceptive manner with respect to any Open Contract or Market Contract the registration of which gave rise to an Open Contract; and

(n) any other event or series of events, whether related or not, occurs (or appears likely to occur) which in the opinion of the Board or Managing Director has (or appears likely to have) a material effect on the capacity of the Participant to meet its obligations to ASX Clear (Futures).

Amended 01/08/10, 15/07/11

72 Powers of ASX Clear (Futures) Upon A Default and Determination of A Loss

72.1 Upon a Default by a Clearing Participant ASX Clear (Futures) shall in its absolute discretion have the power to do all or any of the following in any order:

(a) to Close Out all or any Open Contracts of the Clearing Participant in Default including in its absolute discretion Open Contracts in the Client Clearing Account by Closing Out any opposite positions in any House Clearing Account or Client Clearing Account and/or by buying or selling opposite positions on the Exchanges Markets as if a request to Close Out had been made by the Clearing Participant in Default pursuant to Rule 46 and to appropriate any excess after the application of Rule 47 or 48. Without limitation, a Close Out may occur by the matching of opposite positions which are held in different Accounts or Client Sub-Accounts of the Clearing Participant in Default. The prices attributable to the Close Out of any Open Contracts is to be determined by ASX Clear (Futures) in its discretion provided that the price is the same for identical Closed Out Open Contracts (regardless of the Account in which they were held);

(b) to sell, realise, apply and set off any monies, securities, collateral or other property deposited with ASX Clear (Futures) by the Clearing Participant in Default by way of Initial Margin, Commitment or otherwise (whether or not arising from obligations under the Rules) and to apply the proceeds towards satisfaction of any amount payable by the Clearing Participant in Default to ASX Clear (Futures) under or in connection with these Rules and the OTC Rules, without being required to give notice to or obtain the consent of the Clearing Participant in Default or any court order, with full power to execute any documents in its own name or as attorney for the Clearing Participant in Default for that purpose, PROVIDED ALWAYS that any monies, securities, collateral or other property deposited with ASX Clear (Futures) with respect to Open Positions designated to a Client Clearing Account or which are subject to a written agreement under Regulation 7.8.02(3) of the Corporations Regulations 2001, or an acknowledgment under Regulation 10 of the Futures Industry (Client Funds) Regulations 1990 of New Zealand, may be used to meet obligations in a Client Clearing Account and shall not be used to meet any obligations in a House Clearing Account;

(c) to apply any surplus in any House Clearing Account of the Clearing Participant in Default to any deficiency on any Client Clearing Account of the Clearing Participant in Default;

(d) to Transfer pursuant to Rule 74.1 all or any Open Positions designated to a Client Clearing Account of the Clearing Participant in Default to another

Clearing Participant with the written authority of such transferee Clearing Participant, together with any Initial Margins which in the opinion of ASX Clear (Futures) are held with respect to such Open Positions;

(e) to Exercise or Abandon any Option Contract of the Clearing Participant in Default. Any such Exercise or Abandonment shall be deemed to have been effected by the Clearing Participant which is the party to the Option Contract;

(f) notwithstanding any direction given under Rule 63, to itself give or take delivery of any Commodity;

(g) to Close Out any remaining Open Contracts of the Clearing Participant in Default in the manner referred to in Rule 72.2;

(h) after, and only after, using all possible endeavours to close out the Open Positions of the Clearing Participant in Default under paragraph (g), using all possible endeavours to cover its liability with respect to the Open Contracts of the Clearing Participant in Default not so closed out by trading on any available futures forward cash or spot market and such other means as are available to protect its position and having consulted with the Risk Committee, to effect Compulsory Settlement in accordance with Rule 102.

Compulsory Settlement effected pursuant to this paragraph (h) shall not in any way affect or diminish the rights of ASX Clear (Futures) against any Clearing Participant in Default;

(i) to terminate the Clearing Participant in Default's rights and status as a Clearing Participant in accordance with Rule 72.1A;

(j) to do any thing permitted by the OTC Rules; and

(k) to do all such other necessary acts and things as are ~~in the opinion~~ ancillary or incidental to the execution of ASX Clear (Futures) ~~necessary to reduce or crystallise its exposure under Open Contracts or otherwise, arising from or as a result of the Default, except~~ ' powers enumerated under these Rules in connection with the Default,

provided that, for the avoidance of doubt, in exercising power under paragraphs (a) to (k), ASX Clear (Futures) may not:

(i) affect the order in which assets are applied under Rule 7.1; or

(ii) Invoice Back or Force Allocate Open Contracts to another Clearing Participant other than pursuant to a Compulsory Settlement under Rule 102.

Amended 03/06/97, 19/05/98, 01/07/13, [ ]/[ ]/13

[Explanatory Note: The amendments to Rule 72.1:

- amend typographical references relating to defined terms

- provide that ASX Clear (Futures) may effect a Close Out of Open Positions by matching equal and opposite Open Positions of the Defaulting Clearing Participant which may be any Open Positions in the House Clearing Account or any Client Clearing Account, or by entering into opposite positions on the Exchanges Markets. The ~~pricing of such Close Out will be determined by ASX Clear (Futures), provided that identical Closed Out Open Positions will be attributed the same price, regardless of whether they were Closed Out pursuant to the entry into opposite positions on the Exchange Markets or by matching opposite Open Positions of the Defaulted Clearing Participant~~amendment to Rule 72.1(k) is to clarify the scope of that provision.]

72.1A (a) A termination of the rights and status of a Clearing Participant in Default is not effective unless:

(1) ASX Clear (Futures) has given notice of termination in writing to the Clearing Participant;

(2) ASX Clear (Futures) confirms to the Clearing Participant in writing that the Clearing Participant has satisfied the following conditions:

(A) it has performed all of its accrued obligations under the Rules (including but not limited to the payment of all fees), or such obligations have been satisfied following the exercise of ASX Clear (Futures)'s powers under Rules 72.1 or 73;

(B) it is not the subject of any disciplinary proceedings or enforcement action within the jurisdiction of ASX Clear (Futures);

(C) it has no Open Contracts.

(b) Following the Clearing Participant's receipt of the notice of termination referred to in paragraph (a)(1) above, the Clearing Participant may not use the clearing facilities provided by ASX Clear (Futures) in accordance with these Rules except with the prior written consent of ASX Clear (Futures).

(c) Termination will be effective at the end of the last day of the quarter in which the Clearing Participant meets the conditions in (a) above, provided those conditions are met at least 30 days prior to the last day of the quarter. If the Clearing Participant meets those conditions less than 30 days prior to the last day of the quarter, the Clearing Participant's termination will be effective at the end of the last day of the following quarter. For these purposes, quarters are as defined in Schedule 10.

Introduced 01/07/13

72.2 ASX Clear (Futures) may offset any exposure arising from a Default by trading Market Contracts by means of:

(a) trading on any trading system maintained by the Relevant Exchange through a Participant of the Relevant Exchange; or

(b) by direct agreement with market participants or any other persons or as may be permitted or directed by the Relevant Exchange in accordance with Exchange Operating Rules,

and shall register any Market Contract so traded and may Close Out the Open Contract so traded against Open Contracts of the Clearing Participant as if such Market Contracts had been entered into by the Clearing Participant in Default.

72.3 At any time, ASX Clear (Futures) may calculate a net amount or amounts due and payable by the Clearing Participant in Default to ASX Clear (Futures) or ASX Clear (Futures) to the Clearing Participant in Default separately in respect of the House Account and the Client Account, and demand immediate payment of ~~each such~~ any net amount payable by the Clearing Participant in Default to ASX Clear (Futures).

Without limitation, the amounts netted by ASX Clear (Futures) may include the amounts determined to be payable under, or in connection with, the OTC Rules.

Without limiting any of its rights or powers, ASX Clear (Futures) agrees that it will exercise its rights under this Rule 72.3 to calculate a net amount with respect to the Clearing Participant in Default. ASX Clear (Futures) may exercise any of its rights and powers and take any other actions in connection with the Clearing Participant in Default before, or after, it does so.

Introduced 13/07/09 Amended 01/07/13, [ ]/[ ]/13

[Explanatory Note: The amendments to Rule 72.3 allow for netting in respect of the Client Account and provide the ASX Clear (Futures) will determine a net amount with respect to a Defaulting Clearing Participant.]

72.4 If a Clearing Participant has CPM Clients then the netting referred to in Rule 72.3 above is to be conducted separately in respect of each Client Sub-Account within the Client Account of that Clearing Participant and in respect of any remaining part of that Client Account. A net cash amount is to be payable in accordance with Rule 72.3 in respect of each separate netting which takes place.

Introduced [ ]/[ ]/13

[Explanatory Note: New Rule 72.4 provides that where a Clearing Participant has CPM Clients, then the netting referred to in Rule 72.3 is to be conducted separately in respect of each Client Sub-Account within the Client Account of that Clearing Participant and in respect of any remaining part of that Client Account. A net cash amount is to be payable in accordance with Rule 72.3 in respect of each separate netting which takes place.]

73 Loss

73.1 Any deficiency in the Accounts of the Clearing Participant in Default or Clearing Participants in Default after the application of Rule 72.1 shall be termed the Loss of ASX Clear (Futures) on the Default.

73.2 To meet any Loss ASX Clear (Futures) shall first apply up to the amount of the Loss, the Commitment of the Clearing Participant in Default made pursuant to the Rules.

73.3 Subject to the Rules, ASX Clear (Futures) shall meet any remaining Part of the Loss in accordance with paragraphs (c) to (h) of Rule 7.1.

Amended 01/07/13

73.4 Any amount later recovered from the Defaulting Clearing Participant shall to the extent of such recovery reduce the Loss of ASX Clear (Futures).

74 Clients Not in Default to Clearing Participant in Default

74.1 Without prejudice to Rule 31.4 and without being under any obligation to do so the Board or Managing Director or the delegate of either may in their absolute discretion and with regard to the necessity to crystallise ASX Clear (Futures) position as soon as possible and after having regard to the liability or potential liability of ASX Clear (Futures) and any other relevant matter permit the Transfer to another Clearing Participant of all or any Open Contracts designated as Client Positions of a Clearing Participant in Default where ASX Clear (Futures) is advised by the Relevant Exchange that the Open Contract is held on behalf of a Client of the Clearing Participant which is not in default of its obligations to the Clearing Participant. For that purpose ASX Clear (Futures) may transfer monies from a Client Clearing Account of the Clearing Participant in Default to the relevant Clearing Account of the Clearing Participant to whom the Open Contract is being transferred. The Loss of ASX Clear (Futures) shall be adjusted accordingly.

74.2 A Transfer of Open Contracts under Rule 74.1 may be made subject to conditions including without limitation;

(a) the receipt of the written authority of the Clearing Participant to whom the Open Contracts are to be transferred; or

(b) an indemnity from any person, or conditions relating to Margin to be provided to ASX Clear (Futures) before or after such transfer.

74.3 Where ASX Clear (Futures) permits a Transfer of Open Contracts pursuant to Rule 74.1 ASX Clear (Futures) may transfer such of the monies in or securities, collateral or property allocated to, a Client Clearing Account of the Clearing Participant as ASX Clear (Futures) believes is referable to such Positions.

75 Indemnity from Clearing Participants in Default

75.1 Each Clearing Participant indemnifies and will keep indemnified ASX Clear (Futures) and its officers, representatives, agents and contractors against all actions, proceedings, claims, demands, damages, costs, expenses and any other amounts including any transaction taxes, goods and services taxes or any other duties or taxes (extending to include any taxes payable by ASX Clear (Futures) on a payment made under this indemnity) against or incurred by any of ASX Clear (Futures), its officers, representatives, agents or contractors arising out of or in connection with any event of Default by the Clearing Participant, or any action taken by, or any inaction by, any of ASX Clear (Futures) or its officers, representatives, agents or contractors in connection with the Default, to the extent that it was not caused by the negligence, fraud or wilful default of ASX Clear (Futures).

The rights, powers and remedies of ASX Clear (Futures) under this Rule 75.1 in relation to a Clearing Participant survive its termination or suspension as a Clearing Participant or termination of its authorisation to clear a category or categories of Market Contract.

Introduced 01/07/13

75A If a Futures Participant has agreed with an OTC Participant to clear DM Auction Transactions (as defined in the OTC Rules) that are Futures Contracts in respect of which the OTC Participant entered the winning Bid as defined in, and in accordance with, the OTC Handbook, then the Futures Participant must clear such DM Auction Transactions.

Introduced 01/07/13

End of Section. Next page is no. 751.

ASX CLEAR (FUTURES) OPERATING RULES

PART 7A TERMINATION WITH RESPECT TO ASX CLEAR (FUTURES) ..... ~~753~~752

76 Termination ..... ~~753~~752

PART 7A TERMINATION WITH RESPECT TO ASX CLEAR (FUTURES)

76 Termination

76.1 If:

(a) **ASX Clear (Futures) Payment Default.** all of the following occur:

(i) ASX Clear (Futures) fails to make, when due, any payment in respect of a payment claim of a Clearing Participant against ASX Clear (Futures) arising from an Open Contract;

(ii) such Clearing Participant has notified ASX Clear (Futures) of such failure;

(iii) such Clearing Participant notifies ASX Clear (Futures) again of such failure after the expiry of a period of not less than five Business Days after the notification in (ii); and

(iv) ASX Clear (Futures)'s failure to make such payment to such Clearing Participant continues for a period of more than five Business Days after notification in (iii),

and for this purpose and without limitation, a payment will be considered to have been made by ASX Clear (Futures) if a corresponding amount has been credited to the relevant account of the relevant Clearing Participant. Delays in effecting such credit for technical reasons will not lead to an ASX Clear (Futures) Payment Default provided that funds were available to enable ASX Clear (Futures) to make the credit; or

(b) **ASX Clear (Futures) Insolvency Event.** ASX Clear (Futures) is wound-up in insolvency under the Corporations Act or is subject to statutory management either instituted by it or against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in Australia,

then, at the election of either ASX Clear (Futures) or any Clearing Participant (if a Clearing Participant makes this election then only its Open Contracts are affected):

(I) the present and future obligations of ASX Clear (Futures) and each Clearing Participant to make payments and deliveries under the terms of the Open Contracts are terminated and are no longer required to be made;

(II) ASX Clear (Futures) is to calculate the termination value of those terminated obligations. The termination values are to take into account the amount which would be payable on the Daily Settlement of the relevant Futures Contracts or the Termination Value of the relevant OTC Open Contracts under the OTC Rules (as applicable); and

(III) ASX Clear (Futures) will net the termination values so calculated separately in respect of the House Account and the Client Account of each Clearing Participant so that only a net cash amount is payable in respect of each of these accounts and between ASX Clear (Futures) and each respective Clearing Participant. Each such net cash amount is to be payable by the party who is determined to owe it on the Business Day on which it is determined and notified to the Clearing Participant.

If ASX Clear (Futures) is, for operational reasons, unable to make one or more calculations or determinations required to be made under this Rule then those particular calculations are to be made by the relevant Clearing Participant.

Introduced 01/07/13 Amended [ ]/[ ]/13~~[Explanatory~~

[Explanatory Note: The amendment to Rule 76.1 reflects that the net termination values of the House Account and Client Account are calculated separately, leaving two net cash amounts (one per account).]

76.2 If a Clearing Participant has CPM Clients then the netting referred to in Rule ~~76.1(b)(III~~76.1(iii) above is to be conducted separately in respect of each Client Sub-Account within the Client Account of that Clearing Participant and in respect of any remaining part of that Client Account. A net cash amount is to be payable in accordance with Rule ~~76.1(b)(III~~76.1(iii) in respect of each separate netting which takes place.

Introduced [ ]/[ ]/13

[Explanatory Note: New Rule 76.2 provides that where a Clearing Participant has CPM Clients, then the netting referred to in Rule 76.1(b)(III) is to be conducted separately in respect of each Client Sub-Account within the Client Account of that Clearing Participant and in respect of any remaining part of that Client Account. A net cash amount is to be payable in accordance with Rule 76.1(b)(III) in respect of each separate netting which takes place.]

77 to 79 Not in use.

End of Section. Next page is no. 801.

ASX CLEAR (FUTURES) OPERATING RULES

PART 8 EMERGENCY SITUATIONS AND FORCE MAJEURE 803

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PART 8 EMERGENCY SITUATIONS AND FORCE MAJEURE

80 Introduction

80.1 This Part of the Rules details the powers of ASX Clear (Futures) in the event of a market emergency or in the event that the market is affected by force majeure.

81 Emergency Situations

Physical Emergencies

81.1 (a) For the purposes of this Rule 81.1, a physical emergency occurs when a situation arises where the physical functions of ASX Clear (Futures) are or are threatened to be severely and adversely affected by an event external to the trading of ASX Clear (Futures), such as (but not limited to) fire, accident, flood, bomb threat, threat of violence, substantially inclement weather, power failure, communication breakdown, computer malfunction or danger to personnel.

(b) If in the opinion of the Managing Director or his delegate a physical emergency occurs or is likely to occur, he or she may take such action as shall be deemed necessary to deal with the emergency.

(c) Upon a determination by the Managing Director or his delegate, that the emergency has sufficiently abated to permit the orderly functioning of ASX Clear (Futures), he shall order restoration of business and the removal of any restrictions which may have been imposed under this Rule, and may make such additional orders as he deems necessary or appropriate to minimise the effect of the emergency.

(d) No person shall be entitled to make any claim or commence any action against ASX Clear (Futures), the Board or the person making decisions referred to in sub-clauses (b) and (c) hereof in respect of any decision made or action taken pursuant to this Rule 81.1.

Market Emergencies

81.2 If ASX Clear (Futures) determines that an undesirable situation or practice is developing or has developed which is contrary to the maintenance of a fair and orderly market, ASX Clear (Futures) may take or refrain from taking or direct a Clearing Participant to take or refrain from taking, any action which ASX Clear (Futures) considers is appropriate and in the interests of maintaining a fair and orderly market or underlying market.

For the purposes of this Rule 81.2:

'market' means a market:

(i) conducted by the Exchange;

(ii) conducted by an organisation to which ASX Clear (Futures) provides services; or

(iii) a market in which an organisation to which ASX Clear (Futures) provides services is a participant.

'underlying market' means, in relation to:

(i) a Market Contract or an Open Contract which in either case is a futures contract, the market in the underlying commodity, security or index or things which comprise the underlying index; and

(ii) a Market Contract or Open Contract which in either case is an options contract, a market in the underlying futures contract or the underlying market in relation to the futures contract as defined in (i) above.

Amended 01/07/13

81.3 ASX Clear (Futures) shall be entitled to give effect to any direction of the Australian Securities and Investments Commission made pursuant to the Corporations Act or requirement of the Securities Commission pursuant to the Securities Act of New Zealand in relation to Market Contracts or the operation of ASX Clear (Futures) or any other lawful direction. ASX Clear (Futures) shall as soon as practicable notify the Commission which did not make such direction or requirement of the direction or requirement.

Amended 02/12/99

81.4 In giving effect to a determination referred to in ~~this~~ Rule 81.1 or a direction referred to in Rule 81.2 ASX Clear (Futures) shall be entitled to apply the Rules as varied or modified so far as necessary to give effect to a relevant decision or direction.

82 Force Majeure

82.1 Where the business of ASX Clear (Futures) is materially adversely affected for any reason including, without limiting the generality of the foregoing, the intervention of any government or government authority or agency, fire, power failure or restrictions, communication breakdown, accident, flood, war or the threat of war, embargoes, boycotts, labour disputes, unavailability of data processing or bank clearance systems or act of God such that the ASX Clear (Futures) is unable to properly conduct the business of ASX Clear (Futures) in whole or in part ASX Clear (Futures) shall be released from its obligations under the Rules to the extent that the performance of such obligations are prevented or hindered in whole or in part by circumstances referred to above and ASX Clear (Futures) may vary or modify the Rules to the extent that in the opinion of ASX Clear (Futures) is reasonably necessary in the circumstances and without limiting the generality of the above the steps which ASX Clear (Futures) may take shall include:

(a) The Compulsory Settlement in accordance with Rule 102 of all or some Open Contracts at a price determined by the Relevant Exchange or failing that by ASX Clear (Futures).

(b) The Mandatory Cash Settlement of any Open Contract (including Open Contracts which are deliverable contracts) at a price determined by the Relevant Exchange or failing that by ASX Clear (Futures).

(c) The Close Out of any Open Contract.

(d) The exercise of any power which would be exercisable by ASX Clear (Futures) in the event of a Default.

(e) Any thing permitted under the OTC Rules in connection with an OTC Participant or an OTC Open Contract.

Amended 01/07/13

83 to 89 Not in use.

End of Section. Next page is no. 901.

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PART 9 MISCELLANEOUS PROVISIONS 903

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Submission to Jurisdiction 903

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PART 9 MISCELLANEOUS PROVISIONS

90 Introduction

90.1 This Part of the Rules contains provisions of a miscellaneous nature not dealt with in the preceding parts.

91 [Deleted]

92 Governing Law and Submission to Jurisdiction

92.1 These Rules are governed by, and will be interpreted in accordance with, the laws in force in NSW.

Amended [ ]/[ ]/13

[Explanatory Note: *The amendments to Rule 92.1 state that the Rules are governed by, and interpreted in accordance with, the laws in force in NSW (which includes the laws of the Commonwealth of Australia).]*

Submission to Jurisdiction

92.2 ASX Clear (Futures), each Clearing Participant and each CPM Client:

(a) irrevocably submit to the exclusive jurisdiction of the courts exercising jurisdiction in New South Wales;

(b) irrevocably waive any immunity from or any objection to any action in the courts exercising any jurisdiction in New South Wales; and

(c) irrevocably waive any claim that they may have that any action brought in New South Wales has been brought in an inconvenient forum or that the courts of New South Wales do not have jurisdiction.

Amended [ ]/[ ]/13

[Explanatory Note: *The amendments to Rule 92.2 mean that each CPM Client (as well as each Clearing Participant and ASX Clear (Futures)) irrevocably submits to the exclusive jurisdiction of the courts exercising jurisdiction in New South Wales, irrevocably waives any immunity from or objection to any action in courts exercising any jurisdiction in New South Wales, and irrevocably waives any claim that they may have that any action brought in New South Wales has been brought in an inconvenient forum or that the courts of New South Wales do not have jurisdiction.]*

92.3 Notwithstanding Rules 92.1 and 92.2 the law of an Open Contract arising from a Market Contract traded on the Exchange shall be the law of New South Wales and the Courts having exclusive jurisdiction will be those of NSW, Australia and the law of an Open Contract arising from a Market Contract traded on NZFOE shall be the law of New Zealand and the Courts having exclusive jurisdiction will be those of New Zealand.

[Explanatory Note: *The amendments to Rule 92.3 clarify that the law of an Open Contract arising from a Market Contract traded on the Exchange shall be the law of New South Wales (which includes the laws of the Commonwealth of Australia, to the extent they apply).]*

93 Rights, Obligations and Powers of ASX Clear (Futures)

93.1 Any right, entitlement, relief, obligation or power of ASX Clear (Futures) arising pursuant to the Rules shall be a right, entitlement, relief, obligation or power as the case may be of ASX Clear (Futures).

93.2 Any power or function which under these Rules may be exercised or performed by ASX Clear (Futures) may be exercised or performed by the Board, Managing Director or other duly authorised officer or delegate of ASX Clear (Futures).

93.3 No power conferred on ASX Clear (Futures) by these Rules including without limitation any power to Close Out, Transfer or call Initial Margin, Daily Settlement Amounts, Variation margins, Intra Day Margins or Extra Margins, Exercise or Abandon any Option Contract, or realise any security shall impose any duty on the Board or ASX Clear (Futures) to exercise such powers or to exercise such powers in a particular way, and no person shall have any claim against ASX Clear (Futures) in relation to any decision made bona fide to exercise or refrain from exercising such powers.

Amended 28/10/02

93.4 Where ASX Clear (Futures) is under the terms of an Open Contract obliged to perform an obligation by a particular time it shall be sufficient performance by ASX Clear (Futures) if it performs that obligation promptly after that time.

93.5 Any reference in the Exchange Operating Rules to the obligations of the Buyer and Seller of a Market Contract shall in relation to an Open Contract arising upon the registration of a Market Contract:

(a) be read as a reference to ASX Clear (Futures) as a party to an Open Contract where appropriate;

(b) in relation to an obligation of the Buyer and Seller to satisfy requirements of or do things in relation to ASX Clear (Futures) be read as relating to the obligations of Buyers and Sellers under Open Contracts other than ASX Clear (Futures); and

(c) be otherwise read in conjunction with these Rules.

93.6 Any provision of these Rules which is prohibited or unenforceable in any jurisdiction will be ineffective as to that jurisdiction to the extent of the prohibition or unenforceability. That will not invalidate the remaining provisions of these Rules nor affect the validity or enforceability of that provision in any other jurisdiction.

93.7 No failure to exercise and no delay in exercising any right, power or remedy under any Rule operates as a waiver. Nor does any single or partial exercise of any right, power or remedy preclude any other or further exercise of that or any other right, power or remedy.

93.8 The rights, powers and remedies provided to ASX Clear (Futures) under these Rules are cumulative and not exclusive of any rights, powers or remedies provided by law.

94 Limit on Obligations of ASX Clear (Futures)

94.1 The obligations of ASX Clear (Futures) under these Rules shall not extend to the performance by Clearing Participants of obligations arising other than under Open Contracts and these Rules (whether relating to the payment of commissions or

otherwise) whether or not ASX Clear (Futures) provides facilities with respect to the fulfilment of such obligations.

94.2 ASX Clear (Futures) in performance of its obligations is entitled to rely upon the accuracy of information provided by the Exchange and its systems and shall not be liable with respect to any loss suffered as a result of any incorrect information provided to ASX Clear (Futures) or breakdown of Exchange systems.

94.3 (a) Neither ASX Clear (Futures) nor the Exchange nor the developer of any trading system or of any computer system ("Clearing Systems") utilised by ASX Clear (Futures) in connection with the business of ASX Clear (Futures) will accept or bear any liability whatsoever in respect of the operation of any Clearing System or otherwise, whether for any breach of a provision of any relevant legislation, any act or omission (whether negligent or not), injury, death, damage to physical property, any direct or indirect losses including but not limited to lost profits, loss of files, loss of contracts, loss of data or use of data (including any error in information supplied or made available), loss of operation time or loss of equipment or process, economic loss, loss of reputation or losses or damages incidental or consequential to the installation, use or operation of any Clearing System. All warranties and conditions, both express and implied as to the condition, description, quality, performance, durability or fitness for purpose or otherwise of the Clearing Systems or any component thereof are excluded except as required by law; and neither ASX Clear (Futures) nor the Exchange warrants or forecasts that the Clearing Systems or any component thereof or any services performed in respect thereof will meet the requirements of any user, or that operation of the Clearing Systems will be uninterrupted or error-free, or that any services performed in respect of the Clearing Systems will be uninterrupted or error-free. Nothing in this Rule 94.3 shall limit any liability of a developer of any Clearing System to ASX Clear (Futures).

(b) ASX Clear (Futures) will not accept or bear any liability whatsoever in respect of any act done or omitted, in good faith and in the performance or purported performance of a function or power conferred on it by the Corporations Act or by any other legislative instrument or direction of any legislature or government authority having jurisdiction over it. [*94.3(b) is effective from 17/01/05*].

94.4 Every exemption from liability, defence or immunity applicable to ASX Clear (Futures) or to which ASX Clear (Futures) is entitled under Rule 94.3 shall also be available and shall extend to protect every one of ASX Clear (Futures)'s officers, agents or employees, and for the purposes of Rule 94.3(a), the Exchange and any developer of any Clearing Systems shall be deemed to have been acting as and to be agents of and for the benefit of all persons who are or might be its agents or employees from time to time, as well as on its own behalf.

94.5 Where the Trade Practices Act 1974 of Australia or the Commerce Act of New Zealand or any similar State or Territorial legislation implies in this Agreement any term, condition or warranty, and makes void or prohibits application of or exercise of, or liability under such term, condition or warranty, such term, condition or warranty shall be deemed to be included herein. Provided that, the liability of ASX Clear (Futures) or the Exchange for any breach of such term, condition or warranty shall be limited, at the option of ASX Clear (Futures) or the Exchange, to any one or more of the following:

(a) If the breach relates to goods:

(i) the replacement of the goods or the supply of equivalent or similar goods;

(ii) the repair of the goods;

(iii) the payment of the cost of replacing the goods or of acquiring equivalent goods; or

(iv) the payment of the cost of having the goods repaired.

(b) If the breach related to services:

(i) the supplying of the services again; or

(ii) the payment of the cost of having the services supplied again.

95 Prescriptions and Schedules

95.1 The Board may Prescribe and set out in the Schedules any matters incidental to the Rules or as otherwise provided in the Rules. In the event of any inconsistency between the Rules and the Schedules, the Rules shall prevail. Any Prescription by the Board shall not depend for its effectiveness on it being set out in the Schedules and any such Prescription shall have full effect notwithstanding any delay or failure in so setting it out and such setting out shall be for the purposes of record only. The Board may otherwise Prescribe matters without setting out in the Schedules where otherwise authorised to Prescribe by the Rules. Any prescription made for the purposes of the Definition of Net Tangible Assets, Net Liquid Assets or Financial Requirements or Rule 54.1 shall for the purposes of Chapter 7 of the Corporations Act be deemed to be an amendment to the Rules.

96 Notification to the Exchange

96.1 ASX Clear (Futures) shall promptly notify the Exchange and the Relevant Exchange where it exercises any powers where expressly so provided in the Rules or where the relevant power is listed in the Schedules for the purpose of this provision.

97 ASX Clear (Futures) Reports

97.1 ASX Clear (Futures) shall issue to Clearing Participants a daily registration statement in the form prescribed in the Schedules and shall provide such other statements as to Open Positions of the Clearing Participant and/or financial dealings between the Clearing Participant and ASX Clear (Futures) as is prescribed in the Schedules.

97.2 To the extent that the Client Protection Model Provisions apply to a Client, ASX Clear (Futures) shall provide:

(a) each CPM Client for whom ASX Clear (Futures) maintains an Individual Sub Account within a Clearing Participant's Client Clearing Account; and

(b) if a Nominated Person has been notified to ASX Clear (Futures) in relation to that Individual Sub-Account, such Nominated Person,

with such statements as to Open Positions of the CPM Client or other reports as is prescribed in the Schedules.

98 Minor Fines – [Deleted]

Deleted 31/03/08

99 Conversion of Currency

99.1 Subject to Rule 99.2 any liability to or by ASX Clear (Futures) payable in any currency or amount standing to the credit of a Clearing Participant in any currency shall if required to be paid to or by ASX Clear (Futures) in another currency in accordance with ASX Clear (Futures) Rules or Exchange Operating Rules or a determination of the Board be converted at a rate in that currency determined by ASX Clear (Futures) from time to time.

99.2 For the purposes of any set-off, combination or consolidation of, or in relation to, any accounts or any amounts standing to the credit of any accounts, or of performing any calculation or determination contemplated by these Rules (including without limitation any determination necessary to give effect to Rules 72 or 73) or by Exchange Operating Rules, unless ASX Clear (Futures) otherwise determines all amounts which are not Australian dollar amounts shall be converted to Australian dollars at such rate as determined by ASX Clear (Futures) for the day at which the conversion is made.

100 [Not in use]

101 Taxes and Charges

101.1 All taxes, charges, stamp duty or any other government or statutory charges payable with respect to Open Contracts or the registration of Market Contracts or monies deposited by a Clearing Participant with ASX Clear (Futures) shall be the sole responsibility of Clearing Participants and Clearing Participants shall indemnify ASX Clear (Futures) with respect to any such taxes or charges and any taxes, charges or stamp duty referable to the registration of Market Contracts in the name of the Clearing Participant or Open Contracts of the Clearing Participant or monies paid to or from the Clearing Participant or deposited by the Clearing Participant may be debited to any account held by the Clearing Participant with ASX Clear (Futures).

101.2 If a law requires ASX Clear (Futures) to withhold or deduct an amount in respect of taxes, levies, imposts, charges or duties (including stamp and transaction duties) imposed by any authority from a payment to a Clearing Participant, CPM Client or a Nominated Person, ASX Clear (Futures) will withhold or deduct the amount. ASX Clear (Futures) is not liable to pay any additional amount to the Clearing Participant, CPM Client or Nominated Person in respect of any such withholding or deduction.

[Explanatory Note: Rule 101.2 provides ASX Clear (Futures) is not liable to pay any additional amount to a Clearing Participant, CPM Client or Nominated Person where ASX Clear (Futures) is required to withhold or deduct an amount in respect of taxes or similar from a payment to a Clearing Participant, CPM Client or Nominated Person as detailed in this Rule.]

102 Compulsory Settlement

102.1 For the purposes of Rules 72.1(h) and 82 the provisions of this Rule 102 shall apply where ASX Clear (Futures) invokes Compulsory Settlement or where such Compulsory Settlement is directed by the Relevant Exchange as referred to in Rule 81.

102.2 Upon ASX Clear (Futures) determining an Open Contract or Open Contracts shall be subject to Compulsory Settlement the Open Contract shall be deemed to be Closed Out by an Opposite Open Contract at the price determined by the Relevant Exchange pursuant to Exchange Operating Rules or failing any determination by the Relevant Exchange at a price which in the opinion of ASX Clear (Futures) is fair and reasonable.

102.3 Compulsory Settlement shall be effected by ASX Clear (Futures) giving notice to the Clearing Participant holding the Open Contract or Open Contracts to be subject to Compulsory Settlement specifying the price at which that Compulsory Settlement is to occur and in such other manner and form as ASX Clear (Futures) in its absolute discretion shall determine.

102.4 Subject to any Relevant Exchange direction and subject to Rule 72.1(h), ASX Clear (Futures) shall direct the Compulsory Settlement of Open Contracts in its absolute discretion having regard as far as practicable to the proportion of Open Contracts held by Clearing Participants and with respect to Open Contracts and Clearing Participants selected by ASX Clear (Futures).

102.5 Compulsory Settlement (and the determination of any price for Compulsory Settlement) shall be final and binding on all parties and Compulsory Settlement shall be a full and effective discharge of obligations under Open Contracts.

102.6 In respect of each Default which results in a Compulsory Settlement of Open Contracts of a Clearing Participant (other than a Clearing Participant in Default) in accordance with this Rule 102, the maximum liability of that Clearing Participant to ASX Clear (Futures) in respect of the Compulsory Settlement is equal to twice the Futures Commitment of that Clearing Participant immediately before that Default.

Introduced 01/07/13

102.7 References in this Rule 102 to Open Contracts are to be taken to exclude OTC Open Contracts and OTC Allocated Futures Contracts.

Introduced 01/07/13

103 Manner and Form of Settlement

103.1 Notwithstanding any provision in Exchange Operating Rules or in Open Contracts monies, securities, property, collateral or Commodity required to be paid or delivered to ASX Clear (Futures) or paid to or delivered by ASX Clear (Futures) shall be paid and delivered in such manner and form as is required or determined by ASX Clear (Futures).

103.2 All payments or deliveries of monies, securities, property, collateral or Commodity to or by ASX Clear (Futures) on a Business Day are final and irrevocable when made in accordance with the Rules and Procedures.

Introduced [ ]/[ ]/13

***[Explanatory Note:** The introduction of Rule 103.2 provides that all payments or deliveries of monies, securities property, collateral or Commodity made to or by ASX Clear (Futures) on a Business Day are final and irrevocable when made in accordance with the Rules and Procedures.]*

104 Directions and Requirements of ASX Clear (Futures) and Exchange

104.1 Each Clearing Participant and CPM Client shall comply with the Rules and any Prescriptions pursuant to the Rules with all requests directions or requirements of ASX Clear (Futures) or the Exchange or a Related Exchange made pursuant to their powers under the Rules or the Exchange Operating Rules or which are reasonably ancillary to or incidental to such powers.

Amended [ ]/[ ]/13

***[Explanatory Note:** The amendment to Rule 104.1 extends the requirement to comply with the Rules and any Prescriptions pursuant to the Rules as provided for in Rule 104.1 to each CPM Client (as well as each Clearing Participant).]*

105 Appointment of Agents

A Clearing Participant which does not have a place of business in a place where ASX Clear (Futures) carries on business may if approved by ASX Clear (Futures) and shall, if required by ASX Clear (Futures) appoint an agent approved by ASX Clear (Futures) in a manner approved by ASX Clear (Futures) to perform on behalf of the Clearing Participant the obligations of the Clearing Participant under the Rules in that place.

Where ASX Clear (Futures) has required a Clearing Participant to appoint an agent ASX Clear (Futures) may, until arrangements approved by ASX Clear (Futures) for the appointment of an agent are in place, refuse to register in the name of the Clearing Participant Market Contracts traded on a Relevant Exchange following advice to the market of that Relevant Exchange of such refusal by ASX Clear (Futures).

106 Goods and Services Tax

For the purposes of the Goods and Services Tax (GST), ASX Clear (Futures) is authorised to issue Recipient Created Tax Invoices (RCTIs) in any situation which satisfies the requirements of the GST legislation, GST Regulations or Tax Office Rulings. These requirements include the creation of a written agreement between ASX Clear (Futures), as an entity issuing the RCTI and the supplier on whose behalf it is issued. This Rule puts in place the required agreement between ASX Clear (Futures) and each Clearing Participant:

- ASX Clear (Futures) is authorised to issue RCTIs to Clearing Participants;
- a Clearing Participant will not issue a tax invoice in circumstances where ASX Clear (Futures) issues an RCTI on behalf of that Clearing Participant;
- a Clearing Participant on whose behalf an RCTI is issued acknowledges that it is registered for GST purposes and will notify ASX Clear (Futures) if it ceases to be registered;
- ASX Clear (Futures) acknowledges that it is registered for GST purposes and will notify the Clearing Participant if it ceases to be registered; and
- ASX Clear (Futures) indemnifies the Clearing Participant for any liability for GST and penalty arising from an understatement of the GST payable on any supply for which ASX Clear (Futures) issues an RCTI.

107 Recording of Information by ASX Clear (Futures)

(i) ASX Clear (Futures) shall be entitled to record all conversations conducted on its telecommunications equipment.

(ii) Disclosure to any other person of information obtained by ASX Clear (Futures) pursuant to this Rule 107 shall be subject to the consent of the Clearing Participant.

End of Section. Next page is 1001.

ASX CLEAR (FUTURES) OPERATING RULES

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PART 10 CLIENT PROTECTION MODEL PROVISIONS

110 Introduction

This Part of the Rules contains the provisions applicable to the Client Protection Model and these provisions are referred to as the "Client Protection Model Provisions".

Introduced [ ]/[ ]/13

111 Application of Client Protection Model Provisions

111.1 ASX Clear (Futures) may determine the time at which application of the ~~provisions of this Part of the Rules~~ Client Protection Model Provisions is to commence. ASX Clear (Futures) may make this determination at different times for different Market Contracts, Open Contracts, Clearing Participants or Clients (or different types of them).

Introduced [ ]/[ ]/13

*[**Explanatory Note:** ASX Clear (Futures) will determine when the Client Protection Model Provisions will apply to a particular product type, set of Clearing Participants or Clients. There is no requirement that the Client Protection Model provisions apply to all products/Clearing Participants/Clients.]*

111.2 ASX Clear (Futures) will give reasonable notice to all Clearing Participants in accordance with the Procedures of each proposed determination that the application of the Client Protection Model ~~provisions~~ Provisions is to commence. However, any omission by ASX Clear (Futures) to provide this notice to one or more Clearing Participants does not affect the validity of any determination.

Introduced [ ]/[ ]/13

*[**Explanatory Note:** This Rule provides that ASX Clear (Futures) must give reasonable notice to all Clearing Participants of the application of the Client Protection Model to a particular product type/set of Clearing Participants/Clients.]*

111.3 To the extent that the Client Protection Model Provisions are determined to apply to already existing Open Contracts which have been entered into on behalf of a Client then they are to apply from the time which has been determined as if the Client Protection Model Provisions applied at the time that the Open Contracts were entered into. Each Client is taken to have agreed to this by its entry into any Open Contract as a CPM Client, its holding of an Open Position as a CPM Client through its Clearing Participant, the opening of a Client Sub-Account with respect to it as a CPM Client, or the provision by it of any other consent or acknowledgment related to the application of the Client Protection Model Provisions (which the Client's Clearing Participant is taken to provide on behalf of the Client at the time of the determination, to the extent that the Clearing Participant has been authorised to do so). Each of ASX Clear (Futures) and the Client's Clearing Participant are bound to treat the Client as if the Client has so agreed to this (whether or not it has done so) from the time at which the Client Protection Model Provisions are determined to apply.

*[**Explanatory Note:** This Rule is a transitional provision which addresses the application of the Client Protection Model Provisions to Open Contracts which have been entered into in respect of a Client before the time at which a determination is made which applies to them. This Rule provides that the Client Protection Model Provisions are to apply to such Open Contract from the time of the determination. However, as those Open Contracts have already been created without the Client being a party to them, the consent of the Client to becoming a party to those Open Contracts is referenced. Examples of the manner in which the Client could provide its consent for this purpose are set out, such as the entry into a new transaction under the CPM Provisions, holding positions under the CPM Provisions and opening a new CPM Client Sub-Account. Further clarification is added that each of ASX Clear (Futures) and the Client's Clearing Participant agree to treat the Client as if it were a party to the Open Contracts under the Client Protection Model Provisions whether or not it has provided this consent, so that the protections provided by these Client Protection Model Provisions could apply to the Client.]*

~~111.3The provisions of this part of the Rules~~ 111.4 The Client Protection Model Provisions do not apply to a Market Contract, Open Contract, Clearing Participant or Client unless it falls within the scope of a determination made by ASX Clear (Futures) in accordance with this Rule 111.

Introduced [ ]/[ ]/13

*[**Explanatory Note:** This Rule provides clarification that Part 10 of the Rules will not apply to a particular product type/set of Clearing Participants/Clients until such time as ASX Clear (Futures) makes a determination that the Client Protection Model provisions will apply.]*

112 Representations, acknowledgments and agreements

112.1 Each CPM Client (by its entry into an Open Contract or its holding of an Open Position through its Clearing Participant) and each of its Clearing Participants is taken to represent and acknowledge to, and to agree with, ASX Clear (Futures) that:

(a) it is bound by these Rules;

(b) ASX Clear (Futures) is not responsible or liable for the performance of any CPM Client or Clearing Participant;

(c) the CPM Client's Clearing Participant is authorised to act and to take actions on the CPM Client's behalf as contemplated by these Rules;

(d) if a CPM Client's Clearing Participant Defaults then ASX Clear (Futures) may terminate or otherwise deal with the Client Positions of that CPM Client which are held with that Clearing Participant in accordance with these Rules (regardless of whether that CPM Client has defaulted);

(e) the CPM Client's Clearing Participant is unconditionally authorised to provide any of the property provided to it by the CPM Client to ASX Clear (Futures) in accordance with these Rules in discharge of obligations incurred in connection with the Client Positions of that CPM Client. However, the Clearing Participant is also entitled to provide other property to ASX Clear (Futures) for this purpose;

(f) it has reviewed the privacy statement of ASX Clear (Futures) (which is available on ASX's website or by calling the ASX) which contains important

information about how ASX Clear (Futures) may collect, use and disclose information about the CPM Client and the Clearing Participant (including whether ASX Clear (Futures) will transfer any information to overseas recipients) and consents to ASX Clear (Futures) collecting, using and disclosing information about the CPM Client and the Clearing Participant for the purposes set out in the privacy statement;

(g) the CPM Client's Clearing Participant has provided the ~~Client (and each other person on whose behalf the Client is acting, as notified to the Clearing Participant by the Client)~~ CPM Client with, or directed the CPM Client ~~(or other person, as applicable)~~ to, a copy of the Client Protection Model Client Fact Sheet, in accordance with the Procedures;

(h) these Rules do not, are not intended to, and will not be construed to represent or imply a partnership, agency, fiduciary relationship, joint venture, distribution or any other category of commercial or personal relationship between ASX Clear (Futures) and any CPM Client recognised at law or in equity as giving rise to forms of specific rights and obligations;

(i) ASX Clear (Futures) is entitled to assume that all property provided to it by a Clearing Participant in accordance with these Rules is provided either by the sole legal and beneficial owner of that property or with the unconditional authority and consent of the legal and beneficial owner of that property. ASX Clear (Futures) is under no obligation to return the same property which it receives as, or in respect of, Margin under these Rules;

(j) any property transferred to ASX Clear (Futures) ~~are~~ is transferred free and clear of all interests, rights and encumbrances (subject to any security interest granted to ASX Clear (Futures) in accordance with the Rules and any lien routinely imposed on such property by the relevant clearance system for such property) and ~~are~~ is to be held in accordance with these Rules. ASX Clear (Futures) does not hold any particular property transferred to it on behalf of any particular CPM Client and no CPM Client is entitled to assert any equitable or other interest or claim in any such property;

(k) the holding of Open Positions in respect of Open Contracts in a Client Sub-Account with respect to it will not~~~~, to the reasonable knowledge of the CPM Client and the Clearing Participant, cause ASX Clear (Futures) to breach any law, regulatory requirement or official directive, ruling or determination of any jurisdiction;

(l) if the agreement between the CPM Client and its Clearing Participant relating to the provision of client clearing services to which these Client Protection Model Provisions apply is terminated then, unless otherwise agreed In Writing, the Clearing Participant will terminate all the CPM Client's OTC Open Contracts, but only after the lapse of a time period agreed between the CPM Client and the Clearing Participant; and

(m) to the extent of any inconsistency with any agreement between the CPM Client and its Clearing Participant (including, without limitation, an agreement entered into in accordance with Rule 4.14(j)), these ~~Rules~~ Client Protection Model Provisions prevail.

In addition, each CPM Client (by its entry into an Open Contract or its holding of an Open Position through its Clearing Participant) and each Clearing Participant is taken to provide each representation, acknowledgement and agreement specified in

the applicable determination made by ASX Clear (Futures) in accordance with Rule 111.

These representations, acknowledgements and agreements by a CPM Client are included in the terms of each Open Contract and are a ~~fundamental~~ condition to the CPM Client's rights and entitlements under these Rules.

Introduced [ ]/[ ]/13

*[**Explanatory Note:** These representations, acknowledgements and agreements bind each CPM Client and each of its Clearing Participants.]*

112.2 Without limiting the binding effect of Rule 112.1, each Clearing Participant must ensure that each CPM Client has agreed to be bound by these Rules.

Introduced [ ]/[ ]/13

*[**Explanatory Note:** This Rule provides that Clearing Participants must ensure that their CPM Clients have agreed to be bound by the Rules. This is in addition to the representations, agreements and undertakings given in accordance with Rule 112.1.]*

113 Relationship and dealings

113.1 With respect to Open Contracts entered into, or Open Positions held, by a Clearing Participant on behalf of a CPM Client, the Clearing Participant acts on behalf of the CPM Client as its agent. Further:

(a) the Clearing Participant remains fully liable for all obligations to ASX Clear (Futures) in connection with those Open Contracts and those Open Positions including, without limitation, all obligations with respect to Margin and all other payments and deliveries; and

(b) each of the Clearing Participant, the CPM Client and ASX Clear (Futures) is a party to, and is bound by, those Open Contracts and those Open Positions in accordance with these Rules and is taken to have entered into the legal relationship which constitutes those Open Contracts and Open Positions; and

(c) the liability of the Clearing Participant to ASX Clear (Futures) is as principal obligor and it cannot be, and is not, discharged or otherwise affected by any act or omission of, or any matter in connection with, the CPM Client (including, without limitation, any release or concession given to any CPM Client, any lack or termination of authorisation of the Clearing Participant by the CPM Client, or the Open Contract being void or voidable against the CPM Client). If, despite this, the Clearing Participant's liability is discharged, then the Clearing Participant agrees that ASX Clear (Futures) is immediately entitled to the rights against that Clearing Participant to which ASX Clear (Futures) was entitled immediately before the Clearing Participant's liability was so discharged; and

(d) any obligation of a CPM Client or ASX Clear (Futures) with respect to an Open Contract entered into, or Open Position held, by a Clearing Participant on behalf of that CPM Client is discharged when it is performed

by or for the benefit of, or discharged with respect to, that Clearing Participant in accordance with these Rules; and

(e) although each of the Clearing Participant and its CPM Client are bound jointly and individually to those Open Contracts and Open Positions, without affecting any of its rights against the Clearing Participant, ASX Clear (Futures) agrees ~~to~~ not to take action against a CPM Client personally for the performance of any obligation which is owing by that CPM Client's Clearing Participant.

When a Clearing Participant is acting on behalf of a CPM Client, each reference in these Rules (other than in these Client Protection Model Provisions) to a Clearing Participant as a party to a Market Contract, an Open Contract or an Open Position, or to the rights and obligations of a Clearing Participant under a Market Contract, an Open Contract or an Open Position, is taken to be a reference to the CPM Client and to the Clearing Participant acting in this capacity.

Introduced [ ]/[ ]/13

*[**Explanatory Note:** This Rule establishes that the Clearing Participant enters into Open Contracts and holds Open Positions as agent on behalf of its CPM Clients. However, the Clearing Participant remains fully liable for all obligations under these Open Contracts and Open Positions and to ASX Clear (Futures). The Rule also clarifies the liability of the CPM Client with respect to those Open Contracts and Open Positions.]*

113.2 In respect of each Open Contract entered into~~,~~ and each Open Position held, by a Clearing Participant on behalf of a CPM Client, the CPM Client will have the rights and entitlements against ASX Clear (Futures) set out in these Client Protection Model Provisions. Without limitation, the Clearing Participant holds these rights and entitlements on behalf of the CPM Client.

However, until such time as a Clearing Participant is in Default, and except to the extent set out in these Client Protection Model Provisions:

(a) ASX Clear (Futures) is entitled to communicate and deal solely with the Clearing Participant in respect of all matters in connection with those Open Contracts and Open Positions;

(b) no CPM Client of a Clearing Participant or any Nominated Person in respect of an Individual Sub-Account is entitled to communicate or deal directly with ASX Clear (Futures) (without limiting ASX Clear (Futures)' ability to communicate or deal directly with a CPM Client or a Nominated Person if ASX Clear (Futures) chooses to do so, in its sole discretion);

(c) ASX Clear (Futures) has no obligation to make any payments or deliveries to, or at the direction of, any CPM Client or Nominated Person; and

(d) all payments and deliveries in respect of the Open Contracts and Open Positions held by a Clearing Participant on behalf of a CPM Client are to be made between ASX Clear (Futures) and the CPM Client's Clearing Participant, not the CPM Client directly (or any Nominated Person in respect of an Individual Sub-Account).

Introduced [ ]/[ ]/13

*[**Explanatory Note:** This Rule clarifies the rights and entitlements of a CPM Client of a Clearing Participant. Until such time as the relevant Clearing Participant is in Default, CPM Clients will not communicate or deal directly with ASX Clear (Futures), and ASX Clear (Futures) will make all payments and deliveries in respect of Open Contracts/Open Positions of a CPM Client to the relevant Clearing Participant and not directly to the CPM Client.]*

113.3 If a Clearing Participant is in Default then each CPM Client of the Clearing Participant or, if applicable to the relevant Client Sub-Account, the relevant Nominated Person is entitled to communicate directly with ASX Clear (Futures) in accordance with these Client Protection Model Provisions.

Introduced [ ]/[ ]/13

*[**Explanatory Note:** This Rule clarifies that following the Default of a Clearing Participant, CPM Clients or, if applicable, Nominated Persons will be entitled to communicate directly with ASX Clear (Futures).]*

113.4~~An entity~~ A Person may be a CPM Client of more than one Clearing Participant.

Introduced [ ]/[ ]/13

*[**Explanatory Note:** ~~An entity~~ A Person may be set up as a CPM Client of more than one Clearing Participant and may have Open Contracts/Open Positions registered through more than one Clearing Participant.]*

113.5 ASX Clear (Futures) is entitled to deal with each CPM Client as principal and not as trustee, as agent or as acting in any other capacity. ASX Clear (Futures) is not bound or compelled in any way to recognise any equitable, contingent, future, partial or other interest in any rights or entitlements of any CPM Client including, without limitation, any person on whose behalf the CPM Client is acting (~~even when~~ such as any Nominated Person and whether or not ASX Clear (Futures) has notice of any such interest) except the absolute right of the CPM Client to those rights and entitlements. The rights and entitlements of a CPM Client under these Rules are not able to be disposed of, transferred, assigned, made the subject of a trust over or encumbered without the consent of ASX Clear (Futures).

Introduced [ ]/[ ]/13

*[**Explanatory Note:** This Rule provides that ASX Clear (Futures) will only regard each CPM Client as acting as principal and not in any other capacity. ASX Clear (Futures) will not recognise any other interest in any rights or entitlements of a CPM Client regardless of whether ASX Clear (Futures) has been given notice of any such interest.]*

114 Registration of contracts

114.1 Market Contracts submitted for registration on behalf of a CPM Client are to be submitted in accordance with these Rules and the Procedures. In accordance with these Rules and the Procedures, a Clearing Participant may submit a Market Contract for registration on behalf of the CPM Client. The Clearing Participant must designate the Client Sub-Account of the Clearing Participant in which a prospective

Open Contract entered into on behalf of a CPM Client is to be registered in accordance with the Procedures.

Introduced [ ]/[ ]/13

*[**Explanatory Note:** This Rule specifies that a Clearing Participant must submit a Market Contract on behalf of a CPM Client.]*

115 Client Sub-Accounts

115.1 ASX Clear (Futures) will maintain Client Sub-Accounts in a Clearing Participant's Client Clearing Account in order to record the Open Positions which that Clearing Participant holds on behalf of its CPM Clients. However, the Client Sub-Accounts of a Clearing Participant's Client Clearing Account do not form separate Client Clearing Accounts for the purpose of these Rules and each Clearing Participant has only a single Client Clearing Account with ASX Clear (Futures). A Clearing Participant is responsible to ASX Clear (Futures) for all obligations owed to ASX Clear (Futures) in respect of every Client Sub-Account in that Clearing Participant's Client Clearing Account.

Introduced [ ]/[ ]/13

*[**Explanatory Note:** Separate Client Sub-Accounts will be established to record the Open Positions of CPM Clients. These Client Sub-Accounts form a part of the Client Clearing Account of the Clearing Participant.]*

115.2 A Client Sub-Account may be either an Individual Sub-Account or an Omnibus Sub-Account. Although ASX Clear (Futures) may maintain records for further partitions of these Client Sub-Accounts, those records are not separate Client Sub-Accounts for the purpose of these Rules and the maintenance of those records does not limit Rule 113.5.

Introduced [ ]/[ ]/13

Explanatory Note:

The Client Clearing Account of a Clearing Participant will comprise (i) Client Sub-Accounts pursuant to this Client Protection Model, and (ii) Client Positions held otherwise in accordance with the Rules and Procedures.

Separate Client Sub-Accounts will be maintained for different types of Market Contract which are subject to the Client Protection Model.

*[**Explanatory Note:** Each Client Sub-Account may be an Individual Sub-Account or an Omnibus Sub-Account and, despite any further sub-division of such Client Sub-Accounts by ASX Clear (Futures), such additional sub-divisions shall not constitute any further Client Sub-Accounts of the Client Clearing Account.]*

115.3 A Clearing Participant may request that ASX Clear (Futures) maintains an Individual Sub-Account within that Clearing Participant's Client Clearing Account for a CPM Client of the Clearing Participant. Such request must be made in accordance with these Rules and the Procedures. If ASX Clear (Futures) accepts a request from a Clearing Participant then an Individual Sub-Account is to be opened for the CPM Client. The Individual Sub-Account for a CPM Client is to record the Open Positions

held by the Clearing Participant designated to the Individual Sub-Account on behalf of that CPM Client only. This does not preclude the Clearing Participant from requesting that ASX Clear (Futures) also maintain an Omnibus Sub-Account in respect of Open Positions of that, and other, CPM Clients or an Individual Sub-Account in respect of other Open Positions of that CPM Client.

Introduced [ ]/[ ]/13

***[Explanatory Note:** A Clearing Participant must request the establishment of an Individual Sub-Account in accordance with the Rules and Procedures. An Individual Sub-Account will record the Open Positions held by the Clearing Participant of one CPM Client only. A CPM Client may hold positions in both Individual and Omnibus Sub-Accounts with the same Clearing Participant.]*

115.4 The details of a Person which is to be a "**Nominated Person**" in respect of an Individual Sub-Account may be notified to ASX Clear (Futures) in accordance with the Procedures. Only one Person can be a Nominated Person in respect of an Individual Sub-Account at any time.

*[**Explanatory Note:** A Nominated Person in respect of an Individual Sub-Account held for a CPM Client may be notified to ASX Clear (Futures) in accordance with the Procedures. That Nominated Person may communicate with ASX Clear (Futures) on the Default of a Clearing Participant instead of the CPM Client.]*

~~115.4~~115.5 The Omnibus Sub-Account in respect of one or more CPM Clients is to record the Open Positions held by the Clearing Participant on behalf of those CPM Clients only. ASX Clear (Futures) is not obliged to make separate calculations in respect of any CPM Client relating to an Omnibus Sub-Account. However, ASX Clear (Futures) may choose to do so at its discretion.

An Omnibus Sub-Account cannot have a Nominated Person.

Introduced [ ]/[ ]/13

*[**Explanatory Note:** An Omnibus Sub-Account may record the Open Positions held by the Clearing Participant of multiple CPM Clients as designated by the Clearing Participant. ASX Clear (Futures) will make calculations in respect of the Omnibus Sub-Account as a whole and not in respect of individual CPM Clients, although it may make calculations on an individual CPM Client basis if it so chooses.]*

~~115.5~~115.6 Open Positions for a CPM Client of a Clearing Participant may be held in one or more Client Sub-Accounts for that CPM Client. If the same ~~entity~~ Person is a CPM Client of more than one Clearing Participant then ASX Clear (Futures) will treat the Client Sub-Accounts of each Clearing Participant for that CPM Client as being separate. However, ASX Clear (Futures) may choose to make calculations for its own purposes with respect to such ~~an entity~~a Person, across the accounts held for that ~~entity~~ Person with multiple Clearing Participants.

Introduced [ ]/[ ]/13

*[**Explanatory Note:** If the same ~~entity~~ Person is a CPM Client of multiple Clearing Participants~~,~~ ASX Clear (Futures) will treat the Client Sub-Accounts of such CPM Client as separate (although it may make calculations for its own purposes across all such accounts with multiple Clearing Participants).]*

~~115.6~~115.7 Each Clearing Participant must maintain appropriate records identifying all relevant information in respect of its CPM Clients and must ensure that its books and records accurately reflect at all times the Open Contracts and Open Positions held by a Clearing Participant on behalf of each of its CPM Clients. For the purpose of opening and maintaining the Client Sub-Accounts, each Clearing Participant must provide ASX Clear (Futures) with the information required by ASX Clear (Futures) from time to time, in respect of each CPM Client and as set out in the Procedures~~, in respect of each Client (whether or not there is an Individual Sub-Account for the Client)~~ and validate this information at least annually. ASX Clear (Futures) is entitled to rely solely on the information provided to it by the relevant Clearing Participant for the purpose of maintaining its Client Sub-Accounts (including, without limitation, in making transfers between Client Sub-Accounts) and ASX Clear (Futures) has no obligation to verify this information or make any investigations.

Introduced [ ]/[ ]/13

Explanatory Note:

In respect of a CPM Client, this Rule does not require a Clearing Participant to maintain records identifying any information in connection with any ~~entity~~ Person other than the CPM Client.

*[**Explanatory Note:** This Rule clarifies that it is the Clearing Participant's responsibility to maintain appropriate records with respect to its CPM Clients and the Clearing Participant periodically will be required to provide ASX Clear (Futures) with information regarding each ~~Client~~of its CPM Clients.]*

116 Margin

116.1 The Open Positions recorded in a Client Sub-Account are to be used to calculate the Initial Margin required in respect of that Client Sub-Account.~~Payments of Initial Margin with respect to the Client Clearing Account of a Clearing Participant are to be made in accordance with the Procedures.~~

Introduced [ ]/[ ]/13

***[Explanatory Note:** This Rule provides that Initial Margin is calculated in respect of the net Open Positions recorded in a Client Sub-Account.~~ The Clearing Participant is required to pay the required Initial Margin to ASX Clear (Futures) as set out in the Procedures.~~]*

116.2 Payments of the Initial Margin in respect of a Client Clearing Account are to be made by the relevant Clearing Participant ~~on behalf of its Clients~~ and not by the CPM Clients~~ themselves~~. The Clearing Participant must ensure that the margin obligations with respect to its Client Clearing Account are met in accordance with these Rules, regardless of the amount or type of collateral provided to it by its CPM Clients.

Introduced [ ]/[ ]/13

***[Explanatory Note:** This Rule states that Initial Margin with respect to each CPM Client Sub-Account is payable by the Clearing Participant ~~on behalf of the Client~~ (and not by the CPM Client itself). The Clearing Participant will be required to pay Initial Margin to ASX Clear (Futures) in accordance with the Rules regardless of the*

amount and/or type of collateral provided to it by its CPM Clients in connection with the Open Positions.]

116.3 The value of Initial Margin in respect of a Client Sub-Account is to be calculated by ASX Clear (Futures) by reference to the Initial Margin determined for the Open Positions recorded in that Client Sub-Account. It is not determined by reference to the value of assets which may have been provided by the relevant CPM Client or CPM Clients to their Clearing Participant. Any amount of collateral that is provided to ASX Clear (Futures) in excess of the value of Margin required for a Clearing Participant's Client Clearing Account is not to be attributed to a Client Sub-Account (without limiting the ability for it to be held in a Client Clearing Account).

Introduced [ ]/[ ]/13

***[Explanatory Note:** This Rule sets out that the Initial Margin requirement will be calculated by ASX Clear (Futures) and is determined by reference to the Open Positions and not in relation to the value of any assets posted by the CPM Client to the Clearing Participant. Excess Margin is not permitted with respect to Client Sub-Accounts.]*

116.4 OTC Allocated Futures Contracts may be taken into account in the calculation of the Initial Margin and OTC Initial Margin with respect to Individual Sub-Accounts in accordance with these Rules and Procedures if the relevant Open Contracts and OTC Open Contracts are held in Individual Sub-Accounts for that CPM Client with the same Clearing Participant and, if a Nominated Person for any such Individual Sub-Accounts has been notified to ASX Clear (Futures), provided that any such Individual Sub-Accounts have the same Nominated Person.

Introduced [ ]/[ ]/13

***[Explanatory Note:** Portfolio margining with OTC Open Contracts of the same CPM Client and same Nominated Person will be permitted if the relevant Open Contracts and OTC Open Contracts are held in Individual Sub-Accounts with the same Clearing Participant and, if applicable, same Nominated Person (there is to be no portfolio margining of contracts held in Omnibus Sub-Accounts or across different Clearing Participants).]*

116.5 In accordance with these Rules, the value of Initial Margin calculated with respect to a Client Sub-Account is to be treated as belonging to the relevant CPM Clients (in the case of an Omnibus Sub-Account) or CPM Client (in the case of an Individual Sub-Account) and is not to be margin for, or secure performance of, the obligations of the Clearing Participant (except in connection with the Open Contracts or other obligations of the relevant CPM Client or CPM Clients), CPM Clients other than those for which the Client Sub-Account is being held, or any other person. However, ASX Clear (Futures) is entitled to hold, commingle and invest all assets and property received by it in respect of the Margin obligations relating to Client Positions with other assets and property.

Introduced [ ]/[ ]/13

***[Explanatory Note:** The value of the Initial Margin calculated in respect of the Open Positions of a CPM Client will not secure performance or the obligations of the Clearing Participant or any other CPM Clients.*

This Rule also clarifies that ASX Clear (Futures) may commingle any collateral posted to it with any of its other assets.]

116.6 If the value of the Initial Margin held in the Client Clearing Account of a Clearing Participant is less than the aggregate value of Initial Margin calculated with respect to the Client Sub-Accounts comprised in that Client Clearing Account then no withdrawal of Margin may be made from any Clearing Account of that Clearing Participant (other than a transfer from the House Clearing Account of that Clearing Participant to its Client Clearing Account) until the shortfall is remedied to the satisfaction of ASX Clear (Futures).

Introduced [ ]/[ ]/13

***[Explanatory Note:** This Rule prevents withdrawals of Margin from either the House Clearing Account or the Client Clearing Account of a Clearing Participant if the Margin in the Client Clearing Account is less than the aggregate needed for the Open Positions in the Client Sub-Accounts of that Client Clearing Account.]*

116.7 Nothing in this Rule 116 restricts the application of, or other dealing with, the Client Clearing Account on the Default of a Clearing Participant in accordance with these Rules.

Introduced [ ]/[ ]/13

***[Explanatory Note:** This Rule provides clarification that the Margin requirements set out in Rule 116 do not affect the application of the Client Clearing Account on Default of the Clearing Participant.]*

117 Transfer

117.1 If ~~an entity~~ a Person is a CPM Client of two Clearing Participants and that CPM Client and those two Clearing Participants have agreed that Open Positions recorded in a Client Sub-Account (which may be an Individual Sub-Account or an Omnibus Sub-Account~~,~~ , as agreed between the parties) for that CPM Client with one of those Clearing Participants will be transferred by ASX Clear (Futures) to another Client Sub-Account for that CPM Client with the other Clearing Participant then the receiving Clearing Participant will notify ASX Clear (Futures) of the Open Positions to be transferred in accordance with the Procedures.

This applies regardless of whether a Nominated Person has been notified to ASX Clear (Futures) with respect to any Client Sub-Account.

Introduced [ ]/[ ]/13

***[Explanatory Note:** If the CPM Client and its two Clearing Participants agree, the receiving Clearing Participant may notify ASX Clear (Futures) in accordance with the Procedures that Open Positions of a CPM Client recorded in either an Individual Sub-Account or an Omnibus Sub-Account of a transferring Clearing Participant may be transferred to the receiving Clearing Participant.]*

117.2 Each Clearing Participant is required to implement and follow internal processes designed to assist the Clearing Participant with considering a CPM Client's request to transfer Open Positions held with that Clearing Participant to another Clearing

Participant. Each Clearing Participant agrees to follow those processes where its CPM Client requests a transfer of Open Positions held with that Clearing Participant.

Introduced [ ]/[ ]/13

[Explanatory Note: *This Rule provides that each Clearing Participant is required to implement internal processes in order to assist consideration of a CPM Client's request that its Open Positions be transferred to another Clearing Participant.]*

117.3 If:

(a) ASX Clear (Futures) has been notified of Open Positions which are to be transferred;

(~~a~~b) ASX Clear (Futures) has not been notified by either Clearing Participant that the CPM Client has defaulted or is insolvent or bankrupt;

(~~b~~c) neither Clearing Participant is in Default;

(~~c~~d) ASX Clear (Futures) is satisfied that it has received sufficient margin from the receiving Clearing Participant in order to enable the transfer; and

(~~d~~e) ASX Clear (Futures) has not determined (in its sole discretion) that the transfer should not be effected,

then the transfer is to be effected between the Client Sub-Accounts of the Clearing Participants in respect of such CPM Client in accordance with, and subject to, these Rules and the Procedures. Each of the Clearing ~~Participant~~ Participants agree to take such actions and provide such information as is needed to effect the transfer under these Rules.

Introduced [ ]/[ ]/13

Explanatory Note:

Provided that sufficient Margin has been provided and ASX Clear (Futures) agrees to such transfer, absent a default of either the CPM Client or the relevant Clearing Participants, the transfer of such Open Positions will be effected by ASX Clear (Futures). Each of the Clearing Participants is required to take such action or provide such information as may be required by ASX Clear (Futures) in order to effect such transfer of Open Positions.

117.4 If a CPM Client and its Clearing Participant have agreed that Open Positions recorded in a Client Sub-Account (which may be an Individual Sub-Account or an Omnibus Sub-Account as agreed between the parties) for that CPM Client with that Clearing Participant will be transferred by ASX Clear (Futures) to another Client Sub-Account for that CPM Client with that Clearing Participant then the Clearing Participant will notify ASX Clear (Futures) of the Open Positions to be transferred in accordance with the Procedures.

If:

(a) ASX Clear (Futures) has been notified of Open Positions which are to be transferred;

(b) ASX Clear (Futures) has not been notified by the Clearing Participant that the CPM Client has defaulted or is insolvent or bankrupt;

~~(b~~(c) the Clearing Participant is not in Default; and

(~~c~~d) ASX Clear (Futures) has not determined (in its sole discretion) that the transfer should not be effected,

then the transfer is to be effected between the Client Sub-Accounts of the Clearing Participant in respect of such CPM Client in accordance with, and subject to, these Rules and the Procedures. The Clearing Participant agrees to take such actions and provide such information as is needed to effect the transfer under these Rules.

Introduced [ ]/[ ]/13

[Explanatory Note: *This Rule provides for the transfer of Open Positions between the Client Sub-Accounts of a Clearing Participant by agreement between the Clearing Participant and the relevant CPM Client.]*

118 CPM Client Default

118.1 If a Clearing Participant which has not Defaulted notifies ASX Clear (Futures) in the manner set out in the Procedures that a CPM Client of the Clearing Participant has defaulted then:

(a) no further Open Contracts can be registered in respect of that ~~Client~~CPM Client except for the purpose of managing the default of the CPM Client, subject to applicable law; and

(b) ASX Clear (Futures) will, on the request of the Clearing Participant in accordance with the Procedures, transfer some or all of the Open Positions held by the Clearing Participant on behalf of that CPM Client to the House Account for the Clearing Participant (in which case these Open Positions become House Positions and cease to be Client Positions or held on behalf of the CPM Client in accordance with these Rules) ~~or, in the absence of such request, may terminate the Open Positions of the Client.~~.

This applies regardless of whether a Nominated Person has been notified to ASX Clear (Futures) with respect to any of the Client Sub-Accounts of that CPM Client.

In connection with any transfer of Open Positions of a defaulted CPM Client, unless otherwise directed by ASX Clear (Futures), the relevant Client Sub-Account and the House Account are to be margined in accordance with the Rules and the Procedures.

Introduced [ ]/[ ]/13

[Explanatory Note: *This Rule sets out the ability of a Clearing Participant to declare a CPM Client to be in default. It provides that absent the Default of the relevant Clearing Participant, such Clearing Participant may notify ASX Clear (Futures) at any time that a CPM Client of it has defaulted.*

In such circumstances no further Open Contracts may be registered with respect to that CPM Client. The Open Positions of such Client may be transferred to the House Account of the Clearing Participant or be terminated (at the option of the Clearing Participant).]

118.2 ASX Clear (Futures) is entitled to rely solely on the notification by the Clearing Participant as to the default of its CPM Client and has no obligation to conduct any investigations to verify whether a default has occurred or to communicate with the CPM Client or any Nominated Person in respect of it. If ASX Clear (Futures) is notified by a Clearing Participant that ~~an entity~~ a Person which is a CPM Client of that Clearing Participant has defaulted then this does not oblige ASX Clear (Futures) to treat that ~~entity~~ Person as defaulted with respect to all other Clearing Participants in respect of which ~~it~~ that Person is a CPM Client.

Introduced [ ]/[ ]/13

[Explanatory Note: *This Rule clarifies that ASX Clear (Futures) is under no obligation to verify the notification of a CPM Client's default. Any notification of a CPM Client default by a Clearing Participant will not oblige ASX Clear (Futures) to ~~declare~~ treat such CPM Client as defaulted with respect to any other Clearing Participants of which it is also a ~~Client~~CPM Client.]*

118.3 ASX Clear (Futures) is not to treat a CPM Client as in default until its Clearing Participant has notified ASX Clear (Futures) accordingly. However, if an event of Default is subsisting with respect to the Clearing Participant, or the Clearing Participant has Defaulted, ASX Clear (Futures) may, in its sole discretion, treat the CPM Client as being in default if it determines, based on any information it considers appropriate:

(a) that an event has occurred which has (or is likely to have) a material effect on the capacity of the CPM Client to meet its obligations with respect to Open Positions; or

(b) that an event has occurred in respect of the CPM Client which, if it happened with respect to a Clearing Participant, would be an event of Default.

Introduced [ ]/[ ]/13

[Explanatory Note: *This Rule provides that ASX Clear (Futures) may choose to treat its CPM Clients as also having defaulted following the Default of its Clearing Participant if it determines that an event has occurred with respect to the CPM Client which may render it unable to meet its obligations with respect to its Open Positions or an event of default has occurred with respect to it.]*

118.4 Provided that the Clearing Participant has not Defaulted at the time at which ASX Clear (Futures) is notified by it of the CPM Client's default then the process in this Rule 118 is to be followed, even if the Clearing Participant subsequently Defaults. In the event that the Clearing Participant subsequently Defaults, Rules 119 and 120 will not apply to the Open Positions of that CPM Client and the Open Positions (and the related margin) held by that Defaulted Clearing Participant on behalf of the defaulted CPM Client are to be treated as House Positions of the Defaulted Clearing Participant.

Introduced [ ]/[ ]/13

*[**Explanatory Note:*** *This Rule clarifies the situation where a Clearing Participant was not in Default at the time of notification of the default of a CPM Client, but subsequently Defaults. In such circumstances all the Open Positions (and related*

Margin) of such CPM Client will be treated as House Positions of the Defaulted Clearing Participant and the provisions of Rules 119 and 120 will not apply.]

119 Clearing Participant Default (Application to Individual Sub-Accounts)

119.1 A CPM Client of a Clearing Participant may notify ASX Clear (Futures) in accordance with the Procedures of the details of one or more other Clearing Participants (each an "**Alternate Clearing Participant**") to which Open Positions recorded in an Individual Sub-Account for that CPM Client held by the Defaulted Clearing Participant should be transferred if the CPM Client's Clearing Participant Defaults. Such notification is taken to be a request to transfer those Open Positions to the Alternate Clearing Participant if such a Default occurs (in accordance with, and subject to, these Rules and the Procedures). A CPM Client may vary its nomination by further notice to ASX Clear (Futures).

A Clearing Participant is not able to be an Alternate Clearing Participant (irrespective of any previous nomination) in respect of a CPM Client at ~~a~~ any time if:

(a) ~~(a)~~in respect of an Individual Sub-Account of that CPM Client for which there is a Nominated Person, ASX Clear (Futures) does not at that time ~~maintain a Client Sub-Account for that Clientin that Clearing Participant's Client Clearing Account; or~~:

(i) maintain an Individual Sub-Account for a CPM Client in respect of that Nominated Person in that Clearing Participant's Client Clearing Account; or

(ii) maintain a Client Sub-Account for that Nominated Person as a CPM Client in that Clearing Participant's Client Clearing Account; or

(b) provided that (a) does not apply, ASX Clear (Futures) does not at that time maintain a Client Sub-Account for that CPM Client in that Clearing Participant's Client Clearing Account; or

~~(b~~(c) it is not authorised to clear all of the Open Positions recorded in an Individual Sub-Account for that CPM Client at that time.

Introduced [ ]/[ ]/13

[Explanatory Note: *This Rule establishes the rights of a CPM Client to nominate one or more Alternate Clearing Participants to which its Open Positions in an Individual Sub-Account with a Clearing Participant should be transferred upon the Default of such Clearing Participant. Any such nomination will be taken to be a request for transfer of those Open Positions if the Clearing Participant Defaults.*

A Clearing Participant cannot be an Alternate Clearing Participant if it is not authorised to clear all the Open Positions of that CPM Client or it has not set up a Client Sub-Account for such CPM Client.]

119.2 If a CPM Client of a Clearing Participant has not nominated an Alternate Clearing Participant before the CPM Client's Clearing Participant Defaults then, following the Default of the Clearing Participant and in accordance with the Procedures, ASX Clear (Futures) will request that the CPM Client either:

(a) notifies ASX Clear (Futures) of the details of an Alternate Clearing Participant to which the CPM Client wants all the Open Positions recorded in an Individual Sub-Account for that CPM Client held by the Defaulted Clearing Participant transferred; or

(b) confirms that its Open Positions recorded in an Individual Sub-Account for that CPM Client held by the Defaulted Clearing Participant are to be terminated.

If the CPM Client wants to transfer such Open Positions but has not been able to nominate an Alternate Clearing Participant then ASX Clear (Futures) may, in its sole discretion, attempt to assist the CPM Client establish clearing arrangements with another Clearing Participant.

Introduced [ ]/[ ]/13

[Explanatory Note: *This Rule sets out the procedures to be followed if a CPM Client has not nominated any Alternate Clearing Participant and ~~its~~ the CPM Client's Clearing Participant Defaults. In such circumstances, ASX Clear (Futures) will request that the CPM Client either nominate an Alternate Clearing Participant or confirm that ~~its~~ the CPM Client's Open Positions with such Clearing Participant are to be terminated.*

ASX Clear (Futures) may assist a CPM Client with nomination of an Alternate Clearing Participant in such circumstances in its discretion.]

119.3 If a Clearing Participant of a CPM Client Defaults and the CPM Client has nominated one or more Alternate Clearing Participants (either before or after the Default occurred) then ASX Clear (Futures) will, in accordance with the relevant CPM Client's instructions given in accordance with the Procedures, provide the details of the Open Positions recorded in an Individual Sub-Account for that CPM Client held by that Clearing Participant to each of the CPM Client's Alternate Clearing Participants and request that each Alternate Clearing Participant confirms whether it is prepared to accept those Open Positions. Upon receipt of the request from ASX Clear (Futures), each Alternate Clearing Participant will as soon as reasonably practicable inform ASX Clear (Futures) whether or not it is prepared to accept such Open Positions of the CPM Client. If more than one Alternate Clearing Participant of a CPM Client has confirmed that it is prepared to accept those Open Positions then ASX Clear (Futures) will contact the CPM Client to confirm to which Alternate Clearing Participant the relevant Open Positions are to be transferred.

Introduced [ ]/[ ]/13

[Explanatory Note: *This Rule sets out the mechanism to be followed if an Alternate Clearing Participant has been nominated by a CPM Client and its Clearing Participant Defaults (either before or after nomination). ASX Clear (Futures) will provide the details of the Open Positions of the CPM Client to each Alternate Clearing Participant in order for them to confirm whether they will accept the transfer of such positions or not.*

If more than one Alternate Clearing Participant indicates that it will accept the transfer of the Open Positions, ASX Clear (Futures) will contact the CPM Client to confirm to which Alternate Clearing Participant the Open Positions should be transferred.]

119.4 If ASX Clear (Futures) has been informed of a single Alternate Clearing Participant nominated by the CPM Client which has confirmed that it is prepared to accept the transfer of all of the Open Positions recorded in an Individual Sub-Account for that CPM Client held by the Defaulted Clearing Participant by the time ~~as~~ specified in the Procedures or notified to the CPM Client by ASX Clear (Futures) ~~may determine (and specify in the Procedures)~~ after the relevant Default then all of those Open Positions recorded in such Individual Sub-Account for that CPM Client are to be transferred to the Alternate Clearing Participant. The transfer of the Open Positions in an Individual Sub-Account is to be conducted in accordance with these Rules and the Procedures, provided that:

(a) the consent of the Defaulted Clearing Participant is not required;~~and~~

(b) the consent of the CPM Client and the Alternate Clearing Participant are taken to have already been provided; and

~~(b~~(c) the Guaranteed Initial Margin Value in respect of the Individual Sub-Account for that CPM Client with the Defaulted Clearing Participant (as defined in Rule 121) is to be transferred from the Client Clearing Account of the Defaulted Clearing Participant to the Client Clearing Account of the Alternate Clearing Participant and the records of the relevant Client Sub-Account of the CPM Client with the Defaulted Clearing Participant and the relevant Client Sub-Account of the Alternate Clearing Participant are to be adjusted accordingly.

Introduced [ ]/[ ]/13

[Explanatory Note: *If there is a single Alternate Clearing Participant which has both been nominated by the CPM Client and has indicated that it will accept the Open Positions of the CPM Client within the relevant time frame in the Procedures or notified to the Client by ASX Clear (Futures), this Rule provides that those Open Positions recorded in the Individual Sub-Account of the CPM Client with the Defaulted Clearing Participant will be transferred to the Alternate Clearing Participant. The transfer will occur in accordance with the Rules and Procedures ~~provided that the Defaulted Clearing Participant need not consent,~~ and the Guaranteed Initial Margin Value in respect of such Individual Sub-Account will be transferred to the Alternate Clearing Participant.]*

119.5 If either:

(a) ~~the~~ prior to any transfer taking place in accordance with Rule 119.4 the CPM Client has notified ASX Clear (Futures) that Open Positions recorded in an Individual Sub-Account for that CPM Client held by the Defaulted Clearing Participant on behalf of the CPM Client are not to be transferred to any Alternate Clearing Participant but are to be terminated; or

(b) ASX Clear (Futures) has not been informed of a single Alternate Clearing Participant nominated by the CPM Client which has confirmed that it is prepared to accept the transfer of all of the Open Positions recorded in an Individual Sub-Account for that CPM Client held by the Defaulted Clearing Participant on behalf of the CPM Client by the time specified in the Procedures or notified to the CPM Client by ASX Clear (Futures) after the relevant Default,

then the obligations under those Open Positions recorded in such Individual Sub-Account for that CPM Client held by the Defaulted Clearing Participant on behalf of the CPM Client are to be terminated in accordance with these Rules.

Introduced [ ]/[ ]/13

[Explanatory Note: *This Rule provides that the Open Positions recorded in the Individual Sub-Account of the CPM Client with the Defaulted Clearing Participant will be terminated (or closed-out) if the CPM Client has so indicated or no Alternate Clearing Participant will accept the Open Positions of the CPM Client within the relevant time frame specified in the Procedures.]*

119.6 After ASX Clear (Futures) has determined the total amount payable in connection with the Default of a Clearing Participant in accordance with these Rules then it must determine the allocation of its losses, costs and expenses (including in connection with Variation Margin not received with respect to Open Positions and amounts payable in connection with the Default Management Process, such as DM Hedging Transaction Costs and amounts payable in respect of DM Auctions) in respect of each Individual Sub-Account of the Defaulted Clearing Participant which held Open Positions which have been terminated. The CPM Client is entitled to the payment of the Guaranteed Initial Margin Value calculated in respect of that Individual Sub-Account (as defined in Rule 121) less the amount of the allocated losses, costs and expenses.

Introduced [ ]/[ ]/13

[Explanatory Note: *Once the Open Positions of a CPM Client have been terminated, this Rule provides that ASX Clear (Futures) will determine the allocation of its losses, costs and expenses in connection with the termination of Open Positions recorded in the Individual Sub-Account of the CPM Client with the Defaulted Clearing Participant.*

Following termination of such Open Positions the CPM Client will be entitled to payment of the Guaranteed Initial Margin Value less the amount of such allocated losses, costs and expenses.]

119.7 If a Nominated Person in respect of an Individual Sub-Account of a CPM Client has been notified to ASX Clear (Futures) before the CPM Client's Clearing Participant Defaults then:

(a) any communication under this Rule 119 after the Default of the CPM Client's Clearing Participant in relation to that Individual Sub-Account will be conducted between the Nominated Person (and not the CPM Client) and ASX Clear (Futures) only; and

(b) the payment of the Guaranteed Initial Margin Value calculated in respect of that Individual Sub-Account less the amount of the allocated losses, costs and expenses, as determined by ASX Clear (Futures) under Rule 119.6, will be paid to the Nominated Person and not the CPM Client, the payment of which discharges ASX Clear (Futures)' obligation to make this payment to the CPM Client.

120 Clearing Participant Default (Application to Omnibus Sub-Accounts)

120.1 All of the CPM Clients on behalf of whom a Defaulted Clearing Participant holds Open Positions in an Omnibus Sub-Account may, at any time following the Default of that Clearing Participant and at ASX Clear (Futures) discretion, nominate the same Clearing Participant to which Open Positions recorded in such Omnibus Sub-Account should be transferred following the Clearing Participant's Default. Any transfer of Open Positions recorded in an Omnibus Sub-Account to such a nominated Clearing Participant ~~shall~~ is to be effected at ASX Clear (Futures)' discretion.

Introduced [ ]/[ ]/13

***[Explanatory Note:** This Rule gives CPM Clients whose Open Positions are recorded in an Omnibus Sub-Account the ability to nominate an Alternate Clearing Participant provided that all the CPM Clients nominate the same Alternate Clearing Participant. However, ASX Clear (Futures) has sole discretion whether any transfer of the Open Positions to such Alternate Clearing Participant will be effected upon the Default of the Clearing Participant.]*

120.2 ASX Clear (Futures) may, in its sole discretion, and with the agreement of the relevant CPM Clients, transfer Open Positions recorded in an Omnibus Sub-Account of a Defaulted Clearing Participant without also transferring any Guaranteed Initial Margin Value or other value related to Margin calculated in respect of those Open Positions. Unless otherwise directed by ASX Clear (Futures), the transferred Open Positions are to be margined in accordance with the Rules and the Procedures.

Introduced [ ]/[ ]/13

***[Explanatory Note:** This Rule clarifies that ASX Clear (Futures) may transfer the Open Positions recorded in an Omnibus Sub-Account without transferring the Guaranteed Initial Margin Value attributed to such Open Positions, in its sole discretion.]*

120.3 After ASX Clear (Futures) has determined the total amount payable in connection with the Default of a Clearing Participant in accordance with these Rules then it must determine the allocation of its losses, costs and expenses (including in connection with Variation Margin not received with respect to Open Positions and amounts payable in connection with the Default Management Process, such as DM Hedging Transaction Costs and amounts payable in respect of DM Auctions) in respect of each Omnibus Sub-Account of the Defaulted Clearing Participant which held Open Positions which have been terminated. The Defaulted Clearing Participant is entitled to the payment of the Guaranteed Initial Margin Value calculated in respect of such Omnibus Sub-Account (as defined in Rule 121) less the amount of the allocated losses, costs and expenses.

Introduced [ ]/[ ]/13

***[Explanatory Note:** If the Open Positions recorded in an Omnibus Sub-Account have been terminated, this Rule provides that ASX Clear (Futures) will determine the allocation of its losses, costs and expenses in connection with the termination of any Open Positions recorded in an Omnibus Sub-Account with the Defaulted Clearing Participant.*

Following termination of the Open Positions recorded in an Omnibus Sub-Account the Defaulted Clearing Participant will be entitled to payment of the Guaranteed Initial Margin Value less the amount of such allocated losses, costs and expenses.]

121 Clearing Participant Default (Termination of Open Positions and Guaranteed Initial Margin Value)

121.1 Any termination of the Open Positions recorded in a Client Sub-Account is to be conducted in accordance with these Rules and the Procedures including, where applicable, by Close Out of those Open Positions under the Rules or by termination of the obligations under those Open Positions under the OTC Rules.

Introduced [ ]/[ ]/13

***[Explanatory Note:** This Rule clarifies that any termination of Open Positions recorded in a Client Sub-Account will be effected in accordance with the Rules and Procedures.]*

121.2 For the purpose of the actions taken by ASX Clear (Futures) following the Default of a Clearing Participant (including, without limitation, the Default Management Procedures in the OTC Rules) the terminated Open Positions which were held by the Defaulted Clearing Participant on behalf of CPM Clients are able to be combined with the other terminated Open Positions of the Clearing Participant (including the terminated Open Positions which were held for other CPM Clients and any terminated House Positions).

Introduced [ ]/[ ]/13

*[**Explanatory Note:** This Rule provides clarification that for the purposes of completing any Default Management Process or other actions, ASX Clear (Futures) may combine Open Positions of a CPM Client with other Open Positions of the Clearing Participant or its other CPM Clients, following the Default of the Clearing Participant.]*

121.3 In this Part 10, "**Guaranteed Initial Margin Value**" means, in respect of a Client Sub-Account, the value (in the currency in which the request for Initial Margin was made) of the Initial Margin recorded by ASX Clear (Futures) in respect of that Client Sub-Account at the last end-of-day time at which the Initial Margin obligations of the Clearing Participant with respect to its Client Clearing Account were satisfied. Without limitation, the Guaranteed Initial Margin Value does not include the value of any Margin recorded by ASX Clear (Futures) in respect of that Client Sub-Account since that last end-of-day time.

Introduced [ ]/[ ]/13

***[Explanatory Note:** The definition of "Guaranteed Initial Margin Value" will only take account of the value of any Initial Margin actually posted with respect to the Open Positions and not any amount of Initial Margin demanded but not yet posted.]*

121.4 Without limiting the other provisions of these Rules, any excess of Guaranteed Initial Margin Value calculated in respect of a Defaulted Clearing Participant's Client Sub-Accounts over net proceeds which have been received by ASX Clear (Futures) from the application or realisation of, or enforcement against, the money, collateral,

securities or other property of the Defaulted Clearing Participant held in respect of its Client Clearing Account is to be treated as ~~a~~ , and included in the calculation of, Loss incurred by ASX Clear (Futures) in connection with the Clearing Participant's Default.

Introduced [ ]/[ ]/13

[Explanatory Note: *ASX Clear (Futures) intends to liquidate all collateral posted as Initial Margin and apply this toward meeting the value of the Initial Margin. This Rule provides that if there is a shortfall in the redemption proceeds and the value attributed to the Initial Margin, ASX Clear (Futures) will bear such shortfall as a Loss.]*

ASX CLEAR (FUTURES) OPERATING RULES

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PART 11 SECURITY INTEREST PROVISIONS

122 Introduction

This Part of the Rules contains the provisions applicable to property which has been transferred to, or otherwise provided to, or designated for the benefit of, ASX Clear (Futures) as Initial Margin if ASX Clear (Futures) has designated this Rule as applicable to that property (either by reference to the transferee of the property, the type of property or by some other specification). The property to which this Rule applies is referred to as "**Secured Initial Margin**".

Introduced [ ]/[ ]/13

[Explanatory Note: *The security interest provisions provide an alternative mechanism of the provision of collateral as Initial Margin. Instead of absolute transfer of such collateral to ASX Clear (Futures), if so applicable to a particular type of Market Contract, Initial Margin may be provided by way of a security interest in favour of ASX Clear (Futures). Such Initial Margin will be referred to as "Secured Initial Margin".]*

123 Application of Security Interest provisions

ASX Clear (Futures) may determine the time at which application of the provisions of this Part of the Rules is to commence in its sole discretion. ASX Clear (Futures) may make this determination at different times for different types of Market Contracts. However, a determination does not have the effect of including any property which has already been transferred to, or otherwise provided to, or designated for the benefit of ASX Clear (Futures) at that time as Secured Initial Margin. Any provision of these Rules which provides that Secured Initial Margin is absolutely transferred to ASX Clear (Futures) does not apply if that Secured Initial Margin is subject to the security interest created under this Part of the Rules.

Introduced [ ]/[ ]/13

[Explanatory Note: *ASX Clear (Futures) will determine when the security interest provisions will apply to a particular type of Market Contract. There is no requirement that the security interest provisions apply to all products.]*

124 Secured Initial Margin

124.1 All Secured Initial Margin is subject to a security interest in favour of ASX Clear (Futures) to secure the performance by the relevant Clearing Participant of its obligations to ASX Clear (Futures). The interest and rights of ASX Clear (Futures) pursuant to the security interest to or in respect of the Secured Initial Margin have priority over the interest and rights, whenever or however acquired or created, of any other person claiming an interest in that Secured Initial Margin.

Introduced [ ]/[ ]/13

***[Explanatory Note:** This Rule establishes that any Secured Initial Margin is subject to a security interest in favour of ASX Clear (Futures).]*

124.2 Each Clearing Participant grants this security interest as beneficial owner of the Secured Initial Margin.

Introduced [ ]/[ ]/13

124.3 This security interest is a charge.

Introduced [ ]/[ ]/13

124.4 Each Clearing Participant agrees that it will not allow any other security interest, trust or encumbrance to subsist or be created over any of its Secured Initial Margin at any time.

Introduced [ ]/[ ]/13

124.5 This security is a continuing security and is not satisfied by any intermediate payment, delivery or satisfaction of the whole or any part of the amounts or property to ASX Clear (Futures), and is not affected by any other security interest now or subsequently held by ASX Clear (Futures) for all or any of the amounts payable or property deliverable to it.

Introduced [ ]/[ ]/13

124.6 ASX Clear (Futures) may, at the Clearing Participant's expense, apply for any registration, or give any notification, in connection with this security interest. The Clearing Participant consents to any such registration or notification and agrees not to make an amendment demand.

Introduced [ ]/[ ]/13

124.7 Each Clearing Participant agrees to do anything (such as obtaining consents, signing and producing documents, producing receipts and getting documents completed and signed), which ASX Clear (Futures) asks and considers necessary to:

(a) provide more effective security over the Secured Initial Margin for payment or delivery of amounts which are, or may become, owing to ASX Clear (Futures); or

(b) ensure that this security interest is enforceable, perfected (including, where possible, by control in addition to registration) and otherwise effective; or

(c) enable ASX Clear (Futures) to apply for any registration, or give any notification, in connection with this security interest so that it has the priority required by ASX Clear (Futures); or

(d) enable ASX Clear (Futures) to exercise ASX Clear (Futures)'s rights in connection with the Secured Initial Margin.

Introduced [ ]/[ ]/13

125 Application of Secured Initial Margin

125.1 In addition to any other rights which ASX Clear (Futures) has in connection with the Default of a Clearing Participant, ASX Clear (Futures) may take any of the following action in respect of a Defaulted Clearing Participant that has provided Secured Initial Margin towards the payment or discharge of the amounts payable or property deliverable by that Defaulted Clearing Participant:

(a) receive any dividends, interest or other income payable in respect of the Defaulted Clearing Participant's Secured Initial Margin and do anything else in relation to that Secured Initial Margin that an owner of that Secured Initial Margin could do;

(b) register all or part of the Defaulted Clearing Participant's Secured Initial Margin in the name of ASX Clear (Futures) or its nominee;

(c) deal with all or part of the Defaulted Clearing Participant's Secured Initial Margin in the same way as the holder or owner of the Secured Initial Margin could if the Secured Initial Margin were not secured in favour of ASX Clear (Futures);

(d) sell all or part of the Defaulted Clearing Participant's Secured Initial Margin whether by public auction and/or private arrangement and whether on-market or off-market;

(e) allow the purchaser of any the Defaulted Clearing Participant's Secured Initial Margin time for payment of all or part of the purchase money;

(f) appoint a receiver or receiver and manager to the Defaulted Clearing Participant's Secured Initial Margin (which is to be the agent of that Clearing Participant) to do any of the things referred to in (a) to (e) above; and

(g) do anything which ASX Clear (Futures) considers necessary for any of these purposes.

For this purpose, ASX Clear (Futures) may put into force and exercise immediately or as and when it may see fit, without further demand for payment or delivery, notice to any person, advertisement or other formality (all of which are waived by each Clearing Participant), any and every right, remedy and power possessed by ASX Clear (Futures) by virtue of these Rules or available to a secured creditor.

Without limiting this, if ASX Clear (Futures) exercises a power of sale, the timing of such sale is to be made in ASX Clear (Futures)' absolute discretion and ASX Clear (Futures) may take into account the size, amount, liquidity and such other factors in respect of the Secured Initial Margin as ASX Clear (Futures) in its absolute discretion thinks fit and may sell Secured Initial Margin over such period and by such method as it in its absolute discretion thinks fit. Neither ASX Clear (Futures) nor any receiver is liable to account as a mortgagee in possession.

Introduced [ ]/[ ]/13

***[Explanatory Note:** This Rule sets out the actions ASX Clear (Futures) may take on the Default of a Clearing Participant who has provided Secured Initial Margin. These rights are in addition to any other rights ASX Clear (Futures) has on the Default of a Clearing Participant. ASX Clear (Futures) may exercise any of these rights towards satisfaction of any amounts payable or deliverable by the Defaulted Clearing Participant to ASX Clear (Futures).]*

125.2 If ASX Clear (Futures) takes any action under this Rule 125 or exercises any other remedy available to it, the relevant Defaulted Clearing Participant is liable to ASX Clear (Futures) for any and all costs, losses penalties, fines, taxes and damages which ASX Clear (Futures) may incur, including reasonable legal fees incurred in connection with such action or remedies and the recovery of any such costs, losses, penalties, fines, taxes and damages.

Introduced [ ]/[ ]/13

125.3 Any disposal of any Secured Initial Margin by or on behalf of ASX Clear (Futures) or any receiver is not open to challenge for any reason (including any ground that ASX Clear (Futures) was not entitled to dispose of the Secured Initial Margin or that the Defaulted Clearing Participant did not receive notice of the intended disposal or that the Secured Initial Margin was sold at a price which the Defaulted Clearing Participant considered unacceptable). A person who acquires the Secured Initial Margin need not check whether ASX Clear (Futures) had the right to dispose of the Secured Initial Margin or whether ASX Clear (Futures) is exercising that right properly.

Introduced [ ]/[ ]/13

End of section.

DRAFT

SCHEDULES TO THE RULES OF ASX CLEAR (FUTURES)

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SCHEDULE 1 REGISTRATION AND PERFORMANCE OF CONTRACTS

Amended 02/12/99

Australian Securities Exchange Limited (Exchange)

The following clauses relate to registration of Market Contracts traded on the Exchange:

1 For the purposes of Part 3 of the Rules the procedures for the registration of Market Contracts shall be as set out in this Schedule.

2 In this Schedule all expressions shall have the same meaning as in either the Exchange Operating Rules or the Rules.

3 For the purposes of the definition of Recorded with the Exchange:

(a) A Market Contract Traded on ~~SYCOM®~~ the Trading Platform shall be deemed to be Recorded by the Exchange upon ~~SYCOM®~~ the Trading Platform producing a matched trade record of the Trade.

(b) A Market Contract Traded other than on ~~SYCOM®~~ the Trading Platform shall be deemed to be Recorded by the Exchange upon being submitted to and accepted for registration by ASX Clear (Futures).

4 Where there is an objection to a Trade, for the purposes of the definition of Recorded with the Exchange, a Market Contract Traded on ~~SYCOM®~~ the Trading Platform shall be deemed to be Recorded by the Exchange in substitution for the original recording where the Trade is Confirmed upon resolution of an objection in accordance with Exchange Operating Rules.

5 For the purposes of Rule 31.1 a Market Contract shall be deemed to be registered with ASX Clear (Futures) when recorded by the Exchange in the manner set out in this Schedule.

6 For the purposes of Rule 31A a Market Contract shall be deemed to be registered with a Facility Participant in accordance with its rules when recorded by the Exchange in the manner set out in this Schedule if the Trade:

(a) is Allocated to the Facility Participant at the time it is recorded by the Exchange; or

(b) is subsequently Allocated to the Facility Participant in the Exchange ~~Allocation and Clearing~~ System.

Introduced 04/12/02

7 Any allocation:

(a) effected and confirmed in accordance with Operating Rule 4 of Exchange Operating Rules or otherwise in accordance with Exchange Operating Rules; or

(b) effected and confirmed in accordance with any procedures as determined from time to time by the Exchange or ASX Clear (Futures),

subsequent to the registration or deemed registration of a Market Contract with ASX Clear (Futures) shall be deemed to be an Allocation for the purposes of the Rules and for this purpose any Allocation made by or to a Full Participant which is not a Clearing Participant shall be deemed to be Allocated by or to the Guarantor Clearing Participant of that Full Participant.

8 All Designations of Trades (being the bought or sold side of a Market Contract) as House or Client Trades:

(a) effected under Operating Rule 4 of the Exchange Operating Rules or otherwise under the Exchange Operating Rules; or

(b) otherwise effected in accordance with any other procedures as determined from time to time by the Exchange or ASX Clear (Futures);

shall be deemed to be a Designation to a House Clearing Account or Client Clearing Account respectively under the Rules in relation to an Open Contract arising from that Trade. Where no Designation as a House Trade or Client Trade has been made or the Open Contract otherwise Designated to a House Clearing Account or Client Clearing Account under the Rules such Open Contract shall be deemed to be Designated to the relevant House Clearing Account unless the Trade is deemed to be Designated to a Client Clearing Account under Exchange Operating Rules or ASX Clear (Futures) in its absolute discretion Designates the Open Contract to a Client Clearing Account.

9 The confirmation of a Trade pursuant to Operating Rule 4 of the Exchange Operating Rules or otherwise pursuant to Exchange Operating Rules or the execution of a Trade on ~~SYCOM®~~ the Trading Platform shall be deemed to be presentation of the Trade to ASX Clear (Futures) for registration and consent to such registration by the Clearing Participant which is the party to such Trade or if the party to the Trade is not a Clearing Participant the Guarantor Clearing Participant of that party.

10 Where a Trade is Allocated to a Facility Participant, the confirmation of a Trade pursuant to Operating Rule 4 of the Exchange Operating Rules or otherwise pursuant to Exchange Operating Rules or the execution of a Trade on ~~SYCOM®~~ the Trading Platform shall be deemed to be presentation of the Trade to the Facility Participant for registration.

Introduced 04/12/02

Bond and Repurchase Clearing

The following clauses relate to registration of Bond Transactions and Repurchase Agreements.

1 For the purposes of ~~By-law~~ Rule 31.1 a Market Contract in the form of a Bond Transaction or a Repurchase Agreement shall be deemed to be registered with ASX Clear (Futures) when the relevant transaction is submitted to and accepted for registration by ASX Clear (Futures).

New Zealand Futures & Options Exchange Limited (NZFOE)

The following clauses relate to registration of Market Contracts traded on the NZFOE:

1 For the purposes of Part 3 of the Rules the procedures for the registration of Market Contracts shall be as set out in this Schedule.

2 In this Schedule all expressions shall have the same meaning as in either NZFOE Rules or the Rules.

3 For the purposes of the definition of Recorded by the Exchange:

(a) A Market Contract traded on NZFOE ~~SYCOM®~~ shall be deemed to be Recorded by the Exchange upon ~~SYCOM®~~ producing a matched trade record of the trade.

(b) A Market Contract traded other than on NZFOE ~~SYCOM®~~ shall be deemed to be Recorded by the Exchange upon being submitted to and accepted for registration by ASX Clear (Futures).

Amended 25/11/96

3A Where there is an objection to a Trade, for the purposes of the definition of Recorded with the Exchange, a Market Contract Traded on ~~SYCOM®~~ the Trading Platform shall be deemed to be Recorded by the Exchange in substitution for the original recording where the Trade is Confirmed upon resolution of an objection in accordance with NZFOE Rules.

4 For the purposes of Rule 31.1 a Market Contract shall be deemed to be registered with ASX Clear (Futures) when Recorded by the Exchange in the manner set out in this Schedule.

5 Any allocation:

(a) effected and confirmed in accordance with NZFOE Rules; or

(b) effected and confirmed in accordance with any other procedures as determined from time to time by NZFOE or ASX Clear (Futures),

subsequent to the registration or deemed registration of a Market Contract with ASX Clear (Futures) shall be deemed to be an Allocation for the purposes of the Rules and for this purpose any Allocation made by or to a Trading Participant which is not a Clearing Participant shall be deemed to be Allocated by or to the Guarantor Clearing Participant of that Trading Participant.

6 All Designations of Trades (being the bought or sold side of a Market Contract) as House or Client Trades:

(a) effected under NZFOE Rules; or

(b) otherwise effected in accordance with any other procedures as determined from time to time by the NZFOE or ASX Clear (Futures),

shall be deemed to be a Designation to a House Clearing Account or Client Clearing Account respectively under the Rules in relation to an Open Contract arising from that trade. Where no Designation as a House Trade or Client Trade has been made or the Open Contract otherwise Designated to a House Clearing Account or Client Clearing Account under the Rules such Open Contract shall be deemed to be Designated to the relevant House Clearing Account unless the Trade is deemed to be Designated to a Client Clearing Account under NZFOE Rules or ASX Clear (Futures) in its absolute discretion designates the Open Contract to a Client Clearing Account.

7 The confirmation of a Trade pursuant to NZFOE Rules or the execution of a Trade shall be deemed to be presentation of the Trade to ASX Clear (Futures) for registration and consent to such registration by the Clearing Participant which is the party to such trade or if the party to the trade is not a Clearing Participant the Guarantor Clearing Participant of that party.

***[Explanatory Note:** the amendments to Schedule 1 are to account for the upgrading of the clearing system to Genium INET Clearing in 2014. The purpose of these amendments is to replace references to superseded software with generic terms and eliminate duplication in the definitions]*

SCHEDULE 2 DAILY SETTLEMENT PAYMENTS AND PAYMENT OF MARGINS USING THE SPAN MARGINING SYSTEM

1 The Initial Margins determined by the Board pursuant to Rule 43.4 or any other determination of Initial Margins made pursuant to Rule 44 may refer to the following categories of Initial Margin including concessional rates:

1.1 Full Initial Margin or Price Scanning Range: This is the rate that applies to the net futures equivalent to all futures positions in a Clearing Participant's account for each commodity (ie the net uncovered position). It is also the movement in the underlying futures prices used in determining initial margins on net options positions.

1.2 Volatility Scanning Range: This is the change in volatility applied to the net options positions in a Clearing Participant's account for each commodity.

1.3 Inter Month Rate: This is the rate that applies to the futures equivalent of any options and futures positions offset against any options and futures positions in a different delivery month for the same commodity.

1.4 Inter Commodity Concession: This is the concession to the Initial Margin on a Clearing Participant's account for offsetting positions in specified commodities.

1.5 Short Option Minimum: This is the minimum charge on short option for each commodity in a Clearing Participant's account.

1.6 Initial Margin on Options: Initial margins on options or combinations of options and futures will be calculated using the "SPAN" methodology developed by the Chicago Mercantile Exchange and the parameters defined in Section 1 above.

Margins for Bond and Repurchase Transactions

1. Initial Margins prescribed by the Board pursuant to ~~By-law~~ Rule 43A.4 or any other determination of Initial Margins made pursuant to Rule 44A may refer to the following categories of Initial Margin. There are four key elements that contribute to the initial margin on a trade. All are considered margin parameters:

(a) Bond Volatility Margin

The amount of initial margin charged for the bond leg equals the change in value of the position if the clean price were to change by an amount equal to the haircut applied to the bond. The haircut applied to each bond represents the maximum expected change in price of the most volatile bond in each band and is set by considering historical price data. The characteristics of a bond – such as term, issuer and so on, also contribute to the banding of the bonds.

(b) Correlation/Savings Multiplier

The bonds will be grouped by characteristics of the bond, which may be volatility, maturity or yield. Correlation's will be calculated on offsetting positions for margin concessions between each bond group.

(c) Repurchase Agreement rate volatility Margin

In the event of counterparty default, ASX Clear (Futures) may be exposed to movements in Repurchase Agreement rate. To cover this risk, an

amount will be factored into initial margin (as an additive amount) to cover potential movement.

(d) The counterparty multiplier

The counterparty multiplier is used to apply differential margins between BRC Participants. For example a BRC Participant with a credit rating of A-1+ may have a counterparty multiplier of 1 whilst an A-1 participant may have a multiplier of 1.5. It is expected that all initial BRC Participants will have a counterparty multiplier if 1.

The **total initial margin** is the sum of the results of the first three components multiplied by the counterparty multiplier.

SCHEDULE 3 PRESCRIBED TIMES

Amended 25/11/97

The time or date prescribed for the purposes of the Rule shown in the first column as described briefly in the second column is that shown in the third column.

Rule	Description	Time
43.1 *	Time for payment of Initial Margins and Daily Settlement Amounts	10.30 am (Sydney time) in the case of the Exchange or 12.30 pm (Auckland time) in the case of NZFOE on the Business Day of the Relevant Exchange following day of trade (or as otherwise demanded by ASX Clear (Futures))
43A.1 *	Time for payment of Initial Margins	10.30 am (Sydney time) on the BRC Business Day following day of trade (or as otherwise demanded by ASX Clear (Futures))
44A.3	Time for payment of BRC Variation	10:30 am (Sydney time) on the BRC Business Day following day of trade (or as otherwise demanded by ASX Clear (Futures))
46.1	Time for advice to ASX Clear (Futures) of Open Positions (the reported Long and Short Positions) (otherwise referred to as the reported position file)	8.00 pm (Sydney time) on each business day of the Relevant Exchange, or in the case of serial options or other specified contract, any time specified by Exchange Operating rules for the submission of a reported position file or such other time as may be determined by ASX Clear (Futures)
32.1	Confirmation of Allocation	Time permitted by Exchange Operating Rules or time within which Recording by Exchange may occur as defined in Rule 1.1 whichever is the earlier

Amended 28/10/02

* Please refer to determinations for up-to-date times: Procedure Schedule 3 – Prescribed Times

SCHEDULE 4 PRESCRIBED FEES AND CHARGES

The fee or charge prescribed for the purposes of the Rule referred to in the first column, as described briefly in the second column, shall be that shown in the third column in relation to the Relevant Exchange.

Rule	Description	Fee	
		Exchange ($AUD)	NZFOE ($NZ)
100.1(c)	Delivery fee (payable by both Buyer and Seller)		-

Amended 01/01/12

SCHEDULE 5 APPROVED SECURITIES AND COVER

5.1 Initial Margins

~~Approved Cover~~	~~Cover Requirement~~	~~Valuation Haircut~~[1]		~~Lodgement Process and Timing~~[2]
~~AUD Cash~~	~~Nil~~	~~6%~~	~~N/A if lodged against margin on an Exchange product denominated in the currency of the cover~~	~~Lodgement notification by 9am on S~~[3]
~~NZD Cash~~		~~6%~~		
~~EUR Cash~~		~~11%~~		
~~JPY Cash~~		~~13%~~		
~~USD Cash~~		~~10%~~		
~~GBP Cash~~		~~8%~~		
~~AUD Treasury Notes~~	~~Minimum maturity: 2 weeks~~ ~~Minimum holding~~[4]~~: AU$500,000~~	~~2%~~		~~Lodgement notification by 4pm on S-1~~ ~~Exigo transaction by 9am on S~~
~~AUD Treasury Bonds~~	~~Minimum maturity: 6 months~~ ~~Minimum holding: AU$500,000~~ ~~Fixed rate bond issuance only, but excluding Capital Indexed or Inflation indexed bonds, or any other specific series that ASX may exclude~~	~~Maturity less than 3 years: 2%~~ ~~Maturity greater than 3 years: 6%~~		~~Lodgement notification by 4pm on S-1~~ ~~Exigo transaction by 9am on S~~
~~US Treasury Bills~~	~~Minimum maturity: 2 weeks~~ ~~Minimum holding: US$500,000~~ ~~Minimum transaction: US$500,000~~	~~1%~~		~~Lodgement notification by 4pm on S-1~~ ~~Exigo transaction by 9am on S~~

Pursuant to Clearing Rule 43.1, subject to approval and on such conditions as ASX Clear (Futures) may determine from time to time, the ~~following~~ cover that may be provided in respect of Initial Margins~~:~~ is as published on www.asx.com.au, as amended from time to time.

ASX Clear (Futures)' nomination of eligible collateral is subject to the requirements of the Reserve Bank of Australia's Financial Stability Standards for Central Counterparties (FSS) that require accepted collateral to have low credit, liquidity and market risks and Central Counterparties to set and enforce appropriately conservative haircuts and concentration limits (refer to FSS, Standard 5).

~~[1] Valuation haircuts are deducted from the market value of the instrument, as defined by ASX Clear (Futures), in all cases;~~
~~[2] Clearing Participants are referred to SFE Notice 052/08 for arrangements for replacing cash with non cash collateral;~~
~~[3] Settlement day;~~
~~[4] Minimum holding and transaction values apply to face value lodgements of a single expiry in the instrument;~~

5.2 Additional Initial Margins (AIMs)

~~Approved Cover~~	~~Cover Requirement~~	~~Valuation Haircut~~[5]	~~Lodgement Process and Timing~~[6]
~~AUD Cash~~	~~Nil~~	~~N/A~~	• ~~Lodgement notification by 9am on S~~[7]
~~AUD Treasury Bonds~~[8]	• ~~Minimum maturity: 6 months~~ • ~~Minimum holding~~[9]~~: AU$500,000~~	• ~~Maturity less than 3 Years: 2%~~ • ~~Maturity greater than 3 Years: 6%~~	• ~~Lodgement notification by 4pm on S-1~~ • ~~Exigo transaction by 9am on S~~
~~Bank Bills/NCDs~~	• ~~Issuer: Authorised Deposit taking Institution (banks only)~~[10] • ~~No Clearing Participant issued or parent/associated entity issued~~ • ~~Issuer rating: S&P short term credit rating of A-1+~~ • ~~Minimum maturity: 2 weeks~~ • ~~Maximum maturity: 1 year~~ • ~~Minimum transaction: AU$50,000,000~~ • ~~Subject to issuer limits~~	~~2%~~	• ~~Lodgement notification by 4pm on S-1~~ • ~~Exigo transaction by 9am on S~~

Pursuant to Clearing Rule 43.1, subject to approval and on such conditions as ASX Clear (Futures) may determine from time to time, the ~~following~~ cover that may be provided in respect of stress test induced additional Initial Margins (AIMs)~~:~~ is as published on www.asx.com.au, as amended from time to time.

ASX Clear (Futures)' nomination of eligible collateral is subject to the requirements of the Reserve Bank of Australia's Financial Stability Standards for Central Counterparties (FSS) that require accepted collateral to have low credit, liquidity and market risks and Central Counterparties to set and enforce appropriately conservative haircuts and concentration limits (refer to FSS, Standard 5).

Amended 23/08/10, 01/07/13

~~[To be inserted: Clause providing that Intra-Day Margin calls must be satisfied in cash.]~~

~~[5] Valuation haircuts are deducted from the market value of the instrument, as defined by ASX Clear (Futures), in all cases;~~

~~[6] Clearing Participants are referred to SFE Notice 052/08 for arrangements for replacing cash with non cash collateral;~~

~~[7] Settlement day;~~

~~[8] Treasury Index Bonds are not accepted;~~

~~[9] Minimum holding and transaction values apply to face value lodgements of a single expiry in the instrument;~~

~~[10] Authorised Deposit Taking Institution within the meaning of Section 5 of the Banking Act 1959 (Cwth) which is in a class of Australian-owned banks, foreign subsidiary banks or branches of foreign banks as published from time to time by the Australian Prudential Regulation Authority pursuant to Section 9C of the Banking Act 1959 (Cwth).~~

5.3 Intra Day Margins

Any Intra Day Margin call made by ASX Clear (Futures) pursuant to Rule 45.1 must be satisfied by the provision of cash in the currency in which the cleared transaction for which such call is made is denominated.

SCHEDULE 6 CLOSE OUT, SETTLEMENT AND DELIVERY

1 Daily Close Out of Matched Positions

1.1 For the purposes of Rule 46.1 advice to ASX Clear (Futures) of net position close-outs shall be effected by the delivery to ASX Clear (Futures) by no later than 7 pm (Sydney time) or other Prescribed time on a Business Day of the Relevant Exchange or such later time as may be authorised by ASX Clear (Futures) of a form of advice required by ASX Clear (Futures) from time to time stating the total number of bought or sold positions to Close Out in respect of each of the Client Clearing Accounts and House Clearing Accounts of the Clearing Participant. Participants should calculate the number of positions to Close Out according to instructions notified by ASX Clear (Futures) from time to time and should make the details available by such electronic method(s) as may be approved from time to time by ASX Clear (Futures) (or any other procedure which may be agreed by ASX Clear (Futures)).

1.2 Such advice will be given effect either by the Participant submitting position close outs directly into the Exchange ~~Allocation & Clearing~~ System ~~via the OMnet API using a third party system or the OM SECUR BOPC~~ or by such other means as ASX Clear (Futures) may determine from time to time.

1.3 Advice provided in accordance with clause 1.2 must be consistent with the Open Position of the Clearing Participant following the previous advice and Open Positions to which the Clearing Participant has become entitled since that advice. In the event of such inconsistency ASX Clear (Futures) shall only Close Out such Open Contracts as will not result in such an inconsistency.

***[Explanatory Note:** the amendments to Schedule 6 are to account for the upgrading of the clearing system to Genium INET Clearing in 2014. The purpose of these amendments is to replace references to superseded software with generic terms and eliminate duplication in the definitions]*

SCHEDULE 7 CALCULATION OF INTEREST

1 For the purposes of the Rules:

(a) In relation to monies deposited with ASX Clear (Futures) for Initial Margins interest shall be payable on such funds at such rate or rates as are set by ASX Clear (Futures) and notified to Clearing Participants from time to time.

(b) Interest shall be payable by the Clearing Participant on any debit balance(s) at such rate or rates as are prescribed by ASX Clear (Futures) and notified to Clearing Participants from time to time.

SCHEDULE 8 OPTIONS

No provisions have been prescribed for the purposes of this Schedule.

SCHEDULE 9 MISCELLANEOUS PRESCRIPTIONS BY BOARD

1 Financial Requirements (Clearing Rule 8)

1.1 ASX Clear (Futures) determines that the Financial Requirements are:

(a)Net Tangible Assets of not less than five million dollars ($5,000,000); and

(b)Net Liquid Assets of an amount greater than zero.

Amended 02/08/13

1.2 If required by ASX Clear (Futures), a Clearing Participant will disclose such details of a related party receivable as may be required by ASX Clear (Futures) including, without limitation, the name of the related party, the balance of the receivable and a description of the nature of the receivable. If required by ASX Clear (Futures) the Clearing Participant will provide a signed directors' declaration confirming the existence, details and recoverability of the related party receivable.

Introduced 02/08/13

1.3 No circumstances are prescribed for the purposes of Rule 8.5(a)(iv).

Amended 30/12/09, 02/08/13

2 Acceptance of Transfers

2.1 For the purposes of Rule 33.5 transfers shall be accepted by written advice to ASX Clear (Futures) to that effect signed by the Transferee Clearing Participant or by such other means as ASX Clear (Futures) may allow.

3 No prescriptions are made for the purposes of Rule 98.1.

4 ASX Clear (Futures) Reports

In accordance with Rule 97~~.~~.1 ASX Clear (Futures) will provide Clearing Participants in relation to Open Positions held in relation to the Exchange with the following Reports:

4.1 AUD Denominated Contracts

DAILY-Daily Registration Statement in the form attached hereto
-Position Summary
-Daily Margin Summary
-Financial Status Advice
-Daily Commission Statement
-Exchange Fees Daily Statement

MONTHLY-Fees Interest and Commissions Statements

All these documents will be issued separately in respect of a Participants House Clearing Account and Client Clearing Account.

4.2 Bond and Repurchase Clearing

DAILY-Daily Net Settlement Report
-Interest Earned Statement
-Financial Status Advice
-Open Positions Report

-Daily Novated Trades Report
-Daily Fees Statement
-Coupon Report
-Same Day Novated Trades Report
-Same Day Net Settlement Report
-Margin Detail Report
-BRC Variation Margin Reconciliation Report
-Repo Volume Reconciliation Report

MONTHLY-Fees Interest and Commissions Statements
Amended 28/10/02

4.3 NZD Denominated Contracts

DAILY -Registration Statement
-Trade Instructions Listing
-Liquidation Advice
-Final Settlement Report
-Financial Status Advice
-Option Exercise/Abandon Summary
-Original Trade Listing Participants Option Position & Daily Margin Summary Statement
-Participants Margin Summary

MONTHLY-Statement of Account
-Monthly Commission Analysis Report

All these documents will be issued separately in respect of a Participants House Clearing Account and Client Clearing Account other than the Trade Instructions Listing and Monthly Commission Analysis Report.

~~[*To be inserted: clause listing the reports to be delivered directly to clients e.g.:*~~

~~- *Market data reports;*~~

~~- *Client position register; and*~~

~~- *Client static data report*~~]

In accordance with Rule 97.2 ASX Clear (Futures) will provide:

(a) each CPM Client for whom ASX Clear (Futures) maintains an Individual Sub-Account within a Clearing Participant's Client Clearing Account; and

(b) if a Nominated Person has been notified to ASX Clear (Futures) in respect of the Individual Sub-Account, such Nominated Person,

such Reports in relation to Open Positions of the CPM Client as are set out in the Procedures.

FORM 1 – AUDITOR'S CERTIFICATE – [DELETED]

Amended 13/06/08 Deleted 30/12/09

FORM 2 – DAILY REGISTRATION STATEMENT

Contracts Registered (Rule 97) ASX Clear (Futures) Pty Limited

ABN 91 050 615 864
20 Bridge Street Sydney 2000 Australia
Telephone: (02) 9256 0555 Facsimile: (02) 9256 0426

Client/House Clearing Account

Participant Mnemonic: _____

Participant: _____

Fax: _____

Trade Date:_____

Contract/clearing product:_____

Trans Type	Month/Year	Exercise Price	Futures/ Call/Put	Sold	Bought	Price/Premium	Value	Settlement Price	Settlement Value	Daily Settlement Amount

ISSUED SUBJECT TO THE CORRECTION OF ERRORS AND OMISSIONS.

SCHEDULE 10 CALCULATION OF FUTURES COMMITMENTS OF A FUTURES PARTICIPANT

Definitions Used in This Schedule

1 Aggregate Fixed Commitment: The aggregate of all Futures Participants' Fixed Commitment as defined in Rule 5.6.

Amended 01/07/13

Aggregate Initial Margins: The aggregate of all Futures Participants' Initial Margins held with ASX Clear (Futures).

Amended 01/07/13

Aggregate Variable Commitment: If the Aggregate Fixed Commitment is less than the total aggregate amount committed by Futures Participants under the Futures Commitment, as calculated in accordance with the formula set out in Rule 5.6, (FC) then the Aggregate Variable Commitment is the difference between the Futures Commitment and the Aggregate Fixed Commitment.

Amended 01/07/13

Calculation Period: From the 11th day of the final month in the second previous quarter to the 10th day (inclusive) of the final month in the previous quarter.

Futures Commitment: As defined in the Rules.

Introduced 01/07/13

Futures Participant Initial Margins: The total initial margins (the sum of total house and total client accounts) (other than OTC Initial Margin) deposited by each Futures Participant with ASX Clear (Futures).

Amended 01/07/13

Futures Participant Variable Commitment: The Variable Commitment (as defined in Rule 5.6(ii)) of each Futures Participant for the New Quarter.

Amended 01/07/13

Futures Participant Variable Commitment Proportion: Each Futures Participant's percentage of the Aggregate Variable Commitment for the New Quarter.

Amended 01/07/13

New Futures Participant: A Futures Participant who has not previously been included in the Variable Commitment Calculation.

Introduced 01/07/13

New Quarter: The quarter for which the Variable Commitment is being calculated. These quarters will start on 1 March, 1 June, 1 September and 1 December and will end 30 May, 31 August, 30 November and 28/29 February respectively.

Amended 01/07/13

Previous Quarter: The three calendar months preceding the New Quarter.

Retiring Futures Participant: A person whose admission as a Clearing Participant was resigned or terminated effective during the Previous Quarter.

Introduced 01/07/13

Second Previous Quarter: The quarter prior to the Previous Quarter.

Amended 01/07/13

2 The Futures Commitment is the sum of fixed and variable commitments. If the aggregate of the Fixed Commitment, pursuant to Rule 5.6, of all Futures Participants (the "Aggregate Fixed Commitment") **is equal to or in excess of** the total aggregate amount committed by Futures Participants under the Futures Commitment as calculated in accordance with the formula set out in Rule 5.6) (FC), then there will be **no** requirement for any Variable Commitment to be made by any Futures Participant. If on the other hand the Aggregate Fixed Commitment is less than FC, the Variable Commitment for each Futures Participant shall be calculated by ASX Clear (Futures) using the procedures set out in paragraphs 4 to 10 below of this Schedule (except during the period from the effective date of the OTC Rule amendments as notified to Clearing Participants to (but excluding) 1 September 2013, when the Transitional Arrangements in paragraph 15 below of this Schedule apply).

Amended 01/07/13

3 Deleted 01/07/13

Variable Commitment Calculation

4 Except where the New Futures Participant or Retiring Futures Participant provisions of paragraph 9 and 10 apply, the Variable Commitment will be calculated so as to take effect from the first day of each New Quarter.

Amended 01/07/13

5 The Aggregate Variable Commitment for all Futures Participants will be determined for the first day of each quarter by ASX Clear (Futures) using the following formula:

Aggregate Variable Commitment = FC – Aggregate Fixed Commitment

(where FC is the total aggregate amount committed by Futures Participants under the Futures Commitment, as calculated in accordance with the formula set out in Rule 5.6,

Amended 01/07/13

6 The Futures Participant Variable Commitment Proportion shall be calculated by taking the percentage that the daily average of each Futures Participant Initial Margins (where the average is calculated by taking the sum of each Futures Participant's initial margin on every Business Day in the Calculation Period and dividing it by the number of Business Days in the Calculation Period) represents of the aggregate of these daily average Futures Participant Initial Margins.

$$\text{Futures Participant Variable Commitment Proportion} = \frac{\text{Average Futures Participant Initial Margins}}{\text{Average of Aggregate Initial Margins}}$$

Note: For the purposes of this clause, in the case of BRC Participants the Variable Commitment Proportion may be determined by the Board at its discretion by reference to the value of Bond Transactions or Repurchase Agreements cleared by each BRC Participant (rather than by reference to Initial Margins) or on such other similar basis as the Board may determine.

To ensure that such a calculation can be performed in time to take effect from the first day of the New Quarter, the Calculation Period of Futures Participant Variable Commitment Proportion will be from the eleventh day of the final month of the

second previous quarter up to and including the tenth day of the final month in the previous quarter.

Amended 01/07/13

7 (a) The Variable Commitment requirement for each Futures Participant (the "Futures Participant Variable Commitment" or "FPVC") will be calculated by multiplying the Aggregate Variable Commitment by each Futures Participant Variable Commitment Proportion. That is:

Futures Participant Variable Commitment	=	Aggregate Variable Commitment	X	Futures Participant Variable Commitment Proportion

(b) The Futures Participant Variable Commitment will be rounded to the nearest multiple of ten thousand dollars (if the FPVC so calculated is not a multiple of ten thousand dollars and the difference between the calculated number and the next lowest multiple of ten thousand dollars is less than five thousand dollars then the FPVC will be rounded down to the nearest multiple of ten thousand, otherwise it will be rounded up to the nearest multiple of ten thousand dollars, or as otherwise ensures that ASX Clear (Futures) has exactly the Aggregate Variable Commitment required).

Amended 01/07/13

8 Each Futures Participant will be advised by ASX Clear (Futures) of its Futures Participant Variable Commitment by the close of business of the seventeenth day of the final month of the previous quarter. If the seventeenth day of the final month is not a Business Day then the next succeeding Business Day will apply. These Variable Commitments will apply as of midnight on the last day of the previous quarter. Any adjustments to Futures Participant Variable Commitment held with ASX Clear (Futures) must be completed by 10.30am on the second last Business Day of the previous quarter.

Amended 01/07/13

9 If a Retiring Clearing Participant's resignation or termination was effective during the Previous Quarter, then, for the purpose of calculating each Futures Participant's Variable Commitment Proportion, in accordance with Paragraph 6 of this Schedule, the Retiring Futures Participant's average Total Initial Margins will be deducted from the actual average Aggregate Initial Margins and this adjusted Aggregate Initial Margin formula will be used as the basis of calculation.

Amended 01/07/13

10 The calculation of the Futures Participant Variable Commitment Proportion for a Futures Participant not previously included in the quarterly recalculation (a "New Futures Participant") will be estimated by ASX Clear (Futures). Any estimates by ASX Clear (Futures) will be final and not be open to dispute. The following factors may be incorporated into any such estimate of the New Futures Participant's Variable Commitment:

Amended 01/07/13

10.1 If the New Futures Participant, or any related companies or any business operations it has acquired, have not held any Initial Margins in a Clearing Account with ASX Clear (Futures), or with a Futures Participant, prior to the commencement of the Variable Commitment calculation then its Futures Participant Variable Commitment will be estimated by ASX Clear (Futures) on the basis of forecast levels of market activity during the New Quarter.

Amended 01/07/13

10.2 If the New Futures Participant, any related companies or business operations it has acquired, have held any Initial Margins in a Clearing Account, or in the accounts of a futures broker or brokers, prior to the commencement of the Variable Commitment calculation then these Initial Margins will be incorporated into the calculation its Futures Participant Variable Commitment. In addition, ASX Clear (Futures) may, at its absolute discretion, incorporate additional initial margins based on forecast levels of market activity into the calculation of its Futures Participant Variable Commitment. Where the New Futures Participant has not held Initial Margins, for the full duration of the previous quarter an Average Futures Participant Variable Commitment Proportion will be calculated for the period the Futures Participant held initial margins with ASX Clear (Futures). To calculate the final Variable Commitment Proportion for each Futures Participant the original Aggregate Initial Margins will have to be recalculated including the Average Futures Participant Variable Commitment Proportion for the New Futures Participant.

Amended 01/07/13

10.3 If the New Futures Participant's Variable Commitment commences with the first day of a New Quarter then the New Futures Participant will be incorporated into the recalculation of all Futures Participants. This will involve recalculating the Futures Participant Variable Commitment proportion for all Futures Participants after incorporating the initial margin estimate for the New Futures Participant (provided by paragraphs 10.1 and 10.2 of this schedule) and readjusting each Futures Participant's Variable Commitment on the first day of each New Futures Participants Variable Commitment.

Amended 01/07/13

10A Where a Futures Participant has acquired the business of a former Futures Participant, the calculation of the Futures Participant Variable Commitment Proportion for the Futures Participant will be estimated by ASX Clear (Futures) in accordance with ~~section~~ paragraph 10 above, as though "the New Futures Participant" referred to in that section were the Futures Participant which has acquired the business.

Amended 7/10/99, 01/07/13

11-14 Deleted 01/07/13

Transition Arrangements

15 Despite any other provision of the Rules, the Transition Arrangements will apply for the period from (and including) the effective date of the OTC Rule amendments as notified to Clearing Participants to (but excluding) 1 September 2013 (the Transitional Period). Under these Transition Arrangements ASX Clear (Futures) will notify each Participant of its Futures Commitment for the Transitional Period prior to the effective date of the OTC Rule amendments as notified to Clearing Participants and each Participant will be required to provide that Futures Commitment by the effective date of the OTC Rule amendments as notified to Clearing Participants.

Each Participant's Futures Commitment for the Transitional Period will be a recalculation of the Futures Commitment applicable to the Quarter ending on 31 August 2013, using the same Futures Participant Variable Commitment Proportion applicable to such Quarter but using an aggregate Futures Commitment (FC) equal to $100,000,000.

ASX Clear (Futures) will pay to each Participant the difference (if any) between such Participant's Futures Commitment for the Quarter ending on 31 August 2013 and its Futures Commitment as recalculated for the Transitional Period, as soon as practicable following the effective date of the OTC Rule amendments as notified to Clearing Participants.

Subject to the Transition Arrangements, on and from the effective date of the OTC Rule amendments as notified to Clearing Participants, Commitments of Clearing Participants will continue to be held by ASX Clear (Futures) in accordance with these Rules, and will be treated as not being subject to the period of Commitment that applied immediately before such date. The amendments to these Rules which take effect on the effective date of the OTC Rule amendments as notified to Clearing Participants are without prejudice to any election made by a Clearing Participant before such date not to renew its Commitment.

An Example

16 An example of the Variable Commitment Calculation is set out below:

Amended 01/07/13

17 Assume we are about to start a new quarter and the number of Futures Participants remains unchanged from the previous quarter at 30 Futures Participants. The $2 million Fixed Commitment of each of these Futures Participants will sum to give an Aggregate Fixed Commitment of $60 million. Following paragraph 5 of this Schedule we calculate the following:

Aggregate Variable Commitment = $100 million – $60 million = $40 million

Amended 01/03/08, 01/07/13

18 The average Aggregate Initial Margins for the previous quarter is equal to $200 million. After calculating the Futures Participant Initial Margins for the previous quarter the Futures Participant Variable Commitment Proportions are distributed as follows:

Futures Participant Variable Commitment Proportion (%)	No. of Futures Participants	Share of Aggregate Initial Margins
6	4	24%
4.33	6	26%
3	10	30%
2	10	20%
	30	100%

- Note for simplicity this assumes only four different levels of Futures Participant Variable Commitment Proportion. In practice this is likely to be different for each Futures Participant.

Amended 01/07/13

19 From these Futures Participant Variable Commitment Proportions ("FPVCP") we can calculate the Variable Commitment of each Futures Participant by multiplying each FPVCP by the Aggregate Variable Commitment of $40 million. That is,

CPVCP %	**Participant Variable Commitment**	**Participant Fixed Commitment**	**Total Participant Commitment**	**No of Futures Participants**	**Total Commitment**
6	$2.40m	$2m	$4.40m	4	$ 17.60m
4.33	$1.732m	$2m	$3.732m	6	$ 22.392m
3	$1.20m	$2m	$3.20m	10	$ 32.00m
2	$0.80m	$2m	$2.80m	10	$ 28.00m
				30	$100.00m

As is evident, the exact manner in which the $100 million Futures Commitment is divided amongst Futures Participants will depend upon the number of Futures Participants and the proportion each has of the total initial margins held by ASX Clear (Futures).

Amended 01/03/08, 01/07/13

SCHEDULE 11

Deleted

SCHEDULE 11A ADDITIONAL PRESCRIPTIONS

1 For the purposes of Rule 8.4 the prescribed date for lodgement of the statement of financial position is no later than one calendar month after the end of each month.

2 For the purposes of Rule 9.1(b) (Position Limits) the prescribed limit is a limit of Initial Margin (other than OTC Initial Margin) liability of no more than 200% of the Net Tangible Assets of a Clearing Participant.

3 For the purposes of Rule 31.1(d) the manner of presentation shall be the lodgement with the Relevant Exchange for presentation to ASX Clear (Futures) of a form (signed by the relevant parties) as determined by the Relevant Exchange and ASX Clear (Futures) from time to time.

4 For the purposes of Rule 41.1 and 41.2, contracts which are listed on the Exchange and which are denominated in New Zealand dollars are a prescribed Group of Contracts.

5 For the purposes of Rule 44.1 the Prescribed time prior to which the relevant market contracts are traded is the close of trading on a Business Day of the Relevant Exchange. No additional time for Daily Settlements is Prescribed.

5A For the purposes of Rule 44A.2 the Prescribed time is 6:00 pm on each BRC Business Day.

6 For the purposes of Rule 44.4 and 44.8 the prescribed time is 10.30 am on a Business Day of the Relevant Exchange or as otherwise demanded by ASX Clear (Futures).

6A For the purposes of Rule 44A.3 and 44A.7 the prescribed time is 10:30 am on a BRC Business Day.

7 No prescriptions are made for the purposes of Rule 45.1 or 45A.1 (intra-day margins).

8 No prescriptions are made for the purposes of Rule 52.2 and 54.1 (Physical Option Contracts).

9 For the purposes of Rule 52.2(b) the prescribed circumstances are those circumstances specified in the Exchange Operating Rules.

10 For the purposes of Rule 52.3 the Prescribed Form of Exercise is by electronic lodgment in the Exchange ~~Allocation & Clearing~~ System or such other form as determined by ASX Clear (Futures) from time to time including, without limitation, as set out in Form 2 attached.

11 For the purpose of Rule 63.7 (ASX Clear (Futures) invoice) the prescribed time is 9.00 am on settlement day. In this prescription 9.00 am shall refer to Sydney time in the case of the Exchange and Auckland time in the case of the NZFOE.

12 The form of application for a Clearing Participant has been separately prescribed and may be obtained from the Secretary.

13 For the purposes of rule 4.6(b) no form is prescribed for a statement of current financial position.

Amended 02/12/99, 10/12/01, 10/06/13, 01/07/13

FORM 1 NOTICE OF ELECTION – [DELETED]

Deleted 01/07/13

FORM 2 NOTICE OF EXERCISE OR ABANDONMENT

ASX Clear (Futures) Pty Ltd
20 Bridge Street
SYDNEY NSW 2000
Facsimile: (02) 9256 0426

Date:_____

Notice of Option Exercise / Abandonment

We hereby instruct you, in terms of the rules of the Exchange / NZFOE ** and ASX Clear (Futures) to:

** Exercise / Abandon the option contracts listed below which are held in our
** House / Client Account.

(** Delete whichever is not applicable)

CCMY	Strike Price	Number of Call / Putt Lots

_____
Clearing Participant

_____
Signature

_____ _____
Transaction authorised by: Date
(ASX Clear (Futures) Officer)

This document is for same day exercise / abandonment if received by ASX Clear (Futures) by 5:30 pm except on the Last Trading Day for 3-Year and 10-Year bond options when this document must be lodged by 1:00 pm.

SCHEDULE 12

Deleted

SCHEDULE 13 BOARD POWERS ON SUSPENSION OF CLEARING PARTICIPANT

(See Rule 10)

1-14. [Deleted – 31/03/08]

15. Where a Clearing Participant's status and rights have been suspended or terminated, or the Clearing Participant has been ordered not to trade on a specified Market or Markets, or the Clearing Participant has resigned, the Open Positions or Open Contracts held by the Clearing Participant (whether on its own behalf or on behalf of Clients) may be transferred to another Clearing Participant at the direction of the Board by operation of any Power of Attorney given by the Client to any member or members of the Board or by operation of the agency created by Rule 10.9.

16. In deciding whether to make such a direction, the Board may take into account whether indebtedness of that Client to that Clearing Participant has been satisfied.

17. Any such transfer of Open Positions or Open Contracts will be subject to the Rules where applicable.

18. The Clearing Participant to whom such Open Positions or Open Contracts are transferred shall be entitled to commission on any subsequent trades.

19. The Board may appoint a Clearing Participant to assist the Board and act at the Board's direction in relation to the management of the business of the first named Clearing Participant.

20. The Board may nominate one of its members to take all action in the name of the Clearing Participant first named in Clause 15 of this Schedule 13, and to execute all documents and do all things necessary to give effect to such transfer.

21. [Deleted – 31/03/08]

Amended 31/03/08, 01/07/13

SCHEDULE 14 GRAIN CONTRACTS

14.1 APPLICATION

14.1.1 Application of Rules

Schedule 14 applies to Grain Contracts.

14.2 TENDER PROCESS

14.2.1 Election to tender by Seller

Where the Seller in respect of a contract elects to effect delivery and settle its obligations during the Delivery Period, the Seller must submit Tender Documentation with ASX Clear (Futures) in the form and manner determined by ASX Clear (Futures) in accordance with the Procedures. In any event, the Seller must submit Tender Documentation on the Last Trading Day by the time set out in the Procedures. Tender Documentation submitted after the time prescribed in the Procedures, other than on the Last Trading Day, will be taken to have been submitted on the following Business Day.

At the time of submitting Tender Documentation the Seller must ensure that ASX Clear (Futures) holds for the benefit of the Seller an Interest of at least the Specified Quantity for each contract in accordance with Rule 14.4.

14.2.2 Acceptance of Tender Documentation

ASX Clear (Futures) is not obliged to accept any Tender Documentation and will notify the Seller, in accordance with Rule 14.2.6, when it has accepted Tender Documentation submitted by the Seller under Rule 14.2.1. Without limiting ASX Clear (Futures) discretion whether or not to accept Tender Documentation, ASX Clear (Futures) may reject Tender Documentation where, for example, ASX Clear (Futures) is not satisfied that ASX Clear (Futures) holds a sufficient portion of the Interest for the benefit of the Seller to enable the Seller to discharge its settlement obligations in respect of the contracts the subject of the Tender Documentation under Rule 14.3.2.

If ASX Clear (Futures) rejects Tender Documentation, it will notify the Seller in accordance with the Procedures of that rejection, and the reasons for that rejection, as soon as practicable.

14.2.3 Tender Documentation may not be amended or withdrawn

A Seller may not amend or withdraw Tender Documentation submitted under Rule 14.2.1 without the prior written consent of ASX Clear (Futures).

14.2.4 ASX Clear (Futures) to allocate tender

If Tender Documentation is accepted by ASX Clear (Futures) in respect of one or more contracts under Rule 14.2.2 and the Tender Documentation is not withdrawn under Rule 14.2.3, ASX Clear (Futures) will allocate for settlement a corresponding number of contracts in the same Series or Delivery Month registered in the name of one or more Buyers.

14.2.5 Procedures for allocation

The allocation under Rule 14.2.4 will be on the basis of random selection or other process determined by ASX Clear (Futures) from time to time and set out in the Procedures.

14.2.6 ASX Clear (Futures) to confirm acceptance of Tender Documentation and allocation

ASX Clear (Futures) will, as soon as practicable and in accordance with the Procedures, notify the Seller of the acceptance of Tender Documentation under Rule 14.2.2 and notify the Buyer or Buyers of the allocation under Rule 14.2.4.

14.2.7 Tender Documentation and allocation restrictions

ASX Clear (Futures) may at any time impose a restriction on the acceptance of Tender Documentation or the allocation under Rule 14.2.4 if it determines the restriction is appropriate having regard to ASX 24 Operating Rule 6120. If ASX Clear (Futures) imposes a restriction on one or more Participants, those Participants must comply with that restriction.

14.3 SETTLEMENT

14.3.1 Settlement process

The settlement of rights and obligations under the relevant Futures CCP Contracts following the allocation process in Rule 14.2.4 will be effected in accordance with this Rule 14.3.

14.3.2 Settlement with the Seller

Subject to these Rules, where the Seller elects to effect delivery, it must, in respect of the Futures CCP Contract between the Seller and ASX Clear (Futures), have lodged Tender Documentation in accordance with the Procedures. ASX Clear (Futures) must, in respect of the Futures CCP Contract between the Seller and ASX Clear (Futures), pay the Settlement Amount to the Seller at the applicable Settlement Time. ASX Clear (Futures) will amend its records at or as soon as practicable after the applicable Settlement Time, to record that, effective at the applicable Settlement Time, the proportion (by volume) of the Interest which ASX Clear (Futures) holds for the benefit of the Seller falls by the Specified Quantity.

14.3.3 Settlement with the Buyer

Subject to these Rules, the Buyer must, in respect of the Futures CCP Contract between the Buyer and ASX Clear (Futures), pay the Settlement Amount to ASX Clear (Futures) by the applicable Settlement Time. Subject to the Buyer paying that amount by that time, ASX Clear (Futures) will amend its records at or as soon as practicable after that time to record that, effective from the applicable Settlement Time, the proportion (by volume) of the Interest which ASX Clear (Futures) holds for the benefit of the Buyer (which may, immediately before the applicable Settlement Time, be zero) increases by the Specified Quantity.

14.4 HOLDING THE INTEREST

14.4.1 Transfer of Interest by Participant to ASX Clear (Futures)

When a Participant transfers or procures the transfer of an Interest in a quantity of the Underlying Commodity to ASX Clear (Futures), ASX Clear (Futures) will hold that Interest for the benefit of that Participant from the time at which the Bulk

Handler records ASX Clear (Futures) as the owner of that interest under the terms of the Bulk Handler Agreement.

14.4.2 Holding of Interest for Buyer following settlement of Futures CCP Contract

On the settlement of a Futures CCP Contract between ASX Clear (Futures) and the Buyer under Rule 14.3.4, ASX Clear (Futures) will, from the applicable Settlement Time, hold the Interest referred to in Rule 14.3.2 for the benefit of the Buyer referred to in that Rule.

A Buyer may at any time thereafter direct ASX Clear (Futures) to transfer the Interest to the Buyer's account or another account at the Bulk Handler in accordance with the Procedures.

14.4.3 Application of Bulk Handler Agreement

Each Participant for whom ASX Clear (Futures) holds the Interest under these Rules acknowledges that the Bulk Handler will store the Underlying Commodity for a number of clients of the Bulk Handler and will recognise the interest of ASX Clear (Futures) in the stored Underlying Commodity with other clients of the Bulk Handler (as owners in common). Those Participants acknowledge that the Bulk Handler will recognise ASX Clear (Futures) as the owner of the Underlying Commodity and is not bound to recognise that ASX Clear (Futures) holds any part of that interest for the benefit of one or more Participants.

14.4.4 Co-mingling

Each Participant for whom ASX Clear (Futures) holds the Interest under these Rules also acknowledges the Interest which ASX Clear (Futures) holds at any point in time may be held for the benefit of more than one Participant. The proportion of the Interest held for the benefit of each Participant will be determined by ASX Clear (Futures) in accordance with its records, which will record that proportion as a volume of the Underlying Commodity.

14.4.5 ASX Clear (Futures) right to convert old season grain

Each Participant acknowledges that the Bulk Handler Agreement may give ASX Clear (Futures), as the holder of the Interest the right to convert "old season grain" to "new season grain". ASX Clear (Futures) intends, to the extent permitted under the Bulk Handler Agreement, to exercise that right.

Where ASX Clear (Futures) cannot exercise that right, ASX Clear (Futures) will notify Participants accordingly and will make a direction in accordance with Rule 14.4.7.

14.4.6 Interest held at location specified by ASX Clear (Futures)

Each Participant acknowledges that ASX Clear (Futures) holds the portion of the Interest held for the Participant's benefit at the location specified by ASX Clear (Futures).

Without limiting Rule 14.4.10, any costs and expenses incurred by ASX Clear (Futures) in respect of the conversion will be borne by the Participants for whom ASX Clear (Futures) holds the Interest at the time of conversion.

14.4.7 ASX Clear (Futures) direction to take Interest or Underlying Commodity

ASX Clear (Futures) may direct a Participant to:

(a) accept a transfer from ASX Clear (Futures) of all or part of the Interest which ASX Clear (Futures) holds for its benefit; or

(b) accept physical delivery from ASX Clear (Futures) (or its agent) of all or part of the Underlying Commodity represented by the Interest which ASX Clear (Futures) holds for its benefit.

The Participant must immediately comply with any direction given by ASX Clear (Futures) under this Rule 14.4.7 and take all steps and execute all documents required to give effect to that direction.

14.4.8 Failure to comply with direction

If a Participant fails to comply with a direction under Rule 14.4.7, the Participant irrevocably authorises ASX Clear (Futures) to take any action which ASX Clear (Futures) considers appropriate to dispose of the relevant portion of the Interest including, without limitation:

(a) sell the Underlying Commodity represented by that portion of the Interest and following such sale, account to the Participant for the proceeds of sale after deducting any costs, expenses, taxes or other amounts incurred by ASX Clear (Futures) in connection with the sale;

(b) out-turn from the Bulk Handler the Underlying Commodity represented by that portion of the Interest and deliver the Underlying Commodity to another location selected by ASX Clear (Futures) in its discretion.

The Participant indemnifies ASX Clear (Futures) in respect of all losses, damages, liabilities, claims, costs and expenses arising in connection with any failure by the Participant to comply with a direction under Rule 14.4.7 and any exercise by ASX Clear (Futures) of its powers under this Rule 14.4.8.

14.4.9 Representations by Participant

Each Participant:

(a) which transfers, or procures the transfer of an Interest to ASX Clear (Futures) under Rule 14.4.1 or which requests the transfer or procures the transfer of an Interest from ASX Clear (Futures) under this Rule 14.4:

(i) represents and warrants that it has and will continue to have for so long as it is the relevant Participant in respect of that Interest, the capacity and authority to do so; and

(ii) warrants to ASX Clear (Futures) and to each other Participant that the Interest or any other interest in the Underlying Commodity is free from any encumbrance, lien, tax or levy;

(b) for whom ASX Clear (Futures) holds a portion of the Interest under Rule 14.4.2 represents and warrants that it has and will continue to have for so long as it is the relevant Participant in respect of that Interest, the capacity and authority to do so; and

(c) indemnifies ASX Clear (Futures) in respect of all losses, damages, liabilities, claims, costs and expenses arising from any representation or warranty by that Participant under paragraphs (a) or (b) of this Rule 14.4.9 being incorrect.

14.4.10 Indemnity from Participants

Each Participant for whom ASX Clear (Futures) holds the Interest under these Rules indemnifies ASX Clear (Futures) in respect of all losses, damages, liabilities, claims, costs and expenses arising in connection with the holding of that Interest. The

apportionment of liability under this indemnity among Participants will be determined by ASX Clear (Futures) acting reasonably and having regard to the proportion of the Interest which it holds for the benefit of each of the relevant Participants at the relevant times.

14.4.11 Insurance

ASX Clear (Futures) has no obligation to insure any Interest or any Underlying Commodity represented by that Interest.

Introduced 24/10/11

End of Section.

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Rule 1.1 Definitions

Approved Clearing and Settlement Facility – ASX Clear (Futures) approves ASX Clear Pty Ltd as an Approved Clearing and Settlement Facility.

Introduced 02/08/13

Approved Market Operator – ASX Clear (Futures) approves the Exchange as an Approved Market Operator.

Introduced 02/08/13

Rule 4.2(a) Becoming a Clearing Participant

Application Form – Please contact the Exchange for a copy of the Clearing Participant Application Form.

Rule 4.14(aa) Becoming a Clearing Participant

If a Clearing Participant is an ~~AFSL~~ AFS licensee, a copy of the FS 71 audit report is prescribed. Clearing Participants which are foreign ADIs and who are exempted by ASIC Class Order CO 03/823 from the requirement to prepare FS71 audit reports, may lodge the equivalent audit report that they lodge with ASIC. Exceptions to the above require the approval of ASX Clear (Futures). An FS71 or equivalent audit report should be forwarded to Compliance@asx.com.au.

Amended [ ]/[ ]/13

***[Explanatory Note:** The amendment to this procedure in respect of Rule 4.14(aa) provides that an FS71 or equivalent audit report should be forwarded to compliance@asx.com.au.]*

Rule 4.14(a) Becoming a Clearing Participant

~~Each Clearing Participant must provide to ASX Clear (Futures) an annual audit certificate, in the form determined by ASX Clear (Futures), within 3 months of its financial year end.~~

~~Each Clearing Participant is required to submit Form 1 and 2. Exceptions to the above require the approval of ASX Clear (Futures).~~

~~Forms 1 and 2 should~~ The prescribed form of annual audit certificate as required under Rule 4.14(a) is Form 1 and Form 2, along with the director's declaration as set out in the Appendix hereto. These are to be submitted via email to CRAteam@asx.com.au within 3 months of the Clearing Participant's financial year end.

Foreign Participants can choose to have their internal controls and return audited according to Australian auditing standards and code of ethics or auditing standards and code of ethics of their home jurisdiction. The appropriate selection should be made in the Form 1 and Form 2. Notwithstanding this selection, ASX Clear (Futures) reserves the right to require an auditor to provide a report based on the Australian auditing standards and/or code of ethics.

KEY:

* delete as applicable

Note:

Where it may be necessary to make a deletion, the words to be deleted have been highlighted in bold and as noted above are followed by an asterisk (i.e. *).

Any other deletions, amendments or omissions other than those listed above will deem the auditor's report as incorrect or incomplete.

Amended 01/07/13, [ ]/[ ]/13

*[**Explanatory Note:** The amendment to the procedure for Rule 4.14(a) requires each Clearing Participant to provide ASX Clear (Futures) an annual audit certificate, in the form determined by ASX Clear (Futures), within 3 months of its financial year end~~, as well as providing Form 1 and 2 unless an exception is granted by ASX Clear (Futures)~~.]*

Form 1 – Independent Auditor's Report on Net Tangible Assets Rules

Independent Auditor's Report to the Directors of [Participant Name]

We have audited the internal control policies and procedures ("internal controls") of [Participant Name] (the "Participant") designed to ensure compliance with the requirements of:

> ASX Clear (Futures) Pty Limited's ("ASX Clear (Futures)") **Operating Rule 8.1/OTC Rule 3.3(a)(ii)*** in relation to the maintenance of net tangible assets (the "Net Tangible Assets Rules")

in order to express an opinion about their effectiveness for the [period/year] ended [date].

The Responsibility of the Directors for Internal Controls

The directors of the Participant are responsible for maintaining an effective internal control structure, including establishing and maintaining accounting records and effective internal controls designed to ensure compliance with the requirements of the Net Tangible Assets Rules. We have conducted an independent audit of the internal controls designed to ensure compliance with the requirements of the Net Tangible Assets Rules in order to express an opinion on them to the directors of the Participant for the [period/year] ended [date].

Auditor's Responsibility

Our audit has been conducted in accordance with **Australian Auditing Standard AUS810 "Special Purpose Reports on the Effectiveness of Control Procedures"/[insert auditing standards applicable to Participant's home jurisdiction]*** and accordingly included such tests and procedures as we considered necessary in the circumstances. These procedures have been undertaken to form an opinion whether in all material aspects, the Participant maintained suitably designed and effective internal controls to ensure compliance with the requirements of the Net Tangible Assets Rules for the [period/year] ended [date].

INHERENT LIMITATIONS

Because of the inherent limitations of any internal control structure it is possible that fraud, errors or non-compliance with laws and regulations may occur and not be detected. Further, the overall internal control structure, within which the internal controls designed to ensure compliance with the requirements of the Net Tangible Assets Rules operate, has not been audited, and no opinion is expressed as to its effectiveness.

An audit is not designed to detect all weaknesses in internal controls or all instances of non-compliance with the requirements of the Net Tangible Assets Rules as it is not performed continuously throughout the period/year and the tests performed over the internal controls are on a sample basis having regard to the nature and size of the Participant.

Any projection of the evaluation of internal controls to future periods is subject to the risk that the internal controls may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

The audit opinion expressed in this report has been formed on the above basis.

BASIS FOR QUALIFIED OPINION (IF APPLICABLE)

[QUALIFIED] AUDITOR'S OPINION

In our opinion, [except for the matters referred to in the qualification below,] [Participant Name]:

> maintained, in all material respects, during the [period] ended [date] suitably designed and effective internal controls to comply with the requirements of ASX Clear (Futures) Pty Limited's **Operating Rule 8.1/OTC Rule 3.3(a)(ii)*** in relation to the maintenance of net tangible assets.

RESTRICTION ON DISTRIBUTION AND USE

This report has been prepared for the Participant in order to meet its obligations to lodge this report with ASX Clear (Futures) Pty Limited. We disclaim any assumption of responsibility for reliance on this report to any person other than the Participant and ASX Clear (Futures) Pty Limited or for any purpose other than that for which it was prepared.

Audit Firm Signature .....

Name of Audit Firm .....

Partner's Signature .....

Name of Partner .....

Address of Audit Firm .....

.....

Date .....

Amended 24/12/10, 01/12/11, 09/11/12

Form 2 – Auditor's Report on Audited NTA Return

Independent Auditor's Report to the Directors of [Participant_name]

We have audited the financial information set out in the attached Audited NTA Return, excluding the:

- Directors Statement Relating to Net Tangible Assets and
- Financial information set out in the "Prior Period", "Movement $" and "Movement %" columns, (the "Return") of [Participant_name] (~~"the~~ the "Participant") for the [period] ended [date].

The Responsibility of the Directors for the Return

The **directors** of the Participant are responsible for the preparation and fair presentation of the financial information set out in the Return in accordance with the requirements of the **ASX Clear (Futures) Pty Limited ("ASX Clear (Futures)") Operating Rules**. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial information set out in the Return to ensure that the Return is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial information set out in the Return based on our audit. We conducted our audit in accordance with **Australian Auditing Standards/[insert auditing standards applicable to Participant's home jurisdiction]**. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance, whether the financial information set out in the attached Return, is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures of the financial information set out in the Return. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial information set out in the Return whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Participant's preparation and fair presentation of the financial information set out in the Return in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Participant's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Participant, as well as evaluating the overall presentation of the financial information set out in the Return.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENCE

In conducting our audit, we have complied with the independence requirements of **APES 110: Code of Ethics for Professional Accountants/[code of conduct legislation applicable to Participant's home jurisdiction]**.

BASIS FOR QUALIFIED OPINION (IF APPLICABLE)

[QUALIFIED] AUDITOR'S OPINION

In our opinion, **[except for the matters referred to in the qualification below]**, the Return of **[Participant_name]** for the **[period]** ended **[date]** presents fairly, in all material respects, the financial information of the Participant for the **[period]** ended **[date]** as required by **ASX Clear (Futures) in accordance with the ASX Clear (Futures) Operating Rules** that are relevant to the preparation and presentation of the Return.

BASIS OF PREPARATION AND RESTRICTION ON DISTRIBUTION AND USE

Without modifying our opinion, we draw attention to the basis of preparation of the Return. The Return has been **prepared in accordance with ASX Clear (Futures) Pty Limited Operating Rule 8.5(b)/OTC Rule 3.3(b)(ii)***.

This report has been prepared for the Participant in order to meet its obligations to lodge this report with ASX Clear (Futures) Pty Limited. We disclaim any assumption of responsibility for reliance on this report to any person other than the Participant and ASX Clear (Futures) Pty Limited or for any purpose other than that for which it was prepared.

Dated this ..... day of .....

Audit Firm "Signature" .....

Name of Audit Firm .....

Address of Audit Firm .....

Partner's Signature .....

Name of Partner .....

If an auditor is not satisfied as to any matter a qualified audit opinion should be expressed.

Introduced 24/12/10, 01/12/11

Appendix – Director's Declaration

As directors of [Entity Name] ("the Participant"), we are responsible for maintaining an effective internal control structure, including establishing and maintaining effective internal controls designed to ensure compliance with the requirements of:

– ASX Clear (Futures) Pty Limited's ("ASX Clear (Futures)") **Operating Rule 8.1/OTC Rule 3.3(a)(ii)*** in relation to the maintenance of net tangible assets.

In carrying out this responsibility, we have had regard to the interests of the clients and owners of the Participant, and to the general effectiveness and efficiency of the operations of the Participant.

In the opinion of the directors, the Participant:

(a) maintained, in all material respects, during the [period] ended [date] suitably designed and effective internal controls to comply with the requirements of ASX Clear (Futures) Pty Limited's **Operating Rule 8.1/OTC Rule 3.3(a)(ii)*** in relation to the maintenance of net tangible assets.

.....	.....
Director / Authorised Signatory	Director / Authorised Signatory
Name:	Name:
Date:	Date:

Date of Board Resolution (if applicable) .....

INSTRUCTIONS:

This Director's Declaration is to be signed by two signatories (where both signatories must be either a director or an authorised signatory) or alternatively, in accordance with a resolution of the board of directors (where the date of the resolution must be specified), by a single director (or authorised signatory).

If a Participant considers it necessary to qualify this standard statement, the reasons should be explained in full in an accompanying statement.

This statement is required to be completed and lodged annually by each Participant within three months of the Participant's financial year end.

Amended 24/12/10, 01/12/11, 09/11/12

Rule 7.1 Satisfaction of Obligations of ASX Clear (Futures)

(a) For the purposes of Rule 7.1(c), the designated assets are:

(i) the proceeds of a subordinated loan to ASX Clear (Futures) by ASX Clearing Corporation Limited, under an agreement dated 27 April 2009 (as amended or replaced from time to time), up to a maximum amount of A$90,000,000; and

(ii) share capital invested in ASX Clear (Futures) by ASX Clearing Corporation Limited up to a maximum amount of A$30,000,000.

(b) For the purposes of Rule 7.1(e), the designated assets are share capital invested in ASX Clear (Futures) by ASX Clearing Corporation Limited (excluding share capital that is from time to time designated for the purposes of Rule 7.1(c)) up to a maximum amount of A$150,000,000.

(c) For the purposes of Rule 7.1(h), other monies or assets available to ASX Clear (Futures) include share capital invested in ASX Clear (Futures) by ASX Clearing Corporation Limited (excluding share capital that is from time to time designated for the purposes of Rules 7.1(c) and (e)) up to a maximum amount of A$180,000,000.

Introduced 01/07/13 Amended 16/08/13

Rule 16 Use of Exchange Systems

Rule 16 and the comparable Exchange Rule do not have any application, in respect of the OM SECUR and SYCOM systems respectively, to Clearing Participants who entered into individual agreements with ASX Clear (Futures) before 4 January 2005 (the commencement date of this Rule) for the use of those systems. Those individual agreements are in substantially the same terms as the Rule. Rule 16 and the comparable Exchange Rule do not supersede these individual agreements.

The Rule however applies, in respect of the OM SECUR, to all Clearing Participants who became participants after 4 January 2005 or to Clearing Participants who had not for some reason executed an agreement for the use of that system prior to 4 January 2005.

It will also apply to all Clearing Participants, irrespective of when they became Clearing Participants, in relation to all other systems of ASX Clear (Futures) provided those systems have been approved by ASX Clear (Futures) pursuant to the Rule.

The Rule only applies if the particular Clearing Software or Clearing Equipment has been approved by ASX Clear (Futures) pursuant to the Rule. The approvals given to date are in respect of:

- OM SECUR software and OM SECUR equipment for use by entities which become Clearing Participants on or after 4 January 2005, being the date of commencement of Rule 16 (a similar approval has been given under the Exchange Operating Rules in respect of SYCOM Software and Equipment).
- Calypso software provided for use by Calypso Technology Inc.

Where, in future, new systems are developed necessitating the granting of software licences and supply of equipment to Clearing Participants, this software and equipment will be approved by ASX Clear (Futures) pursuant to this Rule for application to all Clearing Participants. Details will be set out here and by means of a Bulletin.

Amended 01/07/13

Rule 19.1 Notice, Notification and Service of Documents

Notice and Notification

For the purposes of Rule 19.1(b), unless otherwise specified in correspondence with a Clearing Participant, documents addressed to ~~the Exchange~~ ASX Clear (Futures) should be addressed to the person holding the following position:

General Manager – Clearing and Settlement Operations
ASX Limited
Level 4, Exchange Centre
20 Bridge Street
SYDNEY NSW 2000
Telephone: 1800 814 051
Facsimile: 02 9235 1857

Notice to ~~the Exchange~~ASX Clear (Futures)

Notice to ~~the Exchange~~ ASX Clear (Futures) may be given by:

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

Notice by ~~the Exchange~~ASX Clear (Futures)

~~The Exchange~~ ASX Clear (Futures) may give notice to any person, firm or corporation by any of the following methods:

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

7. Sending it via the web-based system known as ACM.

Service of Documents

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

Nothing in Rule 19.1(c) or the Procedures prevents documents being sent or given to, or served on, a person in any other manner required or permitted by law.

For the purpose of Rule 19.1(c) the time and manner in which a notice may be given is as follows:

Notice by:

1. Post is taken to be given on the second Business Day after the document is put in the post, in a stamped envelope or other covering addressed to the recipient;
2. Courier is taken to be given at the time of delivery to the address referred to in this Procedure ~~Rule~~ 19.1;
3. Facsimile is taken to be given when the sender's facsimile machine indicates a successful transmission to the facsimile number referred to in this Procedure ~~Rule~~ 19.1;
4. Email, under this Procedure ~~Rule~~ 19.1 is taken to be given 2 hours after the time the email enters the recipient's information system, unless a response to the contrary is received (e.g. an out of office notification); and
5. The web-based system known as ACM is taken to be given at the time which that system records the transmission.

For the purposes of the Rules, a notice given in accordance with this Procedure ~~Rule~~ 19.1 to a person is received by that person at the time it is taken to be given to that person under this Procedure ~~Rule~~ 19.1.

Introduced 01/01/12

Rule 20 Procedures for the Risk Committee

1 Scope of Application and Definitions

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

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

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

2 Risk Committee Members

2.1 Risk Committee Members

(a) Clearing Participant Representatives

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

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

(a) has appropriate expertise and experience in relation to the matters to be considered by the Risk Committee; and

(b) is acceptable to ASX Clear (Futures) in its reasonable discretion.

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

~~*[To be inserted: provision describing the client nomination and selection process.]*~~

(b) Client Representatives

Clients do not participate in the Risk Committee at this time.

2.2 ASX appointees

ASX Clear (Futures) may select and appoint any number of further Risk 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 Risk Committee.

2.3 Change of Risk Committee Members

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

2.4 Related bodies corporate

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

2.5 Chairman

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

2.6 Risk Committee Secretary

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

2.7 Suspension of Membership

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

3 Convening the Risk Committee

3.1 Meeting and Notice

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

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

(b) at its own discretion,

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

3.2 Urgent Matters

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

3.3 Participating Risk Committee Member

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

3.4 Proxies

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

4 Quorum

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

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

5 Voting

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

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

6 Participation of Employees

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

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

7 Minutes and Statements

7.1 Risk Committee Minutes

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

7.2 Risk Committee Statements

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

8 Compensation

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

9 Confidentiality

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

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

10 Fiduciary Duties; Limitation of Liability

10.1 Protected Persons

Neither any Risk 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 Clearing Participants or any other person (each referred to as a **Non-protected Person**) by reason of such service on the Risk Committee or the appointment of a Risk Committee Member to the Risk Committee.

10.2 No Liability

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

11 Governing Law

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

12 Amendments

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

~~Rule 44.7 Reconciliation of Client Segregated Accounts~~

~~A Clearing Participant must:~~

~~(a) perform daily and monthly reconciliations of all amounts held in each Clients' Segregated Account; and~~

~~(b) prepare and submit a directors' declaration and an auditor's report in relation to Clients' Segregated Account,~~

~~in accordance with the procedures set out in Part 2.3 of the Market Integrity Rules as if the Clearing Participant were a Market Participant (where the Clearing Participant is not a Market Participant).~~

~~For the purposes of carrying out such reconciliations and complying with such reporting requirements, the terms used within the Market Integrity Rules will be construed consistently with the terms used within the Rules and Procedures.~~

Rule 21 Procedures for the Product Committee

1 Scope of Application and Definitions

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

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

Paragraphs of these Product Committee Procedures are referred to as Paragraphs.

2 Product Committee Members

2.1 Product Committee Members

(a) Clearing Participant Representatives

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

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

(a) has appropriate expertise and experience in relation to the matters to be considered by the Product Committee; and

(b) is acceptable to ASX Clear (Futures) in its reasonable discretion.

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

(b) Client Representatives

Clients do not participate in the Product Committee at this time.

2.2 ASX Appointees

ASX Clear (Futures) may select and appoint any number of further Product 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 Product Committee.

2.3 Change of Product Committee Members

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

2.4 Related bodies corporate

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

2.5 Product Committee Chairman

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

2.6 Product Committee Secretary

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

2.7 Suspension of Membership

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

3 Convening the Product Committee

3.1 Meeting and Notice

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

(a) at the request of the Product Committee Chairman or any two Product Committee Members (provided such request is accompanied by a draft Agenda (as defined below) for such Product Committee Meeting); and

(b) at its own discretion,

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

3.2 Urgent Matters

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

3.3 Participating Product Committee Member

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

3.4 Proxies

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

4 Quorum

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

5 Voting

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

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

6 Participation of Employees

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

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

7 Minutes and Statements

7.1 Product Committee Minutes

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

7.2 Product Committee Statements

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

8 Compensation

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

9 Confidentiality

Except as expressly contemplated in these Product 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 Product Committee Member agrees:

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

10 Fiduciary Duties; Limitation of Liability

10.1 Protected Persons

Neither any Product Committee Member nor any other person invited to participate in a Product Committee 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 Clearing Participants or any other person (each referred to as a **Non-protected Person**) by reason of such service on the Product Committee or the appointment of a Product Committee Member to the Product Committee.

10.2 No Liability

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

11 Governing Law

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

12 Amendments

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

Rule 41 Accounts

41.1 A single House Clearing Account will be established in respect of a Clearing Participant's House Positions, which may include both the OTC Open Positions and other Open Positions of the Clearing Participant.

41.2 A single Client Clearing Account will be established in respect of a Clearing Participant's Client Positions, which may include both the OTC Open Positions and other Open Positions of the Clearing Participant's Clients.

Separate sub-accounts of the Client Clearing Account will be established in respect of each of:

(a) Client Positions comprising OTC Open Positions; and

(b) Client Positions comprising Open Positions that are not OTC Open Positions.

Introduced [ ]/[ ]/13

*[**Explanatory Note:** The introduction of this procedure in respect of Rule ~~44.7 provides that a Clearing Participant must perform reconciliations and submit reports in respect of Clients' Segregated Accounts in accordance with the procedures set out in Part 2.3 of the Market Integrity Rules as if the Clearing Participant were a Market Participant where the Clearing Participant is not a Market Participant~~41 provides that a single House Clearing Account and Client Clearing Account will be established for both OTC and other Open Positions, but that separate sub-accounts of the Client Clearing Account will be established for Client OTC Open Positions and other Client Positions.]*

Rule 46.1 Daily Close-Out of Matched Positions

An Open Position in a CFD contract cannot be closed out under Rule 46.1 unless the Open Position ~~are~~ is for the same beneficial client for the same CFD Contract. The definition of client for the reporting of Open Positions for the Open Interest Charge calculation means;

"Any person, firm or corporation (including a Related Body Corporate) on behalf of whom a Participant or a client of a Participant provides instructions to enter, acquire or dispose of a CFD".

Rule 46.5 Daily Close-Out of Matched Positions (including Back to Back Open Positions)

In accordance with Rule 46.5, ASX Clear (Futures) directs Clearing Participants as to the correct treatment of Back to Back Open Positions in this Direction. Where a Clearing Participant fails to comply with this Direction, such a failure will constitute a breach of the Rules and the Clearing Participant will be subject to the disciplinary process associated with such a breach.

Specifically, ASX Clear (Futures) directs Clearing Participants as follows:

- Clearing Participants must Close Out Back-to-Back Open Positions within each Individual Account no later than the time prescribed for the purposes of Rule 46.1 on the Business Day following the creation of those Back-to-Back Open Positions;
- Except as specified below in so far as it relates to Open Positions across multiple Individual Accounts of a single legal entity, Open Positions held within an Individual Account, whether or not it is a sub-account of an Affiliated Account, must not at any time be settled or offset against Open Positions held within another Individual Account or sub-account, unless these positions are formally transferred on market into the same Individual Account; and
- If a Clearing Participant wishes to Close Out Open Positions across multiple Individual Accounts of a single legal entity, the Clearing Participant must ensure legal advice is obtained that such activity does not constitute a breach of the Rules or the law.

Amended 01/07/10

Introduction

Open Interest (OI) is one of a number of indicators of a market's depth of liquidity. Exchange's OI is derived from the summing of Open Positions held by all Clearing Participants in their House Clearing Accounts and Client Clearing Accounts (collectively referred to as "Clearing Accounts") at the end of each trading day. These figures are

submitted daily by the relevant Clearing Participant into ~~ASX Clear (Futures)'s OM SECUR clearing system~~ the Exchange System in accordance with Rule 46.1[1].

A Clearing Participant would derive the figures to be submitted into ~~OM SECUR~~ the Exchange System from the summing in its back office of Open Positions held in Individual House Accounts[2] and Individual Client Accounts[3] (collectively referred to as "Individual Accounts").[4] Accordingly, the fundamental level at which market liquidity is held is at the level of the Individual Account.

It has come to ASX Clear (Futures)'s attention that not all Clearing Participants have been netting Individual Accounts in their back offices in a manner which enables the most accurate OI to be derived. In particular, ASX Clear (Futures) is concerned with the failure of certain Clearing Participants to consistently Close Out in their back offices Back-to-Back Open Positions[5] within Individual Accounts. If submitted into ~~OM SECUR~~the Exchange System, such Back-to-Back Open Positions may inflate the OI figure without actually indicating an increase in the true liquidity of the market.

To enhance the integrity of OI, ASX Clear (Futures) now requires that, in fulfilling their obligations under Rule 46.1, Clearing Participants must (as outlined in this Direction) Close Out Back-to-Back Open Positions within each Individual Account no later than the time prescribed for the purposes of Rule 46.1 on the Business Day following the creation of those Back-to-Back Open Positions in their back offices in order that such positions do not form part of the total number of Open Positions submitted into ~~OM SECUR~~ the Exchange System towards the relevant Clearing Account.[6]

The Tables below illustrate how Clearing Participants must comply with this Direction.

Amended 01/07/10

Application of this Direction

In Table 1 below, assume that a Client Clearing Account of a Clearing Participant contains Individual Client Accounts which hold the following Open Positions in a particular futures contract[7]:

Table 1 – Example of a Client Clearing Account

Client Clearing Account	*Short*	*Long*	*Net (to be submitted into ~~OM SECUR~~the Exchange System)*
Individual Client Account 1	-400	+50	-350

1 Rule 46.1 requires a Clearing Participant to advise ~~SFE Clearing~~ ASX Clear (Futures) on a daily basis of the number of Open Positions which it wishes to remain open. This advice is effected through the Clearing Participant submitting that information into ~~OM SECUR~~the Exchange System.

2 An 'Individual House Account' is an individual account established by an Exchange Participant on its own behalf for the purposes of Trading on the Exchange.

3 An 'Individual Client Account' is an individual account established by an Exchange Participant for a Client for the purposes of Trading on the Exchange.

4 The total Open Positions held in a particular Clearing Participant's House Clearing Account should be derived in that Clearing Participant's back office from summing the number of Open Positions held in each of its Individual House Accounts. The total Open Positions held in a particular Clearing Participant's Client Clearing Account should be derived in that Clearing Participant's back office from summing the number of Open Positions held in each of its Individual Client Accounts.

5 'Back-to-Back Open Positions' are Open Positions within an Individual Account which can be matched and settled against each other.

6 Such a practice would also reduce the risk of incorrect settlements being made in error.

7 The same principle would apply to a House Clearing Account and Individual House Accounts.

Individual Client Account 2	0	+500	+500
Individual Client Account 3	-300	+500	+200
Total	*-700*	*+1050*	***-350, +700***

Closing Out Back-to-Back Open Positions in Individual Accounts

In the above table, Individual Client Account 1 holds Back-to-Back Open Positions of 50 lots and Individual Client Account 3 holds Back-to-Back Open Positions of 300 lots. Individual Client Account 2 does not contain any Back-to-Back Open Positions. Before determining each Individual Client Account's contribution to the Client Clearing Account, Back-to-Back Open Positions are to be eliminated from each Individual Client Account in the Clearing Participant's back office. As shown in the 'Net' column of the above table, the resulting net positions to form part of the total to be submitted into ~~OM SECUR~~ the Exchange System would be –350 short in Individual Client Account 1 and +200 long in Individual Client Account 3. As no Back-to-Back Open Positions are held in Individual Client Account 2, the entire +500 long positions held would form part of the total to be submitted into ~~OM SECUR~~ the Exchange System as part of the Client Clearing Account total.

Therefore, for the purposes of submitting the most accurate representation of the Open Positions within the above Client Clearing Account into ~~OM SECUR~~the Exchange System, the Clearing Participant must submit the gross sum of the individual net positions of each Individual Client Account, -350/+700.

Affiliated Accounts

Individual Accounts may be grouped together as an "Affiliated Account."[8] Within an Affiliated Account, there may be a mix of long and short positions in a given contract in separate Individual Accounts (sub-accounts). In order to provide an accurate representation of the holdings within an Affiliated Account, Clearing Participants are required to submit the gross sum of the net holdings of each sub-account into ~~OM SECUR~~the Exchange System. That is, each sub-account within the Affiliated Account, as opposed to the Affiliated Account as a whole, is considered to be an Individual Account for the purposes of calculating and Closing Out Back-to-Back Open Positions.

By way of illustration in the table below, assume that an Affiliated Account of a Clearing Participant contains sub-accounts which hold the following Open Positions in a particular futures contract:

Table 2 – Example of a Client Clearing Account

Client Clearing Account	*Short*	*Long*	*Net (to be submitted into ~~OM SECUR~~the Exchange System)*

[8] An Affiliated Account is defined in the ~~Sydney Futures Exchange Limited Business~~ ASX 24 Operating Rules and is also known as an "omnibus account" (but is distinct from a Clearing Account). Affiliated Accounts are often held on behalf of fund management entities and trading desks which run a number of books for different purposes. In addition, ~~SFE Clearing~~ ASX Clear (Futures) is aware that some Clients mandate use of a single account to trade multiple strategies (for example, long trades for funding, short trades for hedging). ~~SFE Clearing~~ ASX Clear (Futures) considers that such an account is in fact a number of Individual Accounts comprising an Affiliated Account and should be treated by Clearing Participants as such for the purposes of submitting Open Positions into ~~OM SECUR~~the Exchange System.

Affiliated Account			
Sub-account 1	0	+100	+100
Sub-account 2	-600	+150	-450
Sub-account 3	-500	+700	+200
Total	*-1100*	*+950*	***-450, +300***

Closing Out Back-to-Back Positions in Affiliated Accounts

For the example in the above table, it would not be appropriate for a Clearing Participant to Close Out positions within the Affiliated Account as though the Affiliated Account were one Individual Account (i.e. by netting –1100 short against +950 long, resulting in a net position of –150 short). Rather, each separate sub-account would be netted individually and the resulting net positions form part of the total to be submitted into ~~OM SECUR~~the Exchange System. In the above table, Sub-account 2 in the Affiliated Account holds Back-to-Back Open Positions of 150 lots and Sub-account 3 holds Back-to-Back Open Positions of 500 lots. Sub-account 1 does not contain any Back-to-Back Open Positions. Before determining each sub-account's contribution to the Client Clearing Account, these Back-to-Back Open Positions must be eliminated from calculation in the Clearing Participant's back office.

As shown in the 'Net' column of the above table, the resulting net positions to form part of the total to be submitted into ~~OM SECUR~~ the Exchange System would be –450 short in Sub-account 2 and +200 long in Sub-account 3. As no Back-to-Back Open Positions are held in Sub-account 1, the entire +100 long positions held would form part of the total to be submitted into ~~OM SECUR~~ the Exchange System as part of the Client Clearing Account total.

Thus for the above Affiliated Account, a –450/+300 holding (which has been derived from a sum of the individual net position figures in each sub-account within the Affiliated Account) would be submitted to ~~OM SECUR~~ the Exchange System as the most accurate representation of the holdings in that Client Clearing Account.

In order that an account can be treated as an Affiliated Account (and be entitled to hold Back-to-Back Open Positions), Participants must request explicit instructions in this regard (as well as the rationale for it) from their clients (which may include entities related to the Participant) and must retain these instructions on file. Further, Participants must instruct their clients to provide them with daily instructions as to the number of Back-to-Back Positions required to be left open in order to report their Affiliated Account in accordance with this Direction.

If a Participant does not receive instructions from its client that an account is being operated as an Affiliate Account, this Direction must be followed and Back-to-Back Open Positions must be closed out of the account. If the Client wishes to operate an account as an Affiliated Account, they must commit to informing the Participant daily of how many open positions are to be maintained (or how many back-to-back positions are to be closed out) in line with this Direction.

Amended 01/07/10

Exception to this Direction

Differentiated Deliverable Commodities

This Direction to Close Out Back-to-Back Open Positions outlined above applies to cash-settled contracts (e.g. SPI 200™ futures contracts, Commonwealth Treasury Bond futures contracts etc) and deliverable contracts where all deliverable commodities are functionally identical (e.g. Individual Share Future contracts, currency future contracts etc), as Back-to-Back Open Positions in such contracts do not contribute to market liquidity.

However, Back-to-Back Open Positions which are held in deliverable contracts where the deliverable commodities may vary in quality, nature or some other means (e.g. Greasy Wool) may represent a contribution to market liquidity, where there is intent or likelihood to both take and make a delivery at a single expiry. Accordingly, such Back-to-Back Open Positions may be maintained and included as part of the number of Open Positions submitted into ~~OM SECUR~~the Exchange System.

Amended 01/07/10

Inappropriate Practices

Except as specified below in so far as it relates to Open Positions across multiple Individual Accounts of a single legal entity, Open Positions held within an Individual Account, whether or not it is a sub-account of an Affiliated Account, must not at any time be settled or offset against Open Positions held within another Individual Account or sub-account, unless these positions are formally transferred on market into the same Individual Account.

Any such activity may represent inappropriate off-market trading and may constitute a breach of the Rules or the law.

If a Clearing Participant wishes to Close Out Open Positions across multiple Individual Accounts of a single legal entity, the Clearing Participant must ensure legal advice is obtained that such activity does not constitute a breach of the Rules or the law.

For example, in Table 1 above, if the Open Positions within Individual Client Account 1 are inappropriately offset against the Open Positions within Individual Client Account 3 the resulting net position would be –150 short. However, the correct number of Open Positions to be included in the total to be submitted to ~~OM SECUR~~ the Exchange System are –350 short for Individual Client Account 1 and +200 long for Individual Client Account 3.

Amended 01/07/10

Implementation

Clearing Participants are required to follow this Direction in their treatment of Back-to-Back Open Positions.

Where a Clearing Participant fails to comply with this Direction, such a failure will constitute a breach of the Rules and the Clearing Participant will be subject to the disciplinary process associated with such a breach.

Clearing Participants are also reminded of the importance of maintaining appropriate Close Out procedures and audit trails. Documentation held in this regard may be reviewed as part of a Clearing Participant compliance inspection or operational review and must be made available to ASX Clear (Futures) on request.

Amended 01/07/10

*[**Explanatory Note:** the amendments to the Procedures for Rule 46.5 are to account for the upgrading of the clearing system to Genium INET Clearing in 2014. The purpose of these amendments is to replace references to superseded software with generic terms and eliminate duplication in the definitions]*

Rule 63A.6 BRC Delivery Procedures (Compensation Policy)

Under Rule 63A.6 *(to take effect 11 March 2004)*, in the event of a failure to settle a BRC transaction by the due time, ASX Clear (Futures) may direct that compensation be payable in accordance with a calculation methodology determined by ASX Clear (Futures).

Determination

ASX Clear (Futures) has determined the calculation methodology for the purpose of Rule 63A.6 is the Standard Inter-Organisation Compensation Rules published by Australian Payments Clearing Association Limited (APCA) from time to time, subject to the following modifications:

APCA Rule	**ASX Clear (Futures) modification**
Makes provision for non-failing party to be reimbursed for administration fee.	ASX Clear (Futures) may, in its absolute discretion, determine that the administration fee will be waived.
Claims must be in writing and received within 90 days.	ASX Clear (Futures) will determine at its absolute discretion whether compensation is payable without formal claim.
Compensation events.	The only compensation event will be Delayed Payment under Rule 6.
None	BRC Participants responsible for a settlement failure will be informed of a claim against them within 7 days.
None	BRC Participants receiving a claim against them must pay the calculated compensation within 14 days of demand.
None	BRC Participants validly requiring compensation will be paid at the month end 21 days after the incident.

Rule 111 – Application of Client Protection Model Provisions

Upon making a determination for the purpose of Rule 111, ASX Clear (Futures) will provide notice of this to all Clearing Participants by circular or bulletin as soon as reasonably practicable. ASX Clear (Futures) will also publish notice of the determination on www.asx.com.au as soon as reasonably practicable.

*[**Explanatory Note:** ASX Clear (Futures) will notify all Clearing Participants of a determination made for the purpose of Rule 111* by circular or bulletin. *ASX Clear (Futures) will also publish notice of the determination on its website.]*

Rule 112 – Client Protection Model Client Fact Sheet

Upon the commencement of the Client Protection Model Provisions with respect to classes of Market Contracts, Open Contracts, Clearing Participants or Clients, as applicable, a Clearing Participant must:

(a) in respect of each of its existing Clients for which it holds an Open Position to which the Client Protection Model Provisions apply; and

~~In~~ (b) in respect of each of its other existing Clients not covered by (a), before, ~~a Clearing Participant must:~~ or if not practicable, as soon as practicable after it next holds an Open Position to which the Client Protection Model Provisions apply,

~~(a)~~(b) provide the Client Protection Model Client Fact Sheet to such ~~person; andwhere such person is accepted as a Client after the commencement of Part 10, obtain the Client's acknowledgement of receiving such~~ Person or direct such Person to a copy of the Client Protection Model Client Fact Sheet~~.~~, to the extent that such Person has not previously received the Client Protection Model Client Fact Sheet.

Once the Client Protection Model Provisions have commenced, a Clearing Participant must provide each new Client with the Client Protection Model Client Fact Sheet or direct such Person to a copy of the Client Protection Model Client Fact Sheet, before the Clearing Participant holds an Open Position for that Client.

ASX Clear (Futures) may require a Clearing Participant to attest annually that it has provided the Client Protection Model Client Fact Sheet to its Clients in accordance with the Rules and Procedures.

~~A Clearing Participant must retain a copy of the Client's acknowledgement in paragraph (b) for a period of no less than 5 years and make that information readily available to ASX Clear (Futures) at any time.~~

Introduced [ ]/[ ]/13

*[**Explanatory Note:** ~~This procedure in respect of Rule~~ Procedure 112 provides that~~,~~ upon commencement of the Client Protection Model Provisions, a Clearing Participant must provide the Client Protection Model Client Fact Sheet to ~~each of its Clients, and that where such person is accepted as a Client, obtain the Client's acknowledgement of receiving that Client Protection Model Client Fact Sheet, a copy of which must be retained for no less than 5 years and be made available to ASX Clear (Futures) at any time.]~~:*

- *each of its Clients for which it holds an Open Position;*
- *the rest of its Clients before or, if not practicable, as soon as practicable after the next time it holds an Open Position for such Client;*
- *each new Client before it holds an Open Position for such Client.]*

Rule 115 Client Sub-Accounts

~~A Clearing Participant that offers both Individual and Omnibus Sub-Account structures must provide its CPM Client the option to enter into either or both of these Sub-Account account structures.~~

~~Introduced [ ]/[ ]/13~~

***~~[Explanatory Note:~~** ~~The introduction of this procedure to Rule 115 provides that a Clearing Participant that offers both Individual and Omnibus Sub-Account structures must provide its CPM Client the option to enter into either of these Sub-Account structures.]~~*

In respect of each CPM Client for which ASX Clear (Futures) maintains an Individual Sub-Account, ASX Clear (Futures) will request data including:

(a) Client Name;

(b) if applicable, Client LEI ~~[~~or ABN~~]~~;

(c) Client Address;

(d) Segregation Code (~~Omnibus or~~ Individual Sub-Account);

(e) Clearing Participant ID; ~~and~~

(f) Clearing Participant Name~~.~~;

~~In respect of each Client for which ASX Clear (Futures) maintains an Individual Sub-Account, ASX Clear (Futures) requires data including:~~

(g) Contact Details (name, phone, email) for Legal Contacts, Operations Contacts and CP Default Contacts;

(h) Details of any Alternate Clearing Participant and any order of preference and confirmation of documentation in place with Alternate Clearing Participant; and

(i) Client Standard Settlement Instructions (per currency).

~~[*Further procedures to be inserted on onboarding of Clients]~~ASX Clear (Futures) may reasonably request any other data in respect of each CPM Client, as published or notified by ASX Clear (Futures) to the relevant CPM Client and the CPM Client's relevant Clearing Participant.

Where there is a Nominated Person in respect of an Individual Sub-Account, ASX will also require data described in this Procedure that relates to the Nominated Person.

Rule 115.4 – Client Sub-Account (Nominated Person)

Until such time as its Clearing Participant is in Default, a CPM Client may notify ASX Clear (Futures) of the details of a Nominated Person in respect of an Individual Sub-Account held by the Clearing Participant for that CPM Client using such methods as ASX Clear (Futures) may from time to time designate.

The CPM Client may also amend these details from time to time prior to the Default of its Clearing Participant. If these details are amended, ASX Clear (Futures) may notify the Nominated Person by using the contact details recorded prior to the amendment, to inform the Nominated Person of the relevant amendment.

*[**Explanatory Note:** This procedure in respect of Rule 115.4 provides that a CPM Client may notify ASX Clear (Futures) of the details of its Nominated Person (and amend those details).]*

Rule 117 Transfer

~~[*To be inserted: how Client Open Positions are transferred in a business as usual scenario*]~~

~~Rule 118 Client Default~~

~~[*To be inserted: Procedures for a Clearing Participant to notify ASX of the default of a Client*]~~

The transfer of eligible Open Positions of a CPM Client recorded in a Client Sub-Account of a Clearing Participant (**Transferring Clearing Participant**) to another Client Sub-Account for that CPM Client with another Clearing Participant (**Receiving Clearing Participant**) in

accordance with Rule 117 (each a **Transferring Open Position**) will be effected by ASX Clear (Futures) in accordance with the following procedures:

(a) the CPM Client, Transferring Clearing Participant and Receiving Clearing Participant must consent to the transfer of the relevant eligible Open Positions from the Transferring Clearing Participant to the Receiving Clearing Participant. ASX Clear (Futures) will treat the consent of the Transferring Clearing Participant as also constituting consent provided on behalf of the CPM Client;

(b) the Receiving Clearing Participant must submit the details of each Transferring Open Position to ASX Clear (Futures);

(c) ASX Clear (Futures) will run a series of eligibility and other checks in connection with the Transferring Open Positions in accordance with its internal processes;

(d) following the successful completion of the eligibility and other checks, ASX Clear (Futures) will effect the transfer of the Transferring Open Positions:

  (i) in respect of Transferring Open Positions which are OTC Open Positions, during its usual end-of-day process prior to the calculation of any Variation Margin; or

  (ii) in respect of Transferring Open Positions which are held in relation to Futures Contracts, immediately following the successful completion of the eligibility and other checks; and

(e) provided that ASX Clear (Futures) has received any additional margin (if required) from the Receiving Clearing Participant, each Transferring Open Position will be recorded in the relevant Client Sub-Account for the CPM Client with the Receiving Clearing Participant.

Following completion of the transfer process ASX Clear (Futures) will provide the details of each Transferring Open Position which has been transferred to the Receiving Clearing Participant to the Transferring Clearing Participant and the Receiving Clearing Participant.

Rule 118 CPM Client Default

If a Clearing Participant which has not Defaulted applies a “Hold” status in the Exchange System to an Individual Sub-Account of a CPM Client of such Clearing Participant, ASX Clear (Futures) may treat such action as notification that such CPM Client has defaulted.

The Clearing Participant may request ASX Clear (Futures) to transfer Open Positions recorded for a CPM Client in a Client Sub-Account to its House Clearing Account in accordance with the procedures described in paragraphs (a) to (e) above for Rule 117 (Transfer) in respect of which the Clearing Participant is to be regarded as both the Transferring Clearing Participant and the Receiving Clearing Participant and the consent of the CPM Client is not required. In such circumstances ASX Clear (Futures) will treat such request by the Clearing Participant as notification that such CPM Client has defaulted.

Rule 119 Clearing Participant Default (~~Open Positions recorded in an Individual Sub-Account~~Application to Individual Sub-Accounts)

A CPM Client of a Clearing Participant may notify ASX Clear (Futures) of the following information using such methods as ASX Clear (Futures) may from time to time designate:

(A) the details of up to three Alternate Clearing Participants to which details of Open Positions recorded in an Individual Sub-Account for that CPM Client should be disseminated if the CPM Client's Clearing Participant Defaults; and

(B) whether, upon the Default of its Clearing Participant, ASX should disseminate information in connection with the Open Positions in the Individual Sub-Account held by the Clearing Participant for that CPM Client to all of its nominated Alternate Clearing Participants simultaneously or if the information should be disseminated to the Alternate Clearing Participants in a particular order nominated by the CPM Client.

If a Clearing Participant Defaults, then:

(a) each CPM Client of the Defaulting Clearing Participant for which that Clearing Participant records Open Positions in an Individual Sub-Account may, but is not required to, confirm to ASX Clear (Futures) by telephone (and confirmed in writing) or by email whether the Open Positions recorded for it by the Defaulted Clearing Participant in its Individual Sub-Account(s) should be transferred to an Alternate Clearing Participant it has nominated, or terminated or Closed Out;

(b) unless each CPM Client has already confirmed the following information to ASX Clear (Futures), ASX Clear (Futures) will take reasonable steps to seek information from that Clearing Participant's CPM Clients for which that Clearing Participant records Open Positions in an Individual Sub-Account by using the telephone or email contact details provided to ASX Clear (Futures) by such CPM Clients in accordance with these Procedures as to the following:

(i) the details of up to three Alternate Clearing Participants; and

(ii) whether ASX should disseminate information in respect of the Open Positions in the Individual Sub-Account held by the Defaulted Clearing Participant for that CPM Client to all of its nominated Alternate Clearing Participants or if the information should be disseminated to the Alternate Clearing Participants in a particular order nominated by the CPM Client,

and if ASX Clear (Futures) is unable to obtain such instructions from the CPM Client ASX Clear (Futures) may terminate the CPM Client's Open Positions in its sole discretion; and

(c) for the purposes of Rules 119.4 and Rule 119.5 the time specified for an Alternate Clearing Participant nominated by a particular CPM Client to confirm that it is prepared to accept the transfer of all of the Open Positions recorded in an Individual Sub-Account for that CPM Client held by the Defaulted Clearing Participant, is 48 hours for OTC Open Positions or Open Positions relating to OTC Allocated Futures Contracts, and 24 hours for all other Open Positions after the relevant Default. If such confirmation is received from the Alternate Clearing Participant then, pursuant to Rule 119.4, those Open Positions will be transferred to the Alternate Clearing Participant in accordance with paragraphs (a) to (e) of Procedure 117 (Transfer) above (except that the Transferring Clearing Participant's consent is not required since the Transferring Clearing Participant is the defaulted Clearing Participant). This transfer may occur even if there is a cashflow due to be paid on the day of the transfer.

ASX Clear (Futures) may, in its sole discretion, change the specified time by which an Alternate Clearing Participant must provide confirmation for the purposes of Rule 119.4 and Rule 119.5. If ASX Clear (Futures) does change the specified time, it will notify the affected Alternate Clearing Participants and CPM Clients as soon as reasonably practicable.

If a Person is a Nominated Person in respect of the Individual Sub-Account then:

(a) any communication described in this Procedure which is conducted after the CPM Client's Clearing Participant has Defaulted will be conducted between that Person and ASX Clear (Futures) only; and

(b) that Person may request that the Open Positions recorded in that Individual Sub-Account be transferred to any Individual Sub-Account in respect of which the Person is a Nominated Person or CPM Client held by the Alternate Clearing Participant.

*[**Explanatory Note:** These Procedures describe the following:*

~~[*Procedures to be inserted:*~~

- *method/mechanism for ASX to notify Clients of the default of a CP;*
- *mechanism for Clients to notify ASX of Alternate Clearing Participants;*
- *mechanism for Clients to confirm whether Open Positions should be ported or terminated following Clearing Participant Default;*
- *mechanism for Clients to pre-approve the dissemination of any information to Alternate Clearing Participants;*
- *mechanism for Clients to instruct ASX prior to a Clearing Participant Default as to whether ASX should disseminate information:*
    1) *to all Alternate Clearing Participants at the same time; or*
    2) *to the Alternate Clearing Participant in the order nominated by the Client until an Alternate Clearing Participant accepts the portfolio;*
- *In the absence of instructions from the Client prior to a Clearing Participant Default in respect of the above, ASX will ask the Client for instructions on the day the default occurs informing Alternate Clearing Participants of Client's Open Positions and timings/mechanism for responding as to whether they will accept those positions;*
- *any specific mechanisms for transferring the Open Positions (if to be different from business as usual transfers); ~~and~~*
- *mechanism to terminate Client Open Positions if different from existing provisions of the ~~Futures Rules.~~]Rules; and*
- *in respect of the relevant Individual Sub-Account – a Nominated Person may communicate with ASX Clear (Futures) in accordance with this Procedure instead of the CPM Client.]*

~~Rule 120 Clearing Participant Default (Open Positions recorded in an Omnibus Sub-Account~~

~~[*Procedures to be inserted:*~~

- ~~*any specific mechanisms for transferring the Open Positions (if to be different from business as usual transfers); and*~~
- ~~*mechanism to terminate Client Open Positions if different from existing provisions of the Futures Rules;*~~]

Rule 123 Application of Security Interest Provisions

Upon making a determination for the purpose of Rule 123, ASX Clear (Futures) will provide notice of this to all Clearing Participants by circular or bulletin as soon as reasonably practicable. ASX Clear (Futures) will also publish notice of the determination on www.asx.com.au as soon as reasonably practicable.

*[**Explanatory Note:** ASX Clear (Futures) will notify all Clearing Participants of a determination made for the purposes of Rule 123. ASX Clear (Futures) will also publish notice of the determination on its website.]*

Schedule 3 Prescribed Times

Rule	Description	Time
43.1 and 44.4	Time for payment of Initial margins and Daily Settlement Amounts	SFE AUD denominated contracts – 10:30 am (Sydney time), to be pending RTGS. SFE AUD denominated contracts – 11:00 am (Sydney Time), funds to be cleared. SFE NZD denominated Contracts – 10:30 am (Sydney Time), to be pending RTGS. SFE NZD denominated Contracts – 11:00 am (Sydney Time), funds to be cleared. SFE US denominated contracts – 12:00 pm (Sydney time), payment to be confirmed via authenticated SWIFT message to Exchange USD Bank. SFE US denominated contracts – 5:00 pm (New York time), funds to be received by Exchange US Correspondent Bank. EUR denominated contracts – 12pm (Sydney time), Payment to be confirmed via authenticated SWIFT message to Exchange EUR Bank. EUR denominated contracts – Funds to be received by Exchange EUR Correspondent Bank by local cutoff for same day value. GBP denominated contracts – 12pm (Sydney time), Payment to be confirmed via authenticated SWIFT message to Exchange GBP Bank. GBP denominated contracts – Funds to be received by Exchange GBP Correspondent Bank by local cutoff for same day value. JPY denominated contracts – 10am (Sydney time), Payment to be confirmed via authenticated SWIFT message to Exchange JPY Bank. JPY denominated contracts – Funds to be received by Exchange JPY Correspondent Bank by local cutoff for same day value.
43A.1	Time for payment of Initial Margins	SFE – 10:30 am (Sydney Time), to be pending RTGS SFE – 11:00 am (Sydney Time), Funds to be cleared

Schedule 9 MISCELLANEOUS PRESCRIPTIONS BY BOARD

4 ASX Clear (Futures) reports

In accordance with Rule 97.2 ASX Clear (Futures) will provide:

(a) each CPM Client for whom ASX Clear (Futures) maintains an Individual Sub Account within a Clearing Participant's Client Clearing Account; and

(b) if a Nominated Person has been notified to ASX Clear (Futures) in relation to that CPM Client, such Nominated Person,

with the following reports:

Client Clearing

- Client Trade – Open Report
- Rate Reset Report
- Curve – Discount Factor Report
- Curve – Underlying Quotes Report
- Curve – Curve Points Report
- Curve – Zero Points Report
- Curve – Par Rates Report
- Client Static Data Report

Schedule 14 Grains Contracts

Note: Tender Documentation in relation to this Schedule 14 can be obtained from the Exchange by contacting Clearing and Settlement Operations via email at: ClearingandSettlementOperations@asx.com.au.

SETTLEMENT OF DELIVERABLE DERIVATIVE CONTRACTS OVER A COMMODITY WHICH IS GRAIN.

Bulk Handlers

For the purpose of this schedule, the following companies have entered into arrangements with ASX Clear (Futures) to act as Bulk Handlers for the storage and handling of the Underlying Commodity:

- Australian Bulk Alliance Pty Ltd
- AWB Grainflow Pty Ltd
- Co-operative Bulk Handling Limited
- GrainCorp Operations Limited
- Viterra Operations Ltd

14.2.1 ELECTION TO TENDER BY SELLER

When a Seller elects to effect delivery during the Delivery Period, the Participant is required to lodge the following tender documentation with ASX Clear (Futures):

(a) Grain Futures Tender/Redemption Notice.

The Tender Notice is submitted to ASX Clear (Futures) in the following manner:

(a) The Participant completes the Tender Notice section of the Grain Futures Tender/Redemption Notice and lodges with ASX Clear (Futures). A Tender Notice

may only be lodged with ASX Clear (Futures) where the Confirmed Lodgement Status relating to the specified quantity of Underlying Commodity that is the subject of the tender, is aged two days; and

(b) The Tender Notice must be submitted to ASX Clear (Futures) by 12:00 noon on any Notice Day other than the last Notice Day (the Maturity Date). On the Last Notice Day, the Tender Notice must be lodged by 3:00 pm, unless otherwise notified by ASX Clear (Futures).

Note: The Seller may elect to settle a Deliverable Contract which is Grain by either closing out the position in the market or by effecting delivery against the contract. A Participant is required to submit a Tender Notice to ASX Clear (Futures) to indicate their intention to deliver against an open sold position in the Delivery Period.

14.2.2 ACCEPTANCE OF TENDER DOCUMENTATION

Rejection of Tender Documentation

If ASX Clear (Futures) rejects a Tender Notice, the Participant will be informed of the rejection and the reasons for the rejection, before the commencement of the end-of-day processing on the day the Tender Notice is received.

14.2.5 PROCEDURES FOR ALLOCATION

The allocation of tenders in the Delivery Month is done by random selection against the gross bought position.

14.2.6 ASX CLEAR (FUTURES) TO CONFIRM ACCEPTANCE OF TENDER DOCUMENTATION AND ALLOCATION

Seller's Delivery Advice

If ASX Clear (Futures) accepts the Tender Documentation, the Participant will receive a Seller's Advice prior to 6:30pm on the Business Day the Tender Documentation is lodged.

On the day the Tender Documentation is received, the Seller's Advice, incorporating the current Business Day's settlement price, is sent to the Seller. This will be sent prior to the commencement of end-of-day processing. The Seller's Advice details the Settlement Amount to be received by the Seller on the following Business Day.

Buyer's Delivery Advice

ASX Clear (Futures) will notify a Buyer they have been allocated a tender by issuing a Buyers Advice prior to 6:30pm on the Business Day the buyer is allocated the tender.

Prior to the commencement of end-of-day processing on the day the Buyer is allocated a tender, the Buyer's Advice, incorporating the current Business Day's settlement price, is sent to the Buyer. The Buyer's Advice details the Settlement Amount to be paid by the Buyer on the following Business Day.

14.4.2 HOLDING OF INTEREST FOR BUYER FOLLOWING SETTLEMENT OF FUTURES CCP CONTRACT

ASX Clear (Futures) will continue to hold the interest in the Underlying Commodity for the benefit of a Participant unless the Participant instructs ASX Clear (Futures) to transfer the interest to their account or a nominated account at the Bulk Handler. The procedure for doing this is:

(a) the Participant must complete the Redemption section of the Grain Futures Tender/Redemption Notice and send to ASX Clear (Futures). A Redemption Notice

must be received by the ASX Clear (Futures) before 3:00pm (Sydney time). Redemption Notices received after this time will be processed the following Business Day.

(b) ASX Clear (Futures) will initiate and send a signed TTF Form to the Participant. The Participant will sign and send to the Bulk Handler for processing or alternatively ASX Clear (Futures) will process an Electronic Title Transfer to a nominated account as specified by the Participant;

(c) the Bulk Handler will confirm the details on the Title Transfer and, if they accord with the Bulk Handler's records, transfer the specified quantity in the Underlying Commodity from the account of ASX Clear (Futures) to the nominated account;

(d) the Bulk Handler will confirm to both ASX Clear (Futures) and the Bulk Handler's client advising the transfer has been completed by the Bulk Handler; and

(e) ASX Clear (Futures) will adjust its records accordingly and this will confirm the following:

(i) the transfer of the specified quantity of the Underlying Commodity has been successful;

(ii) the specified quantity in the Underlying Commodity is no longer held in ASX Clear (Futures) account and thus is no longer deliverable stock; and

(iii) the specified quantity in the Underlying Commodity has been transferred by the Bulk Handler to the nominated account.

Introduced 24/10/11

End of Section.

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ASX OTC Rulebook

1 SCOPE AND INTERPRETATION

1.1 ASX Clear (Futures), OTC Rules and OTC Clearing

These rules are the ASX OTC Operating Rules of ASX Clear Futures Pty Limited. These rules are referred to as the **OTC Rules** and ASX Clear Futures Pty Limited is referred to as **ASX Clear (Futures)**.

ASX Clear (Futures) may provide clearing facilities for over-the-counter derivatives (referred to as **OTC Clearing**) in accordance with these OTC Rules.

1.2 Futures Rules and their application

These OTC Rules form part of:

(a) the Operating Rules of ASX Clear (Futures), which are referred to as the **Futures Rules**; and

(b) the contract constituted between ASX Clear (Futures) and Clearing Participants, and between each Clearing Participant, under the Futures Rules.

For the purpose of the Futures Rules, each "Futures Term" in the following table includes the corresponding "OTC Term" used in these OTC Rules:

Futures Term	**OTC Term**
Clearing Participants	OTC Participants
Market Contracts	OTC Transactions
Open Contracts	OTC Open Contracts
Open Position	OTC Open Position
Commitment	OTC Commitment
Initial Margin	OTC Initial Margin
Variation Margin	OTC Daily Variation Margin

Accordingly, unless these OTC Rules, (or the Futures Rules), specify otherwise, the provisions of the Futures Rules which apply to one of these Futures Terms also applies to OTC Clearing as if it referred to its corresponding OTC Term.

At the beginning of each OTC Rule a "signpost" provision has been included to specify to which Futures Rules that OTC Rule relates and the extent to which those Futures Rules apply to OTC Clearing. Where a signpost specifies that particular Futures Rules apply to OTC Clearing it means it applies as if it referred to its corresponding OTC Terms on the basis of the table set out above.

These OTC Rules prevail if they specify that a Futures Rule does not apply to OTC Clearing, or if these OTC Rules are inconsistent with, or vary, the Futures Rules.

For clarity, Schedule 1 (Relationship with Futures Rules) to these OTC Rules sets out a matrix showing which Futures Rules do not apply to OTC Clearing and OTC Open Contracts.

1.3 Meanings of terms

Unless they are defined in these OTC Rules (including in this OTC Rule 1 (Scope and Interpretation)), capitalised terms used in these OTC Rules have the meaning which they have in the Futures Rules.

1.4 OTC Handbook

The ASX OTC Handbook of ASX Clear (Futures) is referred to as the **OTC Handbook**. The OTC Handbook sets out the terms and procedures relating to OTC Clearing and other related matters. Each OTC Participant (on behalf of itself and, if applicable, its CPM Clients) undertakes to comply with the provisions of the OTC Handbook and a failure to do so is a contravention of these OTC Rules. However, the OTC Handbook does not form part of these OTC Rules or the Futures Rules. Also, these OTC Rules (and, if applicable, the Futures Rules) prevail in the event of any inconsistency between these OTC Rules and the OTC Handbook.

*[**Explanatory Note:** The amendment to OTC Rule 1.4 provides that, where applicable, each OTC Participant also undertakes to comply with the provisions of the OTC Handbook on behalf of its CPM Clients (as well as on behalf of itself).]*

1.5 OTC Participants

A Clearing Participant who is authorised to clear OTC Transactions in accordance with these OTC Rules is referred to as an **OTC Participant**.

1.6 OTC Transactions and OTC Transaction Type

These OTC Rules govern the clearing of over-the-counter derivatives that meet the eligibility criteria set out in the OTC Handbook, which are referred to as **OTC Transactions**. The categories of OTC Transactions described in the OTC Handbook are referred to as **OTC Transaction Types**.

Each OTC Transaction must be an interest rate derivative denominated in Australian dollars or New Zealand dollars.

1.7 OTC Open Contract

The contract with ASX Clear (Futures) which is taken to arise from the registration of an OTC Transaction is referred to as an **OTC Open Contract**.

*[**Explanatory Note:** OTC Rule 1.7 has been amended to reflect that, for the purposes of client clearing, the contract will not solely be the contract of the OTC Participant with ASX Clear (Futures).]*

1.8 OTC Open Position

The entitlements and obligations held by an OTC Participant (on behalf of itself and, if applicable, its CPM Client) under an OTC Open Contract which have not been completed or Terminated (as described in OTC Rule 6 (Default)) are referred to as an **OTC Open Position**.

*[**Explanatory Note:** OTC Rule 1.8 has been amended to reflect that:*

- *the entitlements and obligations relating to an OTC Open Contract will not always be solely those of the OTC Participant; and*
- *OTC Open Positions will not always be House Positions.]*

1.9 Re-bilateralisation

The process whereby two OTC Open Contracts which have equal but offsetting terms (except for the identity of the parties) may be removed from the clearing facility in accordance with the OTC Rules is referred to as **re-bilateralisation**.

1.10 OTC Terms

The terms of OTC Open Contracts are referred to as the **OTC Terms** and are set out in the OTC Handbook.

1.11 Interpretation

Unless the contrary intention appears, in these OTC Rules:

(a) a reference to a particular "OTC Rule" is a reference to that rule in these OTC Rules;

(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 the Futures Rules, these OTC Rules and the OTC Handbook) 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, dollars, AUD, $ or A$ is a reference to the lawful currency of Australia;

(f) a reference to a time of day is a reference to Sydney time;

(g) the word "person" includes an individual, a firm, a body corporate, an unincorporated association and an authority;

(h) a reference to a particular person includes the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;

(i) 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;

(j) a reference to the Corporations Act is a reference to the *Corporations Act 2001* (Cwlth);

(k) an expression in an OTC Rule 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

(l) in the interpretation of an OTC Rule, a construction that would promote the purpose or object underlying the OTC Rules (whether that purpose or

object is expressly stated in the OTC Rules or not) is to be preferred to a construction which would not promote that purpose or object.

1.12 Number

In these OTC Rules, the singular includes the plural and the plural includes the singular.

1.13 Headings

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

1.14 Signpost: Good standing

For the purposes of these OTC Rules, and for the purposes of any OTC Participant, the provisions of Futures Rule 1.2 (Good Standing) apply.

2 PARTICIPATION AND GENERAL

2.1 Signpost to related Futures Rules

The OTC Rules in this OTC Rule 2 (Participation and General) relate to matters addressed in Part 2 (General) of the Futures Rules, other than Futures Rules 5 (Commitment to Support Obligations of ASX Clear (Futures)) to 8 (Financial Requirement) (to which OTC Rules 3 and 6 are related). Of these related Futures Rules the following Futures Rules apply to OTC Clearing, where relevant as supplemented and varied by these OTC Rules:

- 3.2 (Fees)
- 4 (Becoming a Clearing Participant), other than 4.3~~-~~, 4.14(j)(v) and 4.14(ja) and (l)
- 9 (Position Limits)
- 9A (Regulation)
- 10 (Appointment of Board as Agent)
- 11 (Resignation and Change in Control)
- 12 (Appeals)
- 13 (Access to Records)
- 14 (Amendment to Rules)
- 16 (Use of Exchange System)
- 17 (Terms relating to Exchange Equipment)
- 18 (Terms relating to Both Licensed Software and Exchange Equipment)
- 19 (Miscellaneous)
- 20 (Risk Committee)

*[**Explanatory Note:** The amendment to OTC Rule 2.1 provides that Futures Rules 4.14(j) (except for Futures Rule 4.14(j)(v)) and (k) apply to OTC Clearing, as supplemented and varied by the OTC Rules where relevant.]*

2.2 Becoming an OTC Participant

To be an OTC Participant, an entity must be admitted as a Clearing Participant under the Futures Rules and authorised by ASX Clear (Futures) to participate in OTC Clearing in accordance with these OTC Rules. If an entity which was an OTC Participant ceases to be a Clearing Participant, then it also ceases to be an OTC Participant.

However, an OTC Participant need not be a Futures Participant as defined in the Futures Rules.

A Clearing Participant may apply for an authorisation to clear OTC Transactions, or certain OTC Transaction Types, in accordance with these OTC Rules. The application for this authorisation is referred to as an application to "become an OTC Participant".

2.3 Conditions to become an OTC Participant

A Clearing Participant which satisfies the following conditions may apply to become an OTC Participant:

(a) it is:

(i) either:

(A) an Australian Bank; or

(B) an Australian subsidiary of an Australian Bank,

in each case, which is regulated by the Australian Prudential Regulation Authority in accordance with the *Banking Act 1959* (Cwlth) or is the holder of an appropriate (as determined by ASX Clear (Futures) in its sole discretion) Australian Financial Services Licence; or

(ii) the holder of an appropriate (as determined by ASX Clear (Futures) in its sole discretion) Australian Financial Services Licence, or a similar licence issued in a jurisdiction other than Australia, on the basis of which it is exempt from the requirement to hold an Australian Financial Services Licence; and

(b) it meets the applicable Financial Requirements under OTC Rule 3.3 (Financial Requirements of OTC Participants); and

(c) it can demonstrate to the satisfaction of ASX Clear (Futures) its ability to participate in the default management process maintained by ASX Clear (Futures) and referred to in OTC Rule 6.2 (Default management process), including participating in a DM Auction which includes both OTC Open Contracts and, if applicable, other Open Contracts of the Defaulted OTC Participant; and

(d) if a Clearing Participant who applies to be an OTC Participant is not a Futures Participant, it must have in place arrangements (which may not be withdrawn without ASX Clear (Futures)' consent) for a Futures Participant to clear Market Contracts which the applicant acquires in any DM Auction.

The applicant must provide evidence of these arrangements to ASX Clear (Futures) in form and substance satisfactory to ASX Clear (Futures); and

(e) such other conditions as may be set out in the OTC Handbook.

In special circumstances to the satisfaction of ASX Clear (Futures), and with ASX Clear (Futures)' consent, a person not satisfying these requirements may apply to become an OTC Participant.

*[**Explanatory Note:** The amendments to OTC Rule 2.3 provide that a Clearing Participant may also apply to become an OTC Participant where it meets the conditions in OTC Rule 2.3 and is the holder of an appropriate (as determined by ASX Clear (Futures) in its sole discretion) Australian Financial Services Licence, or is exempt from the requirement to hold an Australian Financial Services Licence on the basis that it holds a similar licence issued in a jurisdiction other than Australia.]*

2.4 Application to be an OTC Participant

An applicant intending to become an OTC Participant must lodge with ASX Clear (Futures):

(a) an application in the form required by ASX Clear (Futures) duly executed by the applicant;

(b) such information and evidence concerning the applicant as ASX Clear (Futures) may require;

(c) an undertaking by the applicant in the form required by ASX Clear (Futures) to abide by these OTC Rules, the OTC Handbook and the Futures Rules as varied from time to time;

(d) an application fee of an amount determined by ASX Clear (Futures); and

(e) such other documents, information or evidence as are set out in the OTC Handbook.

In considering an application to become an OTC Participant, ASX Clear (Futures) may request any information or evidence which it thinks fit.

2.5 Approval of application

In its discretion ASX Clear (Futures) may approve an application where it:

(a) is satisfied that the applicant meets the conditions in OTC Rule 2.3 (Conditions to become an OTC Participant); and

(b) expects that the applicant will continue to meet all applicable admission and general conduct requirements for Clearing Participants under the Futures Rules.

These requirements are continuing and need to be satisfied for as long as the Clearing Participant is an OTC Participant.

The approval of ASX Clear (Futures) to authorise a Clearing Participant as an OTC Participant may be limited to a particular OTC Transaction Type.

2.6 Fees and OTC Commitment

Any authorisation of a Clearing Participant as an OTC Participant does not take effect until the applicant has:

(a) paid the fees as required by ASX Clear (Futures) in accordance with the OTC Handbook; and

(b) provided its OTC Commitment to ASX Clear (Futures) in accordance with OTC Rule 3 (Commitments and Financial Requirements).

Unless these requirements are satisfied within two months of the date of the approval by ASX Clear (Futures) to authorise such Clearing Participant as an OTC Participant, or such further time as ASX Clear (Futures) may in its discretion allow, the approval lapses.

2.7 Conditions on authorisation

In addition to the requirements set out in OTC Rule 2.5 (Approval of application) above, ASX Clear (Futures) may impose any additional conditions on an authorisation as an OTC Participant as it thinks fit from time to time. This may include limitations with respect to the OTC Transaction Types which an OTC Participant may clear.

At any time, if an OTC Participant does not comply, or is likely to not comply, with any of the conditions of its authorisation as an OTC Participant then it must notify ASX Clear (Futures) immediately.

2.8 Limitations on authorisation

Authorisation as an OTC Participant is a privilege granted by ASX Clear (Futures) and may be withdrawn by ASX Clear (Futures) at any time. ASX Clear (Futures) will act reasonably and in good faith in deciding to withdraw the authorisation of an OTC Participant and will provide notice in writing to the OTC Participant outlining the reasons for the withdrawal of its authorisation under this OTC Rule.

An OTC Participant may not assign, charge, declare a trust in respect of, or otherwise deal with its rights or privileges under these OTC Rules. ASX Clear (Futures) is not required to recognise any purported interest of any person in the rights of an OTC Participant under these OTC Rules.

However, this OTC Rule 2.8 is subject to the Client Protection Model Provisions, to the extent to which they apply.

*[**Explanatory Note:** The amendment to OTC Rule 2.8 provides that this Rule is subject to the Client Protection Model Provisions, to the extent they apply.]*

2.9 Fees

ASX Clear (Futures) may impose different fees on an OTC Participant from those which are imposed on a Clearing Participant which is not an OTC Participant. Also, ASX Clear (Futures) may impose different fees on OTC Participants authorised to clear different OTC Transaction Types.

Each OTC Participant must pay the fees imposed on it on demand or at such other specified time. Fees which are due and payable under these OTC Rules or the Futures Rules for which payment has not been received by ASX Clear (Futures) by the due date may be deducted by ASX Clear (Futures) from any credit balance of the House Clearing Account of the OTC Participant.

2.10 Relationship with ASX Clear (Futures)

Each OTC Participant deals with ASX Clear (Futures) under these OTC Rules and the Futures Rules as principal, not on behalf of any other person and not as trustee.

ASX Clear (Futures) need not recognise the interests of any person who claims to have an interest in the rights which an OTC Participant has against ASX Clear (Futures) and ASX Clear (Futures) is not responsible for the performance or liabilities of any OTC Participant to any person.

However, this OTC Rule 2.10 is subject to the Client Protection Model Provisions, to the extent to which they apply.

*[**Explanatory Note:** The amendment to OTC Rule 2.10 provides that this Rule is subject to the Client Protection Model Provisions, to the extent they apply.]*

2.11 Variations to OTC Handbook

ASX Clear (Futures) may vary or replace the OTC Handbook from time to time. Any such variation or replacement of the OTC Handbook will become effective at the time specified by ASX Clear (Futures). ASX Clear (Futures) agrees to notify in advance the OTC Participants of any such variation or replacement. 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 any variation or replacement.

2.12 Termination of OTC Clearing service

If at any time ASX Clear (Futures) decides to cease providing the OTC Clearing service provided under these OTC Rules, it agrees to provide at least six months' notice to all OTC Participants in writing, and to all CPM Clients by notice on the ASX website, of the date on which the service will cease. However, this is not invalidated by any OTC Participant or CPM Client not receiving this notice.

ASX Clear (Futures) will consult with the Risk Committee regarding the process for the discontinuation of the OTC Clearing service in accordance with the Futures Rules.

If there are any OTC Open Contracts on the date for cessation of the service which has been notified by ASX Clear (Futures) then ASX Clear (Futures) may, at its sole discretion:

(a) terminate any or all of such OTC Open Contracts and require them to be cash settled at a price determined by ASX Clear (Futures) by reference to the last determined OTC Daily Closing Value for such OTC Open Contracts; or

(b) postpone the date of the cessation of the service until such time as ASX Clear (Futures) determines.

*[**Explanatory Note:** The amendments to OTC Rule 2.12 provide that, if at any time ASX Clear (Futures) decides to cease providing the OTC Clearing service, it will provide notice to OTC Participants in writing, and notice to CPM Clients on the ASX Clear (Futures) website. However, this will not be invalidated by any OTC Participant or CPM Client not receiving this notice.]*

2.13 Obligations of OTC Participant prior to termination

The termination or suspension of a Clearing Participant or termination of its authorisation as an OTC Participant in respect of an OTC Transaction Type does

not affect any accrued rights or obligations existing as between the OTC Participant (including those held on behalf of any CPM Client) and each of ASX Clear (Futures), a Related Body Corporate of ASX Clear (Futures), or other OTC Participants.

Without limiting the above, following the termination or suspension of a Clearing Participant or termination of its authorisation as an OTC Participant in respect of an OTC Transaction Type under these OTC Rules:

(a) the OTC Rules continue to apply and ASX Clear (Futures) will continue to have jurisdiction in respect of the OTC Participant concerning any conduct or any failure to comply with the OTC Rules which occurred before the termination or suspension, whether that conduct or failure was by the OTC Participant or by any other person for whose conduct the OTC Participant was responsible;

(b) the OTC Participant continues to be bound by any indemnity given by the OTC Participant under these OTC Rules or the Futures Rules; and

(c) other Futures Rules and OTC Rules continue to apply in respect of the Participant to the extent required to give effect to paragraphs (a) and (b).

Without limiting the above, ASX Clear (Futures) is entitled to require any outstanding OTC Open Contract of the OTC Participant to be removed in accordance with OTC Rule ~~4.13~~ 4.12 (Re-bilateralisation).

*[**Explanatory Note:** The amendments to OTC Rule 2.13 provide that the termination or suspension of a Clearing Participant or termination of its authorisation of an OTC Participant in respect of an OTC Transaction Type will not affect any accrued rights or obligations existing as between the OTC Participant and each of ASX Clear (Futures), a Related Body Corporate of ASX Clear (Futures), or other OTC Participant, including where those accrued rights or obligations are held on behalf of a CPM Client.]*

~~**2.14 OTC Product Committees**~~

*[**Explanatory Note**: The existing OTC Rule 2.14 is deleted as the provisions for the OTC Product Committee have been moved to the Futures Rules.]*

~~Committees related to OTC Clearing (referred to as **OTC Product Committees**) may be established in accordance with the procedures set out in the OTC Handbook. Each OTC Participant must comply with the procedures set out in the OTC Handbook in respect of any OTC Product Committee of which it is a member.~~

~~2.15~~2.14 Access arrangements and trade authorisation

An OTC Participant must:

(a) establish and maintain access arrangements for submission of messages to ASX Clear (Futures) via the Approved Trade Source System that meets the minimum standards set out in the OTC Handbook;

(b) establish and maintain appropriate arrangements for internal authorisation of the submission of OTC Transactions for registration and requests to re-bilateralise, cancel, amend or transfer OTC Open Contracts; and

(c) sign an Attestation in the form set out in the OTC Handbook and lodge the signed Attestation with ASX Clear (Futures) within 3 months of the end of each calendar year.

~~2.16~~2.15 Client Sub-Accounts

A Clearing Participant may hold Open Positions in respect of OTC Open Contracts in a Client Sub-Account only on behalf of CPM Clients which have been approved by ASX Clear (Futures) in accordance with the OTC Handbook.

In respect of each CPM Client, the Clearing Participant and CPM Client each represent that the CPM Client is a wholesale client (as defined under the Corporations Act) and ~~that at least one of the following is correct:~~also provide the representations which are set out in the OTC Handbook for the purposes of this OTC Rule.

~~(a) the Client is incorporated in Australia; or~~

~~(b) the Client is carrying on business in Australia (as that concept is defined under the Corporations Act); or~~

~~(c) in respect of contracts to be registered in the Client Sub-Account maintained for the Client, the Client is acting on behalf of an entity or entities, that are incorporated or carrying on business in Australia.~~

Nothing in this OTC Rule limits Futures Rule 113.5.

*[**Explanatory Note:** New OTC Rule ~~2.16~~ 2.15 provides that Open Positions in respect of OTC Open Contracts may be held in a Client Sub-Account by a Clearing Participant on behalf of CPM Clients that are approved by ASX Clear (Futures).]*

3 COMMITMENTS AND FINANCIAL REQUIREMENTS

3.1 Signpost to related Futures Rules

These OTC Rules relate to matters which are addressed in Futures Rules:

- 5 (Commitment to Support Obligations of ASX Clear (Futures))
- 6 (Withdrawal of Clearing Participant Commitment)
- 8 (Financial Requirements)

These Futures Rules are applicable to OTC Clearing, as supplemented and varied by these OTC Rules.

3.2 OTC Commitment

OTC Participants must provide a commitment to the financial support of the obligations of ASX Clear Futures (**OTC Commitment**) in the form prescribed by ASX Clear (Futures) as set out in the OTC Handbook and as calculated in accordance with Schedule 2 (OTC Commitment).

The aggregate amount of OTC Commitment is one hundred million dollars (A$100,000,000), subject to the transitional arrangements set out in Schedule 2 (OTC Commitment). The amount of OTC Commitment held by ASX Clear (Futures) may exceed the Aggregate OTC Commitment determined in accordance with Schedule 2 during a period where an OTC Participant is admitted but has not been previously included in the quarterly recalculation of OTC Commitment.

An OTC Participant that is also a Futures Participant must provide an additional Futures Commitment calculated in accordance with the Futures Rules.

3.3 Financial Requirements of OTC Participants

An OTC Participant must:

(a) have:

(i) if it is an Australian Bank, a minimum Tier 1 capital of $50,000,000; or

(ii) if it is not an Australian Bank, a minimum level of Net Tangible Assets equal to $50,000,000. For this purpose, Net Tangible Assets has the same meaning as it has in the Futures Rules; and

(b) lodge with ASX Clear (Futures) the following financial information:

(i) if it is an Australian Bank, a quarterly capital statement of its Tier 1 capital in the form prescribed by ASX Clear (Futures); or

(ii) if it is not an Australian Bank, the financial information required of a Clearing Participant in accordance with the Futures Rules; and

(c) immediately advise ASX Clear (Futures) if any of the financial circumstances set out in the OTC Handbook occur in respect of the OTC Participant (if any such financial circumstances are set out in the OTC Handbook).

ASX Clear (Futures) may determine that the Financial Requirements of a particular OTC Participant are to exceed those specified above. ASX Clear (Futures) will make such a determination having regard to the number or value of OTC Open Contracts held by the OTC Participant, its assessment of the OTC Participant's risk under such OTC Open Contracts, the requirement of insurers or any other relevant factor. Where an OTC Participant is also a Futures Participant, ASX Clear (Futures) may also make such a determination having regard to both OTC Open Contracts and other Open Contracts. Any increased Financial Requirements determined by ASX Clear (Futures) apply to that OTC Participant until ASX Clear (Futures) determines otherwise.

An OTC Participant who is also a Futures Participant will only be required to comply with an amount equal to the greater of:

(a) the Financial Requirements applicable to it as a Futures Participant; or

(b) the Financial Requirements applicable to it as an OTC Participant,

unless otherwise provided under this OTC Rule 3.3.

4 REGISTRATION

4.1 Signpost to related Futures Rules

These OTC Rules relate to matters which are addressed in Part 3 (Registration of Market Contracts and Obligations of ASX Clear (Futures)) of the Futures Rules. Accordingly, Part 3 of the Futures Rules (except Futures Rules 31.8 and 34) does not apply to OTC Clearing.

4.2 OTC Participants and OTC Participant Related Entities

Only OTC Participants are entitled to have OTC Transactions registered in their name, in either their House Clearing Account or their Client Clearing Account (as determined in accordance with these OTC Rules and the Futures Rules).

Except to the extent that the Client Protection Model Provisions apply, each OTC Participant must be acting as principal in respect of each OTC Transaction and each OTC Participant represents and warrants that it is acting as principal in respect of an OTC Transaction.

However, ASX Clear (Futures) may approve a Related Body Corporate of an OTC Participant to be an **OTC Participant Related Entity**. OTC Transactions which have been entered into by an OTC Participant Related Entity may also be submitted for registration as an OTC Transaction of the related OTC Participant in accordance with OTC Rule 4.3 (Submission of OTC Transactions). If such an OTC Transaction is accepted for registration in accordance with OTC Rule 4.6 (Creation of OTC Open Contracts) then the OTC Transaction will be registered by ASX Clear (Futures) in the name of the related OTC Participant and in its House Clearing Account.

The related OTC Participant:

(a) will be taken to be, and will be taken to have been, party to that OTC Transaction for the purposes of these OTC Rules, the OTC Handbook and the Futures Rules, regardless of the identity of the original contracting party to the OTC Transaction;

(b) will be taken to be acting as principal in respect of that OTC Transaction and ASX Clear (Futures) will not in any way be required to recognise any OTC Participant Related Entity and is not in any way responsible for the performance of the obligations under OTC Open Contracts to any OTC Participant Related Entity;

(c) will ensure that the OTC Transaction is terminated in accordance with OTC Rule 4.6(b) as if it were an original contracting party to that OTC Transaction and represents and warrants that it has the full capacity and authority to terminate the OTC Transaction on behalf of the OTC Participant Related Entity; and

(d) indemnifies and will keep indemnified ASX Clear (Futures) and its officers, representatives, agents and contractors against all actions~~,~~ proceedings, claims, demands, damages, costs, expenses and any other amounts including any transaction taxes, goods and services taxes or any other duties or taxes (extending to include any taxes payable by ASX Clear (Futures) on a payment made under this indemnity) against or incurred by any of ASX Clear (Futures), its officers, representatives, agents or contractors arising out of or in connection with the registration of the OTC Transaction submitted by an OTC Participant Related Entity, or any action taken by, or any inaction by, any of ASX Clear (Futures) or its officers, representatives, agents or contractors in connection with the registration of the OTC Transaction submitted by an OTC Participant Related Entity, to the extent that it was not caused by the negligence, fraud or wilful default of ASX Clear (Futures).

ASX Clear (Futures) will not in any way have any obligation in connection with, or be on notice in relation to, any matter arising between the OTC Participant and any OTC Participant Related Entity or otherwise affecting the OTC Participant Related Entity. Nothing in this provision means that any OTC Participant Related Entity:

(i) is an OTC Participant for the purpose of these OTC Rules, the OTC Handbook and the Futures Rules;

(ii) has any rights against ASX Clear (Futures); or

(iii) has any interest in any OTC Open Contract.

In addition, nothing in this provision limits OTC Rule 2.10 (Relationship with ASX Clear (Futures)).

*[**Explanatory Note:** The amendments to OTC Rule 4.2 provide that:*

- *only OTC Participants are entitled to have OTC Transactions registered in their name, in either their House Clearing Account or their Client Clearing Account;*
- *each OTC Participant must be acting as principal in respect of each OTC Transaction, except to the extent that the Client Protection Model Provisions apply; and*
- *if an OTC Transaction has been entered into by an OTC Participant Related Entity of a related OTC Participant then the OTC Transaction will be registered in the name of the related OTC Participant and in its House Clearing Account.]*

4.3 Submission of OTC Transactions

An OTC Transaction to be submitted for registration must be presented to ASX Clear (Futures) in accordance with the OTC Handbook.

OTC Transactions must be submitted for registration using an Approved Trade Source System (as described in the OTC Handbook).

OTC Transactions submitted through an Approved Trade Source System must be in an acceptable message format, as prescribed by ASX Clear (Futures) from time to time.

ASX Clear (Futures) will satisfy itself that a trade source system is suitable as an Approved Trade Source System for ASX Clear (Futures) before approving it as an Approved Trade Source System.

~~A~~ A CPM Client may submit an OTC Transaction to ASX Clear (Futures) for approval by the CPM Client's relevant OTC Participant in accordance with the above paragraphs of this OTC Rule 4.3. However, an OTC Participant may notify ASX Clear (Futures) of limitations on the types of OTC Transactions which may be submitted for registration on behalf of a CPM Client.

Once consent has been obtained or is taken to have been obtained (in accordance with the OTC Handbook) from the OTC Participants in whose Clearing Account the OTC Open Contracts would be created by the registration of that OTC Transaction, then the OTC Transaction is taken to have been submitted by the OTC Participant to ASX Clear (Futures) for registration.

~~An OTC Participant may notify ASX Clear (Futures) of limitations on the types of OTC Transactions which may be submitted for registration on behalf of a Client.~~

*[**Explanatory Note:** The amendments to OTC Rule 4.3 provide that:*

- *a CPM Client may submit an OTC Transaction for registration;*
- *where so, the CPM Client's OTC Participant must provide its consent to the registration of the OTC Transaction; and*
- *an OTC Participant may notify ASX Clear (Futures) of limitations on the types of OTC Transactions which may be submitted for registration on behalf of a CPM Client.]*

4.4 Reliance on correctness

ASX Clear (Futures) is entitled to rely on the particulars of any OTC Transaction notified to it as being correct and it is not bound to recognise any error in relation to such particulars.

4.5 Acceptance for registration

ASX Clear (Futures) will accept the submission of an OTC Transaction for registration if:

(a) the OTC Transaction has been submitted for registration in accordance with the OTC Handbook;

(b) each OTC Participant with whom an OTC Open Contract would be registered in respect of that OTC Transaction:

(i) was not in Default as at the time at which the OTC Transaction was received by ASX Clear (Futures) for registration;

(ii) is authorised as an OTC Participant in respect of the relevant OTC Transaction Type; and

(iii) is entitled under these OTC Rules and the Futures Rules to have an OTC Transaction registered in its name;

(c) the OTC Transaction satisfies the OTC Eligibility Criteria set out in the OTC Handbook;

(d) the OTC Transaction passes the limit check applicable to it in accordance with the OTC Handbook for each OTC Participant with whom an OTC Open Contract would be registered in respect of that OTC Transaction;

(e) ASX Clear (Futures) does not reasonably believe that its registration of the OTC Transaction will contravene applicable law; and

(f) each applicable additional condition relevant to the OTC Transaction set out in the OTC Handbook is satisfied.

In addition, ASX Clear (Futures) may, in its absolute discretion, accept the submission of an OTC Transaction for registration if it does not satisfy all ~~or any~~ of the conditions set out in (a) to (f) above.

Where ASX Clear (Futures) has accepted the submission of an OTC Transaction for registration, that OTC Transaction will be deemed to have been registered as at the time it was received by ASX Clear (Futures).

*[**Explanatory Note:** The amendment to OTC Rule 4.5 reflects that OTC Open Contracts will not always be registered in the House Clearing Account, and that ASX Clear (Futures) may choose to accept an OTC Transaction for registration even where the conditions specified are not satisfied.]*

4.6 Creation of OTC Open Contracts

The effect of registration of an OTC Transaction is that ASX Clear (Futures) will be interposed, by novation, as the counterparty under an OTC Open Contract to each OTC Participant which was, or was taken to be, a party to the OTC Transaction. The result of this is that:

(a) two OTC Open Contracts are created, one between ASX Clear (Futures) and each OTC Participant which was, or was taken to be, a party to the

OTC Transaction. Under each OTC Open Contract, ASX Clear (Futures) has the same rights against, and obligations to, each OTC Participant which the other OTC Participant had, or was taken to have, under the OTC Transaction (this reference to the "same" rights or obligations is a reference to rights or obligations which are the same in nature and character as those rights or obligations rather than the same as to the person or persons entitled to them or obliged to perform them);

(b) the OTC Transaction is terminated so that each OTC Participant is released from its obligations to the other OTC Participant which was, or was taken to be, a party to the OTC Transaction, except for outstanding obligations which have fallen due for performance and which have not been performed at the time of registration; and

(c) each OTC Participant which was, or was taken to be, a party to the OTC Transaction is bound by its respective OTC Open Contracts with ASX Clear (Futures) automatically and without any further action on their part.

The terms of these OTC Open Contracts incorporate all applicable terms of the OTC Rules and the OTC Handbook (including the OTC Terms set out in the OTC Handbook which are applicable to the relevant OTC Open Contract).

~~Subject to the Client Protection Model Provisions, each~~ Each OTC Open Contract is between~~.~~:

(a) if the Client Protection Model Provisions do not apply in respect of an OTC Open Contract, ASX Clear (Futures) and an OTC Participant as principal and not as agent and no other person has any rights or obligations under any OTC Open Contract between the OTC Participant and ASX Clear (Futures)~~.~~; or

(b) if the Client Protection Model Provisions apply in respect of an OTC Open Contract, ASX Clear (Futures), an OTC Participant and its CPM Client (in accordance with the Client Protection Model Provisions) and no other person has any rights or obligations under the OTC Open Contract.

The OTC Open Contracts are not dependent on the valid existence of the associated OTC Transaction. If the OTC Transaction is rendered invalid after it has been registered, the corresponding OTC Open Contracts are not affected. ~~However, this does not limit OTC Rule 4.7 (Exclusion of certain OTC Open Contracts).~~

*[**Explanatory Note:** The amendment to OTC Rule 4.6 provides that, subject to the Client Protection Model Provisions, each OTC Open Contract is between ASX Clear (Futures) and an OTC Participant as Principal and not as agent.]*

~~**4.7 Exclusion of certain OTC Open Contracts**~~

~~ASX Clear (Futures) is not obliged to meet its obligations under an OTC Open Contract where the OTC Transaction the registration of which gave rise to the OTC Open Contract:~~

~~(a) was not entered into in good faith by the parties to the OTC Transaction; or~~

~~(b) was, to the knowledge of the parties to the OTC Transaction, entered into with an intention by either party to the OTC Transaction to Default,~~

~~provided that:~~

~~(i) the rights provided under this OTC Rule to ASX Clear (Futures) do not relieve the OTC Participant from any obligations to ASX Clear (Futures) under the OTC Open Contract; and~~

~~(ii) the existence or exercise of any rights under this OTC Rule by ASX Clear (Futures) in relation to an OTC Open Contract does not affect or avoid ASX Clear (Futures)' obligations under any other OTC Open Contract whether or not arising from the registration of the same OTC Transaction.~~

~~ASX Clear (Futures) will act reasonably and in good faith in determining the existence of the events set out in OTC Rule 4.7(a) and (b) and will provide notice in writing to the OTC Participant outlining the reasons for its determinations and the exercise of any rights provided under this OTC Rule.~~

~~*[**Explanatory Note:** The amendment to OTC Rule 4.7 provides that ASX Clear (Futures) will not be obliged to meet its obligations under an OTC Open Contract where the OTC Transaction which gave rise to its registration was not entered into in good faith by the parties to the OTC Transaction.]*~~

~~4.8~~4.7 Incorrectly registered OTC Transactions

If an OTC Transaction is incorrectly registered by ASX Clear (Futures) then ASX Clear (Futures) may, in its discretion:

(a) with the agreement of the OTC Participants party to the OTC Open Contracts created by the registration, correct the registration of the OTC Transaction so that it is taken to have been registered as corrected and these OTC Rules and the Futures Rules apply accordingly; or

(b) not amend the registration, in which case the original terms so registered will apply to that OTC Transaction and the consequent OTC Open Contracts created by the registration.

Any such correction in accordance with OTC Rule ~~4.8(a~~4.7(a) may be made subject to any conditions imposed by ASX Clear (Futures) including provision of Margin. ASX Clear (Futures) is not liable to any person in connection with any correction so made.

*[**Explanatory Note:** The amendment to OTC Rule ~~4.8~~ 4.7 provides that if an OTC Transaction is incorrectly registered by ASX Clear (Futures), ASX Clear (Futures) may, in its discretion, and with the agreement of the OTC Participants party to that OTC Open Contract, correct the registration of the OTC Transaction.]*

~~4.9~~4.8 Authoritative Record

The record of OTC Open Contracts and OTC Open Positions maintained by ASX Clear (Futures) is the authoritative record and is conclusive at all times.

~~4.10~~4.9 Performance of OTC Open Contracts

Each OTC Participant must perform all of its obligations under the terms of each OTC Open Contract registered in its name.

~~4.11~~4.10 Trade amendment and cancellation

An OTC Open Contract may only be varied by OTC Participants by re-bilateralisation in accordance with OTC Rule ~~4.13~~ 4.12 (Re-bilateralisation) and

submission of a new OTC Transaction for registration in accordance with OTC Rule 4.3 (Submission of OTC Transactions).

An OTC Open Contract may only be cancelled by OTC Participants in accordance with OTC Rule ~~4.13~~ 4.12 (Re-bilateralisation).

~~4.12~~4.11 Backloading

An OTC Transaction with a trade date that is more than the number of Business Days prescribed in the OTC Handbook prior to the date of initial submission for registration of the OTC Transaction in a form that satisfies the OTC Eligibility Criteria set out in the OTC Handbook, must be submitted for registration in accordance with the OTC Handbook.

The submission for registration of such OTC Transactions requires bilateral agreement between the OTC Participants which are, or are taken to be, parties to the OTC Transactions of the full particulars required by ASX Clear (Futures) for each OTC Transaction.

~~4.13~~4.12 Re-bilateralisation

The conditions for the removal of two OTC Open Contracts which have equal but offsetting terms (except for the identity of the parties) are:

(a) the OTC Open Contracts must not have matured; and

(b) there must be no cash flows (e.g. coupon settlement) under the OTC Open Contracts due on the day of re-bilateralisation.

Two OTC Open Contracts satisfying the above conditions may be removed by ASX Clear (Futures) if:

(a) each OTC Participant in whose account an OTC Open Position in respect of one of those OTC Open Contracts is being held notifies ASX Clear (Futures) of its instructions to remove the OTC Open Contract;

(b) any conditions on accepting such instructions determined by ASX Clear (Futures) in its discretion (which may include the provision of Margin from either or both OTC Participants) have been satisfied;

(c) neither OTC Participant is in Default at the time at which the instructions are received by ASX Clear (Futures); and

(d) ASX Clear (Futures) chooses, at its discretion, to accept those instructions.

The effect of the removal is that the OTC Open Contracts are terminated and ASX Clear (Futures) no longer has any rights against, or obligations to, either of the OTC Participants which held an OTC Open Position with respect to that OTC Open Contract or, if applicable, their CPM Clients, under the terms of those OTC Open Contracts.

Any request for re-bilateralisation may only be made in accordance with the OTC Participant's internal arrangements for authorising such a request, which the OTC Participant is required to have under OTC Rule ~~2.15~~ 2.14 (Access arrangements and trade authorisation).

The OTC Handbook sets out the procedures and timing for the removal of OTC Open Contracts. The OTC Participants and, if applicable, their CPM Clients, may agree the terms of a transaction between them following, and in connection with, removal of the OTC Open Contract.

*[**Explanatory Note:** The amendments to OTC Rule ~~4.13~~ 4.12 reflect that:*

- *for the purposes of client clearing, OTC Open Positions may be held in an OTC Participant's account;*
- *where two OTC Open Contracts are removed by ASX Clear (Futures) in accordance with OTC Rule ~~4.13~~4.12, ASX Clear (Futures) no longer has any rights against, or obligations to, either of the OTC Participants or, if applicable, their CPM Clients, under the terms of those OTC Open Contracts;*
- *OTC Participants, and, if applicable, their CPM Clients, may agree the terms of a transaction between them following, and in connection with, removal of the OTC Open Contact.]; and*
- *Rebilateralisation cannot occur if one of the OTC Participants to the OTC Open Contract is in Default~~]~~.*

~~4.14~~4.13 Transfer of OTC Open Contracts

Any transfer of an OTC Open Contract by an OTC Participant may only be effected in accordance with this OTC Rule ~~4.14~~4.13. Any purported transfer not in accordance with this OTC Rule will not be effective. However, this OTR Rule 4.13 is subject to the Client Protection Model Provisions.

~~The conditions for transferring an OTC Open Contract upon the request of an OTC Participant are:~~

~~(a) the OTC Open Contract must not have matured;~~

~~(b) there must be no cash flows under the OTC Open Contract due on the day of transfer; and~~

~~(c) the transferee of the OTC Open Contract must be an OTC Participant.~~

ASX Clear (Futures) may, on the request of an OTC Participant, transfer an OTC Open Contract ~~satisfying the above conditions~~ to a Clearing Account of that OTC Participant (from another OTC Participant)~~, if~~ if the following conditions are satisfied:

(a) the OTC Open Contract must not have matured;

(b) there must be no cash flows under the OTC Open Contract due on the day of transfer;

(c) the transferee of the OTC Open Contract must be an OTC Participant;

(d) that OTC Participant is authorised in respect of the OTC Transaction Type to which that OTC Open Contract relates~~.~~; and

(e) neither OTC Participant is in Default at the time at which the request is received by ASX Clear (Futures).

ASX Clear (Futures) may in its discretion, decline any request without cause or impose such conditions on accepting such a request as it thinks fit, including requiring Margin.

The OTC Participant from which the OTC Open Contract is to be transferred must consent to the transfer before it can be effected.

The transfer of an OTC Open Contract is effected by novation so that:

(a) a new OTC Open Contract is created between ASX Clear (Futures) and the OTC Participant to whom the OTC Open Contract is to be transferred. Under this OTC Open Contract:

(i) ASX Clear (Futures) has the same rights against, and obligations to, the receiving OTC Participant which it had under the OTC Open Contract between ASX Clear (Futures) and the transferring OTC Participant; and

(ii) the receiving OTC Participant has the same rights against, and obligations to, ASX Clear (Futures) which the transferring OTC Participant had against ASX Clear (Futures) under the OTC Open Contract between ASX Clear (Futures) and the transferring OTC Participant.

However, this reference to the "same" rights or obligations is a reference to rights or obligations which are the same in nature and character as those rights or obligations rather than the same as to the person or persons entitled to them or obliged to perform them; and

(b) the OTC Open Contract between ASX Clear (Futures) and the transferring OTC Participant is terminated so that each of ASX Clear (Futures) and that OTC Participant is released from its obligations to the other, except for outstanding obligations which have fallen due for performance and which have not been performed at the time of registration.

*[**Explanatory Note:** The amendments to OTC Rule ~~4.14~~ 4.13 provide that ASX Clear (Futures) may, on the request of an OTC Participant, transfer an OTC Open Contract satisfying the conditions in OTC Rule ~~4.14~~ 4.13 held in a Clearing Account of that OTC Participant to another OTC Participant authorised in respect of the OTC Transaction Type to which that OTC Open Contract relates, provided that neither OTC Participant is in Default.]*

~~4.15~~4.14 OTC Portfolio Compression

If the requirements for portfolio compression set out in the OTC Handbook are met, then ASX Clear (Futures) will facilitate a portfolio compression cycle in accordance with the procedures set out in the OTC Handbook.

~~4.16~~4.15 Netting of OTC Open Contracts

OTC Open Contracts in the same Client Sub-Account may be netted in accordance with the procedures set out in the OTC Handbook.

*[**Explanatory Note:** Old OTC Rule 4.16 (now renumbered as OTC Rule 4.15) has been deleted as similar wording is already included in Futures Rule 31.8. New OTC Rule ~~4.16~~ 4.15 provides that OTC Open Contracts in the same Client Sub-Account may be netted in accordance with the procedures set out in the OTC Handbook.]*

5 ACCOUNTS AND MARGIN

5.1 Signpost to related Futures Rules

These OTC Rules relate to matters which are addressed in Part 4 (Accounts and Daily Settlement) of the Futures Rules. Part 4 of the Futures Rules (except Futures Rules 41, 44.5 to 44.7 and 47.2 to 47.4) does not apply to OTC Clearing except to the extent set out in this OTC Rule 5.

*[**Explanatory Note**: The amendment to OTC Rule 5.1 provides that Futures Rules 41, 44.5 and 44.7 (in addition to 47.2 to 47.4) apply to OTC Clearing. The deletion of old OTC Rule 5.2 reflects that, as a result of the introduction of client clearing, money or property owing in respect to OTC Open Positions will not always be registered in the OTC Participant's House Clearing Account.]*

5.2 Transfer of OTC Initial Margin

In respect of each of its OTC Open Positions, whether recorded in the House Clearing Account or the Client Clearing Account, each OTC Participant must transfer to ASX Clear (Futures) an amount of money in Australian dollars (or such other currency set out in the OTC Handbook as ASX Clear (Futures) accepts in its discretion) equal to the OTC Initial Margin required as determined by ASX Clear (Futures) from time to time. The amounts must be transferred upon demand or by such time as is set out in the OTC Handbook or is otherwise required by ASX Clear (Futures). These transferred amounts are to be dealt with by ASX Clear (Futures) in accordance with these OTC Rules and the Futures Rules.

OTC Initial Margin is Margin for the purpose of the Futures Rules.

*[**Explanatory Note:** The amendment to OTC Rule 5.2 provides this Rule applies to OTC Open Positions, whether they are recorded in the House Clearing Account or the Client Clearing Account.]*

5.3 Securities as OTC Initial Margin

ASX Clear (Futures) may in its absolute discretion:

(a) accept the transfer of securities or other property set out in the OTC Handbook as OTC Initial Margin; and

(b) prescribe limits on the aggregate amount of securities or other property that an OTC Participant can lodge as OTC Initial Margin, whether applicable to a particular OTC Participant or otherwise.

All such transfers are absolute transfers of all right, title and interest in the securities or other property to ASX Clear (Futures) except to the extent that Part 11 (Security Interest provisions) of the Future Rules applies.

ASX Clear (Futures) may determine the valuation of any such securities or other property in its sole discretion. ASX Clear (Futures) may apply valuation haircuts to such valuations as set out in the OTC Handbook as varied from time to time, but subject to the right of ASX Clear (Futures) to determine different valuations at any time in its sole discretion.

ASX Clear (Futures) may from time to time require an OTC Participant to:

(a) transfer further OTC Initial Margin to ensure that ASX Clear (Futures)' valuations of the money, securities or other property comprising the OTC Initial Margin is at least equal to the amount of OTC Initial Margin required from the OTC Participant; or

(b) replace any securities or other property which have been transferred by the OTC Participant as OTC Initial Margin with money, other securities or other property required by ASX Clear (Futures).

The obligation upon an OTC Participant to make a transfer under this OTC Rule ~~5.4~~ 5.3 is in addition to any other obligation of the OTC Participant to make transfers of cash amounts, securities, collateral or property as otherwise provided in accordance with the OTC Rules.

5.4 Change of OTC Initial Margin obligations

ASX Clear (Futures) may in appropriate circumstances, or for particular OTC Open Contracts or classes of OTC Open Contracts, determine a higher or lower rate of OTC Initial Margin for a particular OTC Participant, CPM Client or class of OTC Participants or CPM Clients.

In addition, ASX Clear (Futures) may, from time to time and in its discretion, require that an OTC Participant transfers in relation to OTC Open Positions a greater OTC Initial Margin than that which the OTC Participant would otherwise be required to provide.

*[**Explanatory Note:** The amendment to OTC Rule 5.4 provides that ASX Clear (Futures) may, in appropriate circumstances, determine a higher or lower rate of OTC Initial Margin for a particular CPM Client or class of CPM Clients.]*

5.5 Portfolio Margining

ASX Clear (Futures) may, from time to time, notify OTC Participants of specified classes of Open Contracts (other than OTC Open Contracts) that it may take into account in determining the amount of OTC Initial Margin required to be transferred by an OTC Participant.

An OTC Participant may, in accordance with the OTC Handbook, request that Open Contracts with that OTC Participant registered in a Clearing Account of an OTC Participant of a class so notified by ASX Clear (Futures) be taken into account in determining the amount of OTC Initial Margin required from that OTC Participant in respect of OTC Open Contracts held in the same Clearing Account. However, if the relevant Clearing Accounts are Client Clearing Accounts then the request may only be made if the Open Contracts and OTC Open Contracts are both held in Individual Sub-Accounts of the same CPM Client and, if a Nominated Person has previously been notified to ASX Clear (Futures) for either Individual Sub-Account, in respect of the same Nominated Person.

If ASX Clear (Futures) accepts such a request from an OTC Participant, then ASX Clear (Futures) will:

(a) take into account such Open Contracts in determining the amount of OTC Initial Margin required from that OTC Participant; and

(b) not take such Open Contracts into account in determining the amount of Initial Margin other than OTC Initial Margin required from that OTC Participant,

in each case, in accordance with the OTC Handbook.

Without limiting its discretion to refuse such a request from an OTC Participant (including if it has previously been requested), ASX Clear (Futures) may refuse such a request if it is of the view that such portfolio margining would not reduce risk in respect of the clearing facilities provided in accordance with these OTC Rules. ASX Clear (Futures) is not required to demonstrate the basis for any such view.

*[**Explanatory Note:** The amendment to OTC Rule 5.5 provides that, for the purposes of portfolio margining, where the relevant Clearing Accounts are Client Clearing Accounts, a request for portfolio margining may only be made if the Open Contracts and OTC Open Contracts are both held in Individual Sub-Accounts of the same CPM Client and in respect of the same Nominated Person, if applicable.]*

5.6 OTC Intra-day Margin and OTC Extra Margin

An OTC Participant must, on each Business Day, transfer to ASX Clear (Futures) by way of **OTC Intra-day Margin** amounts owing as a result of any OTC Intra-day Margin call made by ASX Clear (Futures). The manner and timing of such payments are set out in the OTC Handbook.

In addition to, or instead of, the OTC Intra-day Margins ASX Clear (Futures) may at any time require, at its absolute discretion, any one or more OTC Participants (by a time determined by ASX Clear (Futures)) to transfer as **OTC Extra Margin** further cash, securities, margin or cover for OTC Open Contracts or OTC Transactions eligible to be registered. Such OTC Participants must, in accordance with such a requirement, transfer to ASX Clear (Futures) by way of OTC Extra Margin further cash, securities, margin or cover as ASX Clear (Futures) determines.

Any OTC Intra-day Margin and OTC Extra Margin transferred to ASX Clear (Futures) by an OTC Participant is to comply with the requirements for, be treated as, held by and dealt with ASX Clear (Futures) as OTC Initial Margin.

5.7 OTC Daily Closing Value

The closing value of OTC Open Contracts (referred to as **OTC Daily Closing Value**) will be determined by ASX Clear (Futures) in the manner, and at such times, as is set out in the OTC Handbook. This calculation by ASX Clear (Futures) is conclusive and final.

5.8 OTC Daily Variation Margin

ASX Clear (Futures) will calculate the OTC Daily Variation Margin applicable to OTC Open Contracts in the manner set out in the OTC Handbook.

Following each such determination:

(a) if ASX Clear (Futures) determines that an OTC Participant needs to pay OTC Daily Variation Margin to ASX Clear (Futures) then the OTC Participant must pay to ASX Clear (Futures) the amount of any OTC Daily Variation Margin which ASX Clear (Futures) has determined is owing by the OTC Participant; or

(b) if ASX Clear (Futures) determines that it needs to pay OTC Daily Variation Margin to an OTC Participant then ASX Clear (Futures) must pay to the OTC Participant the amount of any OTC Daily Variation Margin which ASX Clear (Futures) has determined is owing to the OTC Participant.

OTC Daily Variation Margin must be paid in Australian dollars, or such other currency that ASX Clear (Futures) determines is acceptable in its discretion from time to time. The payment of OTC Daily Variation Margin is made absolutely and is to be in accordance with the OTC Handbook.

An OTC Participant is not entitled to repayment of the amount of OTC Daily Variation Margin except in accordance with these OTC Rules, the OTC Handbook and ASX Clear (Futures)' margining policy.

OTC Daily Variation Margin is Variation Margin for the purposes of the Futures Rules.

*[**Explanatory Note:** The amendment to OTC Rule 5.8 provides that OTC Daily Variation Margin is Variation Margin for the purposes of the Futures Rules.]*

5.9 Price Alignment Interest

Price Alignment Interest is payable on OTC Daily Variation Margin in the manner set out in the OTC Handbook.

5.10 Excess Margin

All amounts held by ASX Clear (Futures) in an OTC Participant's House Clearing Account and Client Clearing Account, including any monies transferred in excess of an OTC Participant's Margin obligations at the time of the transfer, are taken to have been transferred for the purpose of satisfying Margin obligations of that OTC Participant.

Amounts held by ASX Clear (Futures) which are in excess of an OTC Participant's Margin obligations from time to time are refundable to the OTC Participant by ASX Clear (Futures) upon demand, provided that ASX Clear (Futures) is satisfied, in its absolute discretion, that such amounts will not be required to satisfy the OTC Participant's obligations (present, future or contingent) under the Rules (including a Margin obligation).

5.11 Errors, corrections and related disputes

In the event ASX Clear (Futures) determines that an error has been made in relation to a calculation, payment, amount or similar under the OTC Rules, OTC Handbook or Futures Rules, whether paid or unpaid, due and payable or prospective, retrospective or contingent, ASX Clear (Futures) may, in its sole discretion:

(a) carry out any or all adjustments or corrections that ASX Clear (Futures) deems appropriate in relation to that error; and

(b) impose such conditions or undertake any such actions as ASX Clear (Futures) considers appropriate to deal with the consequential impacts (whether actual or potential) in relation to making such adjustments or corrections.

Where ASX Clear (Futures) determines to take any such actions under (a) or (b) above, ASX Clear (Futures) will notify the ~~parties~~ Clearing Participants involved as soon as reasonably practicable after making such a determination. Where any adjustment or correction involves an adjustment payment to any previous amounts paid by an OTC Participant, the relevant party shall pay the adjustment amount within one Business Day of its receipt of ASX Clear (Futures)' determination.

ASX Clear (Futures) may determine any disputes in relation to errors, purported errors or any other related matters contemplated by this OTC Rule 5.11 including, but not limited to, matters relating to the calculation, payment or valuation of OTC Initial Margin, OTC Daily Variation Margin, OTC Intra-day Margin, OTC Extra Margin, coupons and Price Alignment Interest. Where ASX Clear (Futures) makes such a determination in relation to a dispute, that determination will be final and binding on all the parties.

ASX Clear (Futures) is not liable to any person in connection with any adjustment, correction, condition, action, consequential impact (whether actual or potential) or determination made or incurred under this OTC Rule.

6 DEFAULT

6.1 Signpost to related Futures Rules

These OTC Rules relate to matters which are addressed in:

- Futures Rule 7 (Satisfaction of Obligations of ASX Clear (Futures)); and
- Part 7 (Procedures on a Default) of the Futures Rules.

These OTC Rules supplement those Futures Rules, which continue to apply to OTC Clearing.

Part 7A (Termination with respect to ASX Clear (Futures)) of the Futures Rules applies to OTC Clearing.

~~Part 10 (Client Protection Model Provisions) of the Futures Rules applies, in accordance with its terms, to OTC Clearing.~~

~~*[**Explanatory Note:** The amendment to OTC Rule 6.1 provides that the Client Protection Model Provisions apply to OTC Clearing.]*~~

6.2 Default management process

The provisions of these OTC Rules, the Futures Rules and the OTC Handbook relating to default management (referred to as the **Default Management Provisions**) include:

- Futures Rule 7 and Part 7 of the Futures Rules;
- this OTC Rule 6 (Default);
- default management process set out in Schedule 3 (Default Management Process) to these OTC Rules;
- the procedures for the default management group set out in the OTC Handbook; and
- the procedures for default management auctions set out in Schedule 4 (Default Management Auction Procedures) to the OTC Handbook.

Each OTC Participant must:

(a) comply with, and ensure each employee of the OTC Participant and of each Related Body Corporate of such OTC Participant~~,~~ , who is directly involved in the default management process on behalf of the OTC Participant, complies with, its obligations in connection with the Default Management Provisions, including maintaining internal systems and processes ~~to support bidding~~ (as determined by the OTC Participant) required for participation in a DM Auction and acceptance of (where required by the Rules) DM Hedging Transactions, Independent DM Transactions and DM Auction Transactions (each as defined in Schedule 3 (Default Management Process) to these OTC Rules);

(b) approve ASX Clear (Futures) as a counterparty with which it can enter into DM Hedging Transactions, Independent DM Transactions or DM Auction Transactions in accordance with the Default Management Provisions and deal with ASX Clear (Futures) as counterparty in a manner consistent with, and in any event on no less favourable terms, than the manner in which it deals with any ~~other~~ bank counterparty of the OTC Participant with the same or similar creditworthiness or risk profile;

(c) co-operate with, act in good faith toward, and not cause any hindrance to~~,~~ ASX Clear (Futures) in respect of any DM Hedging Transactions, Independent DM Transactions or DM Auction Transactions including providing competitive quotes in a timely manner upon request, such quotes to be two way prices in accordance with usual bid/offer conventions;

(d) co-operate with, act in good faith toward, and not cause any hindrance to, ASX Clear (Futures) in the course of the management of any Default or Termination;

(e) if requested by ASX Clear (Futures), take part in tests designed and implemented by ASX Clear (Futures) from time to time that evaluate the OTC Participant's ability to fulfil its default management obligations; ~~and~~

(f) appoint one of the employees of such OTC Participant or of any Related Body Corporate of such OTC Participant as:

(i) Designated DMG Member; and

(ii) Designated DMG Deputy,

as primary contacts for ASX Clear (Futures) for all general matters relating to default management. Each OTC Participant must notify ASX Clear (Futures) of the appointment in the manner prescribed by ASX Clear (Futures) in the OTC Handbook from time to time.

*[**Explanatory Note**: ~~the~~ The amendments to OTC Rule 6.2 clarifies the nature of the assistance OTC Participants are required to give to ASX Clear (Futures) in relation to DM Hedging Transactions, Independent DM Transactions and DM Auction Transactions and extends the processes to employees of Related Bodies Corporate.]*

6.3 Default and Defaulted OTC Participants

In accordance with Futures Rule 71.1 an OTC Participant must notify ASX Clear (Futures) if an event of Default occurs under Futures Rule 71.3 (as supplemented by OTC Rule 6.4 (Events of Default) below), or if the OTC Participant has reasonable grounds to suspect that an event of Default may occur.

Whether or not such notice is given, if ASX Clear (Futures) is of the opinion that there is an event of Default with respect to an OTC Participant then ASX Clear (Futures) may declare the OTC Participant to be in Default and for the purposes of the Futures Rules that OTC Participant is taken to have **Defaulted**.

Without limiting the above, an OTC Participant is automatically taken to have Defaulted if an event occurs in connection with insolvency or bankruptcy with respect to it of a type which is specified by ASX Clear (Futures) from time to time. If such an event occurs, then all of the OTC Participant's Open Contracts are subject to Termination having a Termination Time immediately upon the occurrence of such event.

6.4 Events of Default

The events of Default set out in Futures Rules 71.3 apply to OTC Participants. In addition, each of the following events are included in the list of the events of Default set out in Futures Rule 71.3 with respect to an OTC Participant and apply to OTC Participants:

(a) the OTC Participant is in breach of the rules of any recognised, designated or overseas investment exchange or clearinghouse;

(b) the OTC Participant fails to pay any sum due and payable, or threatens to suspend payment under the terms of any agreement;

(c) the OTC Participant breaches any of the Financial Requirements prescribed by ASX Clear (Futures);

(d) the OTC Participant breaches any conditions prescribed by ASX Clear (Futures) on its admission as a Clearing Participant or on its authorisation as an OTC Participant;

(e) upon request by ASX Clear (Futures), which may be made at any time, the OTC Participant fails to confirm on or before the cut-off time reasonably specified by ASX Clear (Futures) in its request that it is able to pay its debts as they become due;

(f) the OTC Participant:

(i) is dissolved (other than pursuant to a consolidation, amalgamation or merger);

(ii) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;

(iii) makes a general assignment, arrangement or composition with or for the benefit of its creditors;

(iv) (A) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official; or

(B) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in clause (A) above and either (1) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (2) is not dismissed, discharged, stayed or restrained in each case within 15 days of the institution or presentation thereof;

(v) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);

(vi) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;

(vii) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains

possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 15 days thereafter;

(viii) causes or is subject to any of the events specified in clauses (i) to (vii) above (inclusive); or

(ix) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

6.5 Terminable Open Contracts

ASX Clear (Futures) may, from time to time, notify OTC Participants of classes of Open Contracts (other than OTC Open Contracts) that may be Terminated pursuant to OTC Rule 6.6 (Termination and Terminated Open Contracts). Open Contracts (other than OTC Open Contracts) of such classes are referred to as **Terminable Open Contracts**.

6.6 Termination and Terminated Open Contracts

The powers of ASX Clear (Futures) set out in Futures Rules 72 (Powers of ASX Clear (Futures) Upon A Default and Determination of a Loss) apply to OTC Participants.

By way of supplement, and not by limitation, if an OTC Participant is in Default then ASX Clear (Futures) can declare that the obligations of the OTC Participant (and if applicable, the relevant CPM Client) and ASX Clear (Futures) under:

(a)~~(a)~~ OTC Open Contracts; and

(b) any or all Terminable Open Contracts as determined by ASX Clear (Futures),

to be the subject of a **Termination** and the time at which such Termination is to be effective (referred to as the **Termination Time**). The Open Contracts (whether OTC Open Contracts or Terminable Open Contracts) which are the subject of such a declaration may relate to either House Positions or Client Positions (or both) and are referred to as **Terminated Open Contracts**. ASX Clear (Futures) may, but is not obliged to, consult with the relevant DMG(s) in accordance with the Default Management Provisions in determining which Open Contracts are to be Terminated Open Contracts and the relevant Termination Time.

If ASX Clear (Futures) makes such a declaration then the present and future obligations of ASX Clear (Futures) and the OTC Participant (and if applicable, the relevant CPM Client) to make payments under the terms of the Terminated Open Contracts (including payments of OTC Daily Variation Margin and Variation Margin) are terminated and the payments are no longer required to be made.

Explanatory Note:

Following termination of Open Contracts relating to Client Positions, such positions cease to be Client Positions and may be combined with terminated Open Contracts relating to House Positions.

*[**Explanatory Note**: ~~the~~ The amendments to OTC Rule 6.6 clarify that ASX Clear (Futures) may consult with the DMG in determining which Open Contracts should be terminated. Following termination of Open Contracts relating to Client Positions such positions cease to be Client Positions and may be combined with terminated Open Contracts relating to House Positions.]*

6.7 Termination Value

ASX Clear (Futures) may, at any time, calculate a **Termination Value** in respect of one or more Terminated Open Contracts as selected by ASX Clear (Futures).

Without limiting the factors which ASX Clear (Futures) may take into account in determining such Termination Value, it may take into account its determination of:

(a) the value of obligations which fell due in connection with the Terminated Open Contract(s) (including payment of OTC Daily Variation Margin and Variation Margin) before the Termination Time but which have not been performed;

(b) the value of obligations which would have been due for performance under the Terminated Open Contracts after the Termination Time if the Terminated Open Contract(s) had not been Terminated (including payment of OTC Initial Margin, Initial Margin, OTC Daily Variation Margin and Variation Margin); and

(c) its losses, costs, charges and expenses in connection with the Default Management Process with respect to the Terminated Open Contract(s) including, without limitation, DM Hedging Transaction Costs and amounts payable by it in respect of the DM Auctions.

ASX Clear (Futures) may include the amount of interest in any or all of (a), (b) and (c), calculated in a manner consistent with OTC Rule 8.4 (Interest on overdue amounts).

ASX Clear (Futures) may include a Termination Value calculated by it in any netting conducted in accordance with Futures Rule 72.3.

ASX Clear (Futures)' determination of a Termination Value is conclusive, but does not limit any of its rights under these OTC Rules, the Futures Rules or at law.

*[**Explanatory Note**: The amendments to OTC Rule 6.7 amend typographical references relating to defined terms.]*

6.8 Combination and Allocation in default management process

If Terminated Open Contracts involved in a default management process conducted in accordance with the Default Management Provisions relate to:

(a) both House Positions and Client Positions of a Defaulted OTC Participant; or

(b) the OTC Positions of more than one Defaulted OTC Participant,

then ASX Clear (Futures):

(i) may combine any such Terminated Open Contracts so that they are treated as part of one or more portfolios at any time after the commencement of the default management process for the purposes of hedging, sale or auction in accordance with the Default Management Provisions;

(ii) is to allocate any ~~Loss~~ losses, costs, charges and expenses in connection with that default management process between the relevant Defaulted OTC Participants and between the House Accounts, Client Accounts and Client Sub-Accounts of the relevant Defaulted OTC Participants which relate to those Terminated Open Contracts (referred to in this OTC Rule as a **Relevant Account**).

~~This allocation is to be performed~~ The losses, costs, charges and expenses are to be calculated as of the time of combination of such Terminated Open Contracts and will be conducted by allocating any ~~Losses~~ losses, costs, charges and expenses to each Relevant Account proportionately to its relative risk as determined by ASX Clear (Futures) using the value of Initial Margin calculated with respect to each Relevant Account at the time of combination of the Terminated Open Contracts; and

(iii) in the case of a Relevant Account which is a Client Sub-Account, is to deduct any ~~Loss~~ losses, costs, charges and expenses so attributed to that Client Sub-Account in accordance with (ii) above from the Guaranteed Initial Margin Value of that Client Sub-Account in accordance with the Client Protection Model Provisions.

Schedule 6 (Allocation of Loss Worked Example) of the OTC Handbook provides an example of the allocation of Losses of ASX Clear (Futures) in accordance with this OTC Rule 6.8.

Explanatory Note:

The principle of allocation underlying sub-paragraph (ii) is to allocate to the House Account or any non-ported Client Account the mark to market moves with respect to terminated contracts referable to the account up to the point where the account is combined with other accounts. Any post-combination mark to market moves are allocated to the constituent accounts of the combined portfolio on the basis of the risk of the constituent accounts at the time the accounts are combined, the risk measure used being initial margin as calculated by ASX at the point of combination.

*[**Explanatory Note**: ~~new~~ New OTC Rule 6.8 provides an allocation method for Losses of ASX Clear (Futures) between the House Positions and Client Positions of a Defaulted OTC Participant. Such combination of positions may occur at any time during the default management process including prior to any DM Auction.]*

6.9 Application of OTC Initial Margin and all other amounts

In addition to any other rights which ASX Clear (Futures) has in connection with the Default of an OTC Participant, ASX Clear (Futures) may apply or appropriate any amount of OTC Initial Margin, OTC Intra-day Margin or OTC Extra Margin or any other amount standing to the credit of the OTC Participant, and any other amount held by ASX Clear (Futures) in respect of the OTC Participant towards the payment or discharge of the amounts payable or deliverable by the Defaulted OTC Participant PROVIDED ALWAYS that any monies, securities, collateral or other property deposited with ASX Clear (Futures) with respect to OTC Open Positions designated to a Client Clearing Account, may be used to meet obligations in a Client Clearing Account only and must not be used to meet any obligations in a House Clearing Account.

However, this is subject to the Client Protection Model Provisions, to the extent to which they apply.

*[**Explanatory Note:** The amendment to OTC Rule ~~6.8~~ 6.9 provides that, subject to the Client Protection Model Provisions, to the extent they apply, any monies, securities, collateral or other property deposited with ASX Clear (Futures) with respect to OTC Open Positions designated to a Client Clearing Account may be used to meet obligations in a Client Clearing Account only.]*

6.10 Information Sharing

ASX Clear (Futures) may co-operate, by the sharing of information or otherwise, with any regulatory body or exchange, any relevant office-holder acting in relation to a Defaulted OTC Participant or its estate and any other authority or body having responsibility for, or any OTC Participant having an interest in, any matter arising out of or connected with the circumstances mentioned in these OTC Rules.

6.11 Advice and Assistance

Without prejudice to any other OTC Rule, if an OTC Participant is in Default, ASX Clear (Futures) may obtain such assistance or advice, whether legal advice or otherwise, as ASX Clear (Futures) may deem necessary and at the expense of a Defaulted OTC Participant for any matter arising out of or in connection with the Default of that OTC Participant.

7 EMERGENCIES AND FORCE MAJEURE

7.1 Signpost to related Futures Rules

Part 8 (Emergency situations and force majeure) of the Futures Rules is applicable to OTC Clearing.

8 MISCELLANEOUS

8.1 Signpost to related Futures Rules

These OTC Rules relate to matters addressed in Part 9 (Miscellaneous Provisions) of the Futures Rules. Futures Rules 96 (Notification to the Exchange) and 102 (Compulsory Settlement) do not apply to OTC Clearing. However, all of the other Futures Rules in Part 9 apply to OTC Clearing, where relevant.

In addition the following OTC Rules apply.

8.2 Payments by OTC Participants

Each payment made by an OTC Participant under these OTC Rules or the OTC Handbook must:

(a) transfer all right, title and interest in the amount of money paid to ASX Clear (Futures);

(b) be in the currency in which it is due and in immediately available and freely transferable funds;

(c) be made on the due date for value on that date in Sydney;

(d) be in full without set-off, cross-demand or counterclaim and without any deduction for taxes, levies, imposts, charges or duties (including stamp and transaction duties) imposed by any authority unless prohibited by law. Payments in respect of which such deduction or withholding is required to be made by law, by the OTC Participant, will be increased to the extent necessary to ensure that, after the making of the required deduction or withholding, ASX Clear (Futures) receives and retains (free from any liability in respect of such deduction or withholding) a net sum equal to the

sum which it would have received and so retained had no such deduction or withholding been made or required to be made; and

(e) be made into the relevant Clearing Account held of that OTC Participant or such other account nominated by ASX Clear (Futures).

However, on each Business Day, ASX Clear (Futures) ~~may~~will:

(i) aggregate or net any or all payments due between it and an OTC Participant on that day with respect to House Positions (whether related to OTC Open Contracts, Futures Contracts or otherwise) in the same currency to produce a single net amount which is payable between them in that currency; and

(ii) aggregate or net any or all payments due between it and an OTC Participant on that day with respect to Client Positions (whether related to OTC Open Contracts, Futures Contracts or otherwise) in the same currency to produce a single net amount which is payable between them in that currency.

The obligations which were netted or aggregated to produce the single net amounts with respect to each of the House Clearing Account or the Client Clearing Account are discharged by their payment.

Payments with respect to House Positions are not to be aggregated or netted with any payments with respect to Client Positions. Nothing in this paragraph limits or restricts the operation of the Default Management Process.

*[**Explanatory Note:** The amendments to OTC Rule 8.2 provide that:*

- *ASX Clear (Futures) ~~may~~will, on each Business Day, aggregate or net any or all payments due between it and an OTC Participant with respect to House Positions and Client Positions to produce a single net amount with respect to each; and*
- *payments with respect to House Positions are not to be aggregated or netted with any payments with respect to Client Positions (although this does not limit or restrict the operation of the Default Management Process).]*

8.3 Payments by ASX Clear (Futures)

If a law requires ASX Clear (Futures) to withhold or deduct an amount in respect of taxes, levies, imposts, charges or duties (including stamp and transaction duties) imposed by any authority from a payment to an OTC Participant ~~or to a~~ , a CPM Client or a Nominated Person, ASX Clear (Futures) will withhold or deduct the amount. ASX Clear (Futures) is not liable to pay any additional amount to the OTC Participant~~,~~ , CPM Client or Nominated Person in respect of any such withholding or deduction.

*[**Explanatory Note:** New OTC Rule 8.3 provides ASX Clear (Futures) is not liable to pay any additional amount to an OTC Participant where ASX Clear (Futures) is required to withhold or deduct an amount in respect of taxes or similar from a payment to an OTC Participant ~~or to~~ , a Client or a Nominated Person as detailed in this Rule.]*

8.4 Interest on overdue amounts

If the OTC Participant does not pay any amount under the Futures Rules, these OTC Rules or the OTC Handbook on the due date for payment, the OTC Participant agrees to pay interest on that amount at a rate per annum equal to ASX Clear

(Futures)' cost (without proof or evidence of any actual cost) to ASX Clear (Futures) (as certified by ASX Clear (Futures)) if ASX Clear (Futures) were to fund, or of funding, the relevant amount plus 2% (per annum). The interest accrues daily from (and including) the due date to (but excluding) the date on which ASX Clear (Futures) is paid the amount and is calculated on actual days elapsed and a year of 365 days.

The OTC Participant agrees to pay interest under this clause on demand from ASX Clear (Futures).

8.5 Discretion in exercising rights

ASX Clear (Futures) may exercise a right or remedy or give or refuse its consent under these OTC Rules in any way it considers appropriate (including by imposing conditions).

Any exercise of discretion or other choice by ASX Clear (Futures) under these OTC Rules may be made in the absolute discretion of ASX Clear (Futures) unless these OTC Rules expressly state otherwise. However, ASX Clear (Futures) will exercise such rights and remedies in good faith having regard to the obligations, duties, powers and discretions which it has as the holder of, or in connection with the holding of, an Australian CS facility licence under Part 7.3 of the Corporations Act.

The rights and remedies of ASX Clear (Futures) under these OTC Rules may be exercised even if ASX Clear (Futures) has a personal interest in their exercise.

8.6 Consents

Each OTC Participant and, if applicable, CPM Client, agrees to comply with all conditions in any consent ASX Clear (Futures) gives in connection with these OTC Rules.

*[**Explanatory Note:** The amendment to OTC Rule 8.6 provides that, if applicable, each CPM Client agrees to comply with all conditions in any consent ASX Clear (Futures) gives in connection with these OTC Rules.]*

8.7 Partial exercising of rights

If ASX Clear (Futures) does not exercise a right or remedy under these OTC Rules fully or at a given time, it may still exercise it later.

8.8 No liability for loss

ASX Clear (Futures) is not liable for loss caused by the exercise or attempted exercise of, failure to exercise, or delay in exercising, a right or remedy under these OTC Rules.

8.9 Remedies cumulative

The rights and remedies of ASX Clear (Futures) under these OTC Rules are in addition to other rights and remedies available under the Futures Rules or given by law independently of these OTC Rules.

8.10 When ASX Clear (Futures) taken to have performed its obligations

Where an OTC Rule specifies a time by which a party to an OTC Open Contract must perform its obligations or exercise its rights under that OTC Open Contract (including with respect to OTC Daily Variation Margin), ASX Clear (Futures) will be taken to have complied with that OTC Rule if it performs its obligations or exercises its rights as soon as practicable after the time specified, unless the OTC Rule expressly provides that ASX Clear (Futures) must perform or exercise at or before the time specified.

8.11 OTC Participant to have e-mail

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

8.12 Governing law

These OTC Rules are to be interpreted in accordance with the laws of New South Wales.

9 CLIENT PROTECTION MODEL PROVISIONS

Part 10 (Client Protection Model Provisions) of the Futures Rules applies, in accordance with its terms, to OTC Clearing.

*[**Explanatory Note:** OTC Rule 9 provides that the Client Protection Model Provisions apply to OTC Clearing.]*

10 SECURITY INTEREST PROVISIONS

Part 11 (Security Interest Provisions) of the Futures Rules applies, in accordance with its terms, to OTC Clearing.

*[**Explanatory Note:** OTC Rule 10 provides that the Security Interest Provisions apply to OTC Clearing.]*

Schedule 1 – Relationship with Futures Rules

This schedule sets out whether, for each Futures Rule, it is replaced by a specific OTC Rule or is varied or supplemented by a specific OTC Rule, and, if neither, whether it otherwise applies to OTC Clearing, or is not relevant to OTC Clearing.

A **Futures Rule**	**B** **Replaced by OTC Rule (and Futures Rule does not apply)**	**C** **Supplementary OTC Rule (and Futures Rule applies as varied or supplemented)**	**If not referred to in column B or C:**	
			D **Futures Rule applies**	**E** **Futures Rule not relevant (and does not apply)**
1.1		1.3		
1.2		1.14		
1.3		1.2		
1.4	1.11(k)			
1.5	1.13			
1.6		1.11(d)		
1.7		1.11(e)		
1.8				Not relevant
1.9				Not relevant
1.10			Applicable	
1.11			Applicable	
3.1.1			Applicable	
3.1.2			Applicable	
3.2.1		2.9		
3.2.2			Applicable	
3.2.3			Applicable	
3.3				Not relevant
3.4.1			Applicable	
3.4.2			Applicable	
4.1		2.2, 2.3		
4.2		2.4		
4.3				Not relevant
4.4		2.3		
4.5			Applicable	
4.6		2.6		
4.7		2.6		

A Futures Rule	B Replaced by OTC Rule (and Futures Rule does not apply)	C Supplementary OTC Rule (and Futures Rule applies as varied or supplemented)	If not referred to in column B or C:	
			D Futures Rule applies	E Futures Rule not relevant (and does not apply)
4.7A		2.7		
4.7B		2.6		
4.8			Applicable	
4.9		2.8		
4.10		2.5, 2.7		
4.11			Applicable	
4.12			Applicable	
4.13			Applicable	
4.14 (except 4.14(j)(v), 4.14(ja) and (l))			Applicable	
4.14(j)(v), 4.14(ja) and (l)				Not relevant
4.15			Applicable	
5.1		3.2		
5.2			Applicable	
5.3			Applicable	
5.4			Applicable	
5.5			Applicable	
5.5A			Applicable	
5.6	3.2			
5.7			Applicable	
5.7A			Applicable	
5.8			Applicable	
5.9			Applicable	
5.10			Applicable	
5.11				Not relevant
6.1			Applicable	
6.2			Applicable	
6.3			Applicable	
7.1			Applicable	
7.2			Applicable	
7.3			Applicable	
7.4			Applicable	

A **Futures Rule**	B **Replaced by OTC Rule (and Futures Rule does not apply)**	C **Supplementary OTC Rule (and Futures Rule applies as varied or supplemented)**	**If not referred to in column B or C:**	
			D **Futures Rule applies**	E **Futures Rule not relevant (and does not apply)**
7.5			Applicable	
7.6			Applicable	
7.7			Applicable	
7.8			Applicable	
7.9			Applicable	
7.10			Applicable	
8.1	3.2, 3.3			
8.2			Applicable	
8.3	3.3			
8.4	3.3			
8.5		3.3		
8.6			Applicable	
8.7			Applicable	
9.1		4.5(d)		
9.2			Applicable	
9.3			Applicable	
9.4			Applicable	
9.5				Not relevant
9.6			Applicable	
9.7			Applicable	
9A.1			Applicable	
9A.2			Applicable	
9A.3.8			Applicable	
10.9			Applicable	
10.11			Applicable	
10.12		2.13		
10.13			Applicable	
10.14			Applicable	
10.18			Applicable	
11.1			Applicable	
11.2			Applicable	
12.1			Applicable	

A Futures Rule	B Replaced by OTC Rule (and Futures Rule does not apply)	C Supplementary OTC Rule (and Futures Rule applies as varied or supplemented)	If not referred to in column B or C:	
			D Futures Rule applies	E Futures Rule not relevant (and does not apply)
12.6			Applicable	
12B				Not relevant
13			Applicable	
14			Applicable	
15				Not relevant
16			Applicable	
17			Applicable	
18			Applicable	
19			Applicable	
20			Applicable	
21			Applicable	
30	4.1, 4.5			
31.1	4.3			
31.2	4.5			
31.3	4.6			
31.4	4.2			
31.5(a)	4.4			
31.5(b)				Not relevant
31.6	4.2, 4.5			
31.7	~~4.7~~			Not relevant
31.8			Applicable	
31A				Not relevant
32				Not relevant
33	~~4.14~~4.13			
34		2.9		
35				Not relevant
36				Not relevant
37				Not relevant
40	5.1			
41.1			Applicable	
41.2			Applicable	
41.3			Applicable	

A Futures Rule	B Replaced by OTC Rule (and Futures Rule does not apply)	C Supplementary OTC Rule (and Futures Rule applies as varied or supplemented)	If not referred to in column B or C:	
			D Futures Rule applies	E Futures Rule not relevant (and does not apply)
41.4			Applicable	
41.5			Applicable	
41.6			Applicable	
41.7			Applicable	
41.8				Not relevant
41A				Not relevant
42			Applicable	
43.1	5.2, 5.3			
43.2	5.4			
43.3	5.4			
43.4	5.4			
43.5	5.5			
43A				Not relevant
44.1	5.7			
44.2	5.7			
44.3				Not relevant
44.4	~~5.7~~5.8			
44.5			Applicable	
44.6			Applicable	
44.7			Applicable	
44.8			Applicable	
44A				Not relevant
45	5.6			
45A				Not relevant
46				Not relevant
47.1				Not relevant
47.2			Applicable	
47.3			Applicable	
47.4			Applicable	
48				Not relevant
49	5.10			
50				Not relevant

A **Futures Rule**	B **Replaced by OTC Rule (and Futures Rule does not apply)**	C **Supplementary OTC Rule (and Futures Rule applies as varied or supplemented)**	**If not referred to in column B or C:**	
			D **Futures Rule applies**	E **Futures Rule not relevant (and does not apply)**
51				Not relevant
52				Not relevant
53				Not relevant
54				Not relevant
60				Not relevant
61				Not relevant
62				Not relevant
63				Not relevant
63A				Not relevant
64				Not relevant
70			Applicable	
71.1		6.3		
71.3		6.4		
72.1		6.6		
72.1A			Applicable	
72.2		6.6		
72.3		6.7		
72.4			Applicable	
73		6.7		
74			Applicable	
75			Applicable	
75A			Applicable	
76			Applicable	
80			Applicable	
81			Applicable	
82			Applicable	
90		8.1		
92.1		8.12		
92.2			Applicable	
92.3				Not relevant
93.1			Applicable	
93.2			Applicable	

A Futures Rule	B Replaced by OTC Rule (and Futures Rule does not apply)	C Supplementary OTC Rule (and Futures Rule applies as varied or supplemented)	If not referred to in column B or C:	
			D Futures Rule applies	E Futures Rule not relevant (and does not apply)
93.3		8.5		
93.4		8.10		
93.5			Applicable	
93.6			Applicable	
93.7		8.7		
93.8		8.9		
94			Applicable	
95			Applicable	
96				Not relevant
97			Applicable	
99			Applicable	
101			Applicable	
102				Not relevant
103			Applicable	
104			Applicable	
105			Applicable	
106			Applicable	
107			Applicable	
110		1.2		
111			Applicable	
112			Applicable	
113			Applicable	
114	4.3			
115		~~2.16~~2.15		
116			Applicable	
117			Applicable	
118			Applicable	
119			Applicable	
120			Applicable	
121			Applicable	
122			Applicable	
123			Applicable	

A **Futures Rule**	B **Replaced by OTC Rule (and Futures Rule does not apply)**	C **Supplementary OTC Rule (and Futures Rule applies as varied or supplemented)**	**If not referred to in column B or C:**	
			D **Futures Rule applies**	E **Futures Rule not relevant (and does not apply)**
124			Applicable	
125			Applicable	

*[**Explanatory Note:** The amendments to Schedule 1 reflect changes to the applicability of provisions, and the addition of others, to reflect the introduction of client clearing.]*

Schedule 2 – OTC Commitment

This schedule sets out the manner of calculating the OTC Commitments.

1 OTC Commitment

The OTC Commitment for each OTC Participant is comprised of:

(a) a Fixed OTC Commitment as set out in paragraph 2 (Fixed OTC Commitment) below; and

(b) a Variable OTC Commitment calculated in the manner set out in paragraph 3 (Variable OTC Commitment) below.

2 Fixed OTC Commitment

The Fixed OTC Commitment of each OTC Participant is five million dollars ($5,000,000).

3 Variable OTC Commitment

3.1 Variable OTC Commitment Calculations

The following are the calculations (and the terms relevant to them) which are to be performed by ASX Clear (Futures) in order to calculate the Variable OTC Commitment of each OTC Participant in respect of each Quarter:

Aggregate Daily Average Initial Margin:	For a Calculation Period, the sum of the Daily Average Initial Margin for all OTC Participants for that Calculation Period: (a) *excluding* the Daily Average Initial Margin of any OTC Participant which is not to have a Variable OTC Commitment at the commencement of the Quarter related to that Calculation Period; and (b) *including* ASX Clear (Futures)' estimation of the Daily Average Initial Margin of each entity which will be an OTC Participant as at the commencement of the Quarter related to that Calculation Period.
Aggregate Fixed OTC Commitment:	For a Calculation Period, is equal to the total Fixed OTC Commitment received by ASX Clear (Futures).
Aggregate OTC Commitment:	One hundred million dollars ($100,000,000).
Aggregate Variable OTC Commitment:	For a Calculation Period, is equal to the greater of zero and:

	(a) the Aggregate OTC Commitment *minus* (b) the Aggregate Fixed OTC Commitment.
Calculation Period:	In respect of a Quarter, the period: (a) from, and including, the 11th day of the final month of the Quarter which immediately preceded the immediately preceding Quarter; (b) to, and including, the 10th day of the final month of the immediately preceding Quarter.
Daily Average Initial Margin:	For an OTC Participant in respect of a Calculation Period is equal to: (a) the sum of that OTC Participant's OTC Initial Margin (calculated as the aggregate OTC Initial Margin with respect to both the House Clearing Account and the Client Clearing Account) on each Business Day in that Calculation Period *divided by* (b) the number of Business Days in that Calculation Period.
Quarter:	Each three month period: (a) starting on 1 March, 1 June, 1 September and 1 December of each year; and (b) ending on 30 May, 31 August, 30 November and 28 February (or 29 February in a leap year), respectively.
Rounding:	Each OTC Variable Commitment will be rounded to the nearest multiple of ten thousand dollars on the basis that an amount of $5,000 and above is rounded up and an amount of $4,999.99 down provided that the rounding must ensure that ASX Clear (Futures) has exactly the Aggregate Variable OTC Commitment required.
Variable OTC Commitment:	For an OTC Participant in respect of a Quarter is equal to: (a) the Aggregate Variable OTC Commitment *multiplied by* (b) that OTC Participant's Variable OTC Commitment Proportion, each in respect of the relevant Calculation Period.

Variable OTC Commitment Proportion	For an OTC Participant in respect of a Calculation Period is equal to (expressed as a percentage): (a) the Daily Average Initial Margin of that OTC Participant *divided by* (b) the Aggregate Daily Average Initial Margin, each in respect of that Calculation Period.

*[**Explanatory Note:** The amendment to paragraph 3.1 amends the definition of Daily Average Initial Margin.]*

3.2 Timing of Variable OTC Commitment Calculations

The Variable OTC Commitment for each OTC Participant will be calculated by ASX Clear (Futures) so as to take effect from the first day of each Quarter (as of midnight on the last day of the immediately preceding Quarter).

ASX Clear (Futures) will notify each OTC Participant of its Variable OTC Commitment for a Quarter before the close of business of the seventeenth day of the final month of the previous Quarter (or, if that day is not a Business Day, the next following Business Day).

Each OTC Participant must complete any adjustments to its Variable OTC Commitment for a new Quarter before 10.30am (Sydney time) on the second last Business Day of the previous Quarter.

If an OTC Participant's Variable OTC Commitment ceases on a day other than the first day of a Quarter then it is at ASX Clear (Futures)' discretion as to the date when the OTC Variable OTC Commitments of all OTC Participants should be adjusted.

4 Transitional Arrangements

The calculations in this Schedule 2 are subject to the following transitional arrangements:

During the Transitional Period, the Variable OTC Commitment of each OTC Participant in respect of the Initial Period and each subsequent Quarter (including any OTC Participant that is admitted during such Initial Period or Quarter) will be equal to:

(a) (where there are eight or fewer OTC Participants) $7,500,000; or

(b) (where there are more than eight OTC Participants) the amount calculated as follows (where N is the number of OTC Participants including any new OTC Participant):

[$100,000,000 – (N x $5,000,000)] / N

If there are more than eight OTC Participants ASX Clear (Futures) will recalculate Variable OTC Commitments prior to the commencement of each Quarter and at the time at which a new OTC Participant is admitted.

Note: The Fixed OTC Commitment of each OTC Participant will be $5,000,000 in accordance with this Schedule 2.

Initial Period means the period from the effective date of the OTC Rule amendments as notified to Clearing Participants to (but excluding) 1 September 2013.

Transitional Period means the period from the first day of the Initial Period to the end of the Quarter in which the first Trigger Event occurs.

Trigger Event means:

(a) all of the following conditions are satisfied:

(i) there are eight or more OTC Participants;

(ii) the aggregate OTC Initial Margin is more than $500,000,000; and

(iii) at least four OTC Participants have each contributed at least 15 per cent of the aggregate OTC Initial Margin;

(b) all OTC Participants have agreed that the transitional arrangements should end; or

(c) a competent regulatory authority has written to ASX Clear (Futures) requesting that the transitional arrangements end.

5 New OTC Participants

The calculation of the Variable OTC Commitment for an OTC Participant not previously included in the quarterly recalculation (referred to as **New OTC Participant**) will be estimated by ASX Clear (Futures). Any estimates by ASX Clear (Futures) will be final and not be open to dispute. ASX Clear (Futures) may take into account any of the factors included in clauses 10.1, 10.2, 10.3 and 10A of Schedule 10 of the Futures Rules, but is not required to do so nor limited to these factors. For the purposes of those clauses, 'New Clearing Participant' is taken to refer to a New OTC Participant, and 'Variable Commitment' is taken to refer to Variable OTC Commitment.

Schedule 3 – Default Management Process

1 Default Management Groups

1.1 Establishment of DMGs

ASX Clear (Futures) will establish a default management group (each referred to as a **DMG**) in respect of each OTC Transaction Type for the purpose of advising and assisting ASX Clear (Futures) with respect to all DMG Matters (as defined below).

*[**Explanatory Note**: ASX Clear (Futures) will establish DMGs with respect to different OTC Transaction Types.]*

1.2 DMG Procedures

Each DMG is governed by the terms set out in the default management group procedures as ~~scheduled~~ contained in Schedule 3 to the OTC Handbook (referred to as the **DMG Procedures**) from time to time. The DMG Procedures as at a particular time form part of the OTC Handbook at that time.

1.3 Participating DMG Member Institutions

ASX Clear (Futures) will inform each OTC Participant selected to participate in a DMG (referred to as a **Participating DMG Member Institutions**) at least three months before ~~to~~ the establishment of the relevant DMG. Participating DMG Members must comply with the duties and responsibilities set out in the OTC Rules and the DMG Procedures.

*[**Explanatory Note**: the concept of Liquidation Group has now been replaced with Auction Pool, as further described in paragraph 4.3 below]*

~~1.5~~1.4 DMG Matters

ASX Clear (Futures) may choose to convene a meeting of one or more DMGs in any of the following circumstances:

(a) upon the occurrence of a Default;

(b) upon the occurrence of a Termination;

(c) for OTC Default Simulations (as defined in Paragraph 6 (OTC Default Simulations) below);

(d) to obtain advice on any of the following matters (referred to as **DMG Matters**) as thought appropriate by ASX Clear (Futures):

(i) the Open Contracts which are to be Terminated Open Contracts and their respective Termination Times in accordance with OTC Rule 6.6 (Termination and Terminated Open Contracts);

(ii) the establishment of DM Hedging Transactions in accordance with Paragraph 2 (DM Hedging Transactions~~),~~ and DM Hedging Transaction Costs), including the selection of the relevant counterparties and the relevant hedging terms and strategy, and the assistance in the execution of DM Hedging Transactions;

(iii) the entry into of Independent DM Transactions pursuant to (and as defined under) Paragraph 3 (Independent DM Transactions);

(iv) the holding of one or more DM Auctions pursuant to (and as defined under) Paragraph 4 (DM Auctions), including the timing, the procedures and the terms and conditions of a DM Auction;

(v) determining the Auction Pool Risk Weighting for each Auction Pool and the price at which a Bid (as defined in the DM Auction Procedures) in a particular DM Auction will be taken to be an Uneconomic Price in accordance with (and as defined under) Paragraph 4 (DM Auctions); and

(vi) any further matters relating to the consequences and risks of a Default or ~~Termination;or~~Termination; and

~~(e)~~ (e) to obtain advice related to default management in any other circumstances as considered appropriate by ASX Clear (Futures), including for the purposes described in DMG Paragraph 9.2 (Regular meetings) as set out in Schedule 3 of the OTC Handbook.

~~.~~

*[**Explanatory Note**: ~~the~~ The amendments to paragraph ~~1.5~~ 1.4 clarify the matters on which ASX Clear (Futures) may consult the DMG. These have been expanded to include matters in connection with default management that may be outside a default situation~~].~~]*

~~1.6~~1.5 Role of DMG

Each DMG will advise, assist and make proposals to ASX Clear (Futures) with respect to the relevant DMG Matters. ASX Clear (Futures) will at all times maintain the ultimate decision on whether and under what terms and conditions the DMG proposals are implemented or not.

~~1.7~~1.6 DMG Members

The members of a DMG (referred to as the **DMG Members**) are appointed in accordance with the DMG Procedures. The DMG Members remain employees of their Participating DMG Member Institution (or of such Related Body Corporate of the Participating DMG Member, as applicable) and do not, by being a DMG Member, become employees, officers or representatives of ASX Clear (Futures).

Whenever a DMG Member assists ASX Clear (Futures) in the execution of DM Hedging Transactions or other legal declarations, such DMG Member will not have the rights of, or be deemed to be, an attorney or agent of ASX Clear (Futures).

Each OTC Participant accepts and agrees (on behalf of itself, its Related Bodies Corporate and its CPM clients) that:

(a) representatives of Participating DMG Member Institutions serving on the DMG are doing so in order to assist ASX Clear (Futures) in ensuring the on-going integrity of the clearing facility;

(b) representatives of Participating DMG Member Institutions serving on the DMG and their employers will have no liability for disinterested advice or actions, mandated or otherwise, that are undertaken as part of the ~~default management process~~Default Management Process and to waive any claim that may arise against those representatives or their employers in connection with such disinterested advice or actions. However, nothing in

this Paragraph ~~1.7~~ 1.6 (DMG Members) will exclude or waive the liability of such representatives and employers for any personal injury or death caused by their negligence or for any fraud or wilful default on the part of such representatives and employers;

(c) representatives of Participating DMG Member Institutions serving on the DMG (each referred to as a **Protected Person**) will, to the extent legally possible, not 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~~.~~, the Defaulting OTC Participant(s) or its clients or any other person (each a **Non-protected Person**) by reason of such service as a DMG Member; and

(d) to the extent that, for any reason, a Protected Person has any such duties and liabilities relating to its status as a DMG Member to a Non-protected Person, such Protected Person acting under the DMG Procedures will not be liable to such Non-protected Person for breach of any such duty if they relied in good faith on the DMG Procedures, the OTC Rules or the OTC Handbook.

*[**Explanatory Note**: ~~the~~ The amendments in paragraph ~~1.7~~ 1.6 permit employees of Related Bodies Corporate of Participating DMG Member Institutions to be DMG Members for such institution~~]~~.]*

~~1.8~~1.7 ASX Clear (Futures) dealings with DMG

ASX Clear (Futures) agrees that, in exercising its rights and obligations in consulting with the DMG pursuant to the Default Management ~~Provisions~~Process, it will use all reasonable commercial endeavours to agree a common position with the DMG, provided that nothing in the OTC Rules or the OTC Handbook 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.

2 DM Hedging Transactions and DM Hedging Transaction Costs

At any time after one or more OTC Participant Defaults, ASX Clear (Futures) may in its discretion enter into transactions in order to hedge the effects of the Termination of one or more OTC Open Contracts and other Terminable Open Contracts which has occurred or which may occur as a result of an OTC Participant's Default (each of these transactions are referred to as a **DM Hedging Transaction**).

DM Hedging Transactions may be of any OTC Transaction Type or class of Terminable Open Contract of a Defaulting OTC Participant. The costs and expenses incurred in connection with the entry into DM Hedging Transactions are referred to as **DM Hedging Transaction Costs**.

ASX Clear (Futures) may request one or more Participating DMG Members (as defined in the OTC Handbook) of a DMG to assist ASX Clear (Futures) in the execution of DM Hedging Transactions.

ASX Clear (Futures) will at all times maintain the ultimate decision on whether or not and under what terms and conditions a DM Hedging Transaction is executed.

However, nothing in this Paragraph 2 (DM Hedging Transactions and DM Hedging Transaction Costs) restricts ASX Clear (Futures) entering into hedging or replacement transactions in the normal course of its business.

*[**Explanatory Note:** ~~the~~ The amendments to this Paragraph 2 clarify that the default management processes can be applied concurrent to the Default of more than one OTC Participant.]*

3 Independent DM Transactions

At any time after one or more OTC Participant Defaults, ASX Clear (Futures) may in its discretion, enter into independent trades to establish new OTC Open Contracts or other Open Contracts which, taken as a whole, are equivalent to all or some of the Terminated Open Contracts and DM Hedging Transactions, as deemed appropriate by ASX Clear (Futures) in consultation with the relevant DMG(s) (each an **Independent DM Transaction**).

However, before a DM Auction, ASX Clear (Futures) will enter into Independent DM Transactions against a recommendation of the relevant DMG(s) only if the entering into such trades does not result in an application of the Commitment of the OTC Participants other than the relevant Defaulted OTC Participant in accordance with Part 7 (Procedures on a Default) of the Futures Rules and if the terms and conditions of the resulting Open Contracts are fixed prior to entering into the respective trades.

ASX Clear (Futures) will not be entitled to Invoice Back or Force Allocate any Terminated Open Contracts.

*[**Explanatory Note**: the rights of ASX Clear (Futures) to hold DM Auctions are now established in new paragraph 4 below]*

4 DM Auctions

4.1 DM Auctions and DM Auction Transactions

If ASX Clear (Futures) (in consultation with the relevant DMG) determines that it is appropriate, then one or more auctions (each referred to as a **DM Auction**) is to be conducted to establish new OTC Open Contracts or other Open Contracts specified by ASX Clear (Futures) which, taken as a whole, are equivalent to all or some of the Terminated Open Contracts and/or DM Hedging Transactions (each is referred to as a **DM Auction Transaction**).

*[**Explanatory Note**: DM Auctions may be held following the Default of an OTC Participant. The DM Auction Transactions will establish new OTC Open Contracts or other Open Contracts which are equivalent to DM Hedging Transactions and the Terminated Open Contracts]*

4.2 DM Auction Procedures

DM Auctions and all Bids made in respect of them are governed by the procedures ~~set out in the default management auctions procedures, as~~ set out in Schedule 4 (Default Management Auction Procedures) of the OTC Handbook (referred to as the **DM Auction Procedures**) from time to time.

4.3 Auction Pools and Auction Pool Weighting

For the purpose of conducting DM Auctions, ASX Clear (Futures) (after consultation with the relevant DMGs) is to determine the groups of DM Auction Transactions which are to be the subject of separate DM Auctions (each referred to as an

Auction Pool). ASX Clear (Futures) may include a single OTC Transaction Type in more than one Auction Pool and a single DM Auction Transaction may be split into multiple transactions by ASX Clear (Futures) with each transaction being included in a different Auction Pool as a separate DM Auction Transaction. DM Auction Transactions which related to Client Positions and House Positions, and which related to different Defaulted Clearing Participants, may be included in the same Auction Pool. Also, DM Auction Transactions denominated in different currencies may be included in the same Auction Pool.

If there is more than one Auction Pool then ASX Clear (Futures), in consultation with the relevant DMGs, is to calculate a risk weighting multiplier attributable to each Auction Pool (each an **Auction Pool Risk Weighting**). If there is only a single Auction Pool then the Auction Pool Risk Weighting of that Auction Pool is one. The Auction Pool Risk Weighting applicable to an Auction Pool is to be notified to each Mandatory OTC Participant in the DM Auction for such Auction Pool before the relevant DM Auction commences.

***[Explanatory Note**: The portfolio of the Defaulted OTC Clearing Participant may be split into Auction Pools (which may consist of one or more OTC Transaction Types). A DM Auction will be held in respect of each Auction Pool.*

If there is more than one Auction Pool, ASX Clear (Futures) will determine an Auction Pool Risk Weighting applicable to each Auction Pool which will be notified to each Mandatory OTC Participant for such DM Auction.]

4.4 Auction Units

For the purpose of conducting DM Auctions ASX Clear (Futures) (after consultation with the relevant DMGs) is to determine if each Auction Pool is to be separated into homogenous units (each referred to as an **Auction Unit**). If no separation is to take place then the Auction Pool is taken to comprise a single Auction Unit. If there is more than one Auction Unit in an Auction Pool then each Auction Unit must be composed of identical components of DM Auction Transactions.

*[**Explanatory Note**: the amendments to paragraph 4.4 clarify that each Auction Pool may be split into more than one Auction Unit. Each Auction Unit of an Auction Pool ~~shall~~ is to be identical.]*

4.5 Mandatory OTC Participants

OTC Participants:

(a) which are authorised to act as OTC Participants with respect to all DM Auction Transactions comprised in the relevant Auction Pool that are to be OTC Open Contracts;

(b) having, or having access to, the necessary account structure to settle all DM Auction Transactions comprised in the relevant Auction Pool;

(c) which, at the time of default of the relevant Defaulted OTC Participant, have at least one OTC Open Contract of the same OTC Transaction Type(s) and currency as the DM Auction Transactions comprised in the relevant Auction Pool; and

(d) with respect to which no Default has occurred and is continuing,

(each referred to as a **Mandatory OTC Participant**), must participate in each DM Auction corresponding to the relevant Auction Pool in accordance with the DM Auction Procedures.

However, ASX Clear (Futures) may, in its sole discretion, waive the requirement that a Mandatory OTC Participant participate in a DM Auction related to such Mandatory OTC Participant, and in such circumstances the OTC Participant will not be a Mandatory OTC Participant in respect of such DM Auction.

***Explanatory Note**:*

The OTC Transaction Types are set out in Schedule 2 (OTC Terms) of the OTC Handbook and are not defined with reference to tenor or currency.

*[**Explanatory Note**: the amendments to paragraph 4.5 reflect the insertion of the concept of an Auction Pool and removal of Liquidation Groups.]*

4.6 Uneconomic Price

For each Auction Pool, ASX Clear (Futures), in consultation with the relevant DMG, will determine a price (referred to as the **Uneconomic Price**) at or beneath which a Bid in a particular DM Auction will be taken to be uneconomic. The Uneconomic Price for a DM Auction will not be disclosed prior to the Expiration Time of the DM Auction.

*[**Explanatory Note**: ~~paragraph~~ Paragraph 4.6 provides that ASX Clear (Futures) will determine a price at which a Bid in each DM Auction will be deemed uneconomic. This is used to determine the order of application of OTC Commitments in accordance with the Juniorisation process below.]*

5 Juniorisation

5.1 Application

This Paragraph 5 (Juniorisation) applies if ASX Clear (Futures) determines that, following the completion of all relevant DM Auctions:

(a) in accordance with Futures Rule 73 (*Loss*), it has suffered a Loss, and

(b) the OTC Commitment of OTC Participants would be applied to meet that Loss in accordance with ~~either~~ Futures Rule 7.1~~(d) or (f)~~; and

(c) the Loss is not sufficient to require the application of the entire amount of OTC Commitment which is able to be applied in accordance with ~~that~~ Futures Rule 7.1 ~~(d) or (f) (as applicable)~~.

Otherwise, this Paragraph 5 (Juniorisation) does not apply.

*[**Explanatory Note**: Juniorisation under this Paragraph 5 of the Default Management Process operates across the two tranches of OTC Commitments in Futures Rule 7.1(d) and (f) and not within each of those tranches.]*

*[**Explanatory Note**: if, following the completion of all DM Auctions ASX Clear (Futures) suffers any Loss then the juniorisation procedures set out in this paragraph 5 will apply to apportion the OTC Commitment of OTC Participants utilised in accordance with Futures Rules 7.1(d) or (f)]*

5.2 Weighted OTC Commitment Amount

For each Auction Pool, ASX Clear (Futures) is to determine each Mandatory OTC Participant's **Weighted OTC Commitment Amount**. This is equal to:

(a) the OTC Participant's OTC Commitment

multiplied by

(b) the Auction Pool Weighting for that Auction Pool.

For this purpose:

Auction Pool Weighting for an Auction Pool is:

(a) the Risk Weighted IM Value for that Auction Pool

divided by

(b) the sum of the Risk Weighted IM Values for each Auction Pool.

Risk Weighted IM Value for an Auction Pool is the Auction Pool IM Value for that Auction Pool *multiplied* by the Auction Pool Risk Weighting for that Auction Pool.

Auction Pool IM Value is the value of Initial Margin allocated by ASX Clear (Futures) to that Auction Pool on the basis of the Terminated Open Contracts and DM Hedging Transactions comprised in such Auction Pool.

However, ASX Clear (Futures) is to adjust the Weighted OTC Commitment Amounts to take into account the re-weighting which it determines is required if any OTC Participant is a Mandatory OTC Participant for less than all of the Auction Pools.

*[**Explanatory Note**: ASX Clear (Futures) will use the Auction Pool Risk Weighting for each Auction Pool to determine the proportion of each OTC Participant's OTC Commitment which will be ascribed to that Auction Pool.]*

5.3 Priority Groups and Commitment Application Amounts

In respect of each Auction Pool, ASX Clear (Futures) is to:

(a) determine which Mandatory OTC Participants (referred to as the **Non-Contributing Participants**) have failed to submit a Bid for the DM Auction corresponding to such Auction Pool which is greater than its Uneconomic Price, including those which have failed to submit any Bid;

(b) rank all Mandatory OTC Participants (other than any Non-Contributing Participants) by the Bids which they submitted in the DM Auction corresponding to such Auction Pool in order of price from the highest price Bid to the lowest price Bid. In doing this:

(i) if a Mandatory OTC Participant submits multiple Bids in respect of a DM Auction, the lowest such Bid submitted by the Mandatory OTC Participant will be used by ASX Clear (Futures) in determining the OTC Participant's ranking for that DM Auction; and

(ii) if two or more identical Bids are received from separate Mandatory OTC Participants for the same DM Auction, for the purposes of ranking the Bids of such Mandatory OTC Participants in accordance with this paragraph 5 only, each of the OTC Participants will rank equally in respect of that DM Auction; and

(c) ~~in circumstances where there is only one Auction Pool,~~ rank OTC Participants which were not Mandatory OTC Participants ~~who submitted Bids in the~~ in any DM Auction ~~corresponding to such Auction Pool~~ equally with the OTC ~~Participant~~ Participants who submitted the highest ~~Bid~~ Bids for ~~that~~ each DM Auction.

ASX Clear (Futures) is to group the OTC Participants into **Priority Groups** using these rankings, from those who provided the highest Bids in DM Auctions to those who provided the lowest Bids in DM Auctions. Each Priority Group is comprised of the OTC Participants who have been allocated the same ranking by ASX Clear (Futures) with respect to an Auction Pool, provided that those OTC Participants that have been ranked equally in accordance with paragraph 5.3(b)(ii) above, will be grouped equally into multiple Priority Groups according to the number of Mandatory

OTC Participants who submitted identical Bids for that DM Auction. As a result of this process, an OTC Participant may be included in multiple Priority Groups if it was required to have submitted Bids in multiple DM Auctions.

The order of the Priority Groups will start with the Priority Group comprised of those OTC Participants (other than the Non-Contributing Participants) who made the highest bids in each DM Auction and forming Priority Groups of the OTC Participants who made second ranking, third ranking and progressively lower ranking Bids in each DM Auction (so that there is a Priority Group comprised of the highest bidders in each DM Auction, a Priority Group comprised of the second highest bidders in each DM Auction and so on). Under the lowest such Priority Group is to rank a Priority Group consisting of the Non-Contributing Participants in the DM Auctions which is to rank lowest behind all other Priority Groups.

However, if there is no OTC Participant participating in a particular DM Auction represented in a particular Priority Group (because, for example, there were less Bids made with respect to that DM Auction) then ASX Clear (Futures) may (in its sole discretion) change the Priority Group which does not contain a representative of that DM Auction. In doing so, ASX Clear (Futures):

(A) must not change the overall order of the different Bids (from highest to lowest) made in respect of that DM Auction;

(B) must not alter the ranking of an OTC Participant with respect to an Auction Pool so that the OTC Participant is ranked equally with the Non-Contributing Participants where it would otherwise be included in a higher ranking Priority Group; but

(C) subject to (B) above, may determine that any Priority Group is not to contain that DM Auction, provided that ASX Clear (Futures) may not exclude that DM Auction from the Priority Group consisting of the Non-Contributing Participants.

Using the rankings of Mandatory OTC Participants in Priority Groups, and the Weighted OTC Commitments of Mandatory OTC Participant's applicable to each Auction Pool, ASX Clear (Futures) is to determine the aggregate amount of the Weighted OTC Commitment Amounts of each Mandatory OTC Participant applicable to each Priority Group. OTC Participants which were not Mandatory Participants in any DM Auction are to have an aggregate Weighted OTC Commitment Amount in the highest ranking Priority Group which is equal to their OTC Commitment.

*[**Explanatory Note**: Following a DM Auction, ASX Clear (Futures) will rank each of the Bids received for that order in order from highest to lowest. This action is replicated in respect of each DM Auction, before the Bids across all DM Auctions are grouped together in Priority Groups by ranking. The proportion of each OTC Participant's OTC Commitment attributed to each Auction Pool in accordance with paragraph 5.3 is then applied to each Priority Group to determine the amount of OTC Commitment which may be utilised for that Priority Group.]*

5.4 Application of Losses to OTC Commitment

The OTC Commitments of OTC Participants are to be applied to meet a Loss in accordance with Futures Rule 7.1~~(d) or (f)~~ in the order of the OTC Participants included in the lowest ranking Priority Group first, OTC Participants included in the second lowest ranking Priority Group second, then progressively upward to the OTC Participants in each higher ranking Priority Group, until the Loss has been met in full. The application of the OTC Commitments of the OTC Participants included in a Priority Group in accordance with Futures Rule 7.1 is to be made in proportion to,

and up to the limit of, their respective aggregate Weighted OTC Commitments for that Priority Group. Once OTC Participants' aggregate Weighted OTC Commitments have been reached for a Priority Group then the OTC Commitments of the next highest ranking Priority Group is to be applied to the remaining Loss in the same way.

Schedule 5 (Juniorisation Worked Examples) of the OTC Handbook provides examples of how Losses of ASX Clear (Futures) are applied to the OTC Commitment of the OTC Participants in accordance with this paragraph 5.

*[**Explanatory Note**: ASX Clear (Futures) will utilise the OTC Commitment of the OTC Participants in order of Priority Group, from lowest Bid received to highest Bid. Each OTC Commitment ~~Application~~ Amount for each Priority Group will be utilised in full before applying the Weighted OTC Commitment ~~Application~~ Amount for the next Priority Group unless all the Losses of ASX Clear (Futures) have been met, or all the Commitment Application Amounts for all Priority Groups has been utilised, as applicable.]*

6 OTC Default Simulations

ASX Clear (Futures) will arrange for at least one and no more than three default simulations per year to ensure the best practicable level of preparation for any Default of an OTC Participant (each referred to as an **OTC Default Simulation**). The OTC Participants will support ASX Clear (Futures) in carrying out any such OTC Default Simulation.

Upon request of ASX Clear (Futures), each OTC Participant will in the course of such OTC Default Simulations act as potential counterparty for a simulated DM Hedging Transaction and will support any simulated DM Auction, as further described in the DM Auction Procedures, with respect to the Auction Pools that such OTC Participant is active in.

7 Information Regarding Default Management Process

Whenever the default management process is implemented by ASX Clear (Futures) in respect of a Defaulted OTC Participant, ASX Clear (Futures) will endeavour, in consultation with each relevant DMG, to keep OTC Participants reasonably informed of the progress of the default management process.

Nothing in this Paragraph 7 will require ASX Clear (Futures) to disclose information in respect of the default management process which, in the reasonable opinion of ASX Clear (Futures), may be subject to obligations of confidentiality, may constitute market sensitive data or is, in the opinion of ASX Clear (Futures), inappropriate for disclosure to OTC Participants.

End of Section.

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ASX OTC Handbook

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 PARTICIPATION AND GENERAL

2.4 Application to become an OTC Participant

An applicant intending to become an OTC Participant must lodge with ASX Clear (Futures) an ISDA Master Agreement between it and ASX Clear (Futures) which has been duly executed by it and which is in such form and substance as to be satisfactory to ASX Clear (Futures).

*[**Explanatory Note**: ~~each~~ Each OTC Participant is required to enter into an ISDA Master Agreement with ASX Clear (Futures) for default management purposes only.]*

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 7 (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~~2.14 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 ~~8~~ 7 (Attestation).

~~2.16~~2.15 Client Sub-Accounts

Without limiting the effect of Futures Rule 113.5, an OTC Participant will only request approval of a CPM Client by ASX Clear (Futures) where the CPM Client is a wholesale client (as defined under the Corporations Act) and is ~~either~~ incorporated in ~~Australia~~a prescribed jurisdiction, or carrying on business in ~~Australia~~a prescribed jurisdiction, or acting solely on behalf of an entity that is incorporated in ~~Australia~~ a prescribed jurisdiction or carrying on business in ~~Australia~~a prescribed jurisdiction.

ASX Clear (Futures) will only approve a CPM Client where it has the following data:

(a) Client Name

(b) Client LEI (or other identifier)

(c) Client Address

(d) Segregation Code (Omnibus or ICA)

(e) Restrictions on Trading

(f) Swapswire Participant ID

ASX reserves the right not to approve a CPM Client where it is not satisfied that the holding of Open Positions in respect of Open Contracts in a Client Sub-Account with respect to the Client will not cause ASX Clear (Futures) to breach any law, regulatory requirement or official directive, ruling or determination of any jurisdiction.

For the purpose of OTC Rule 2.15, in respect of each CPM Client, the Clearing Participant and CPM Client each represent that at least one of the following is correct:

(a) the CPM Client is incorporated in a prescribed jurisdiction; or

(b) the CPM Client is carrying on business in a prescribed jurisdiction (as that concept is defined under the Corporations Act); or

(c) in respect of contracts to be registered in the Client Sub-Account maintained for the CPM Client, the CPM Client is acting on behalf of an entity or entities, that are incorporated or carrying on business in a prescribed jurisdiction.

A reference to a "prescribed jurisdiction" in this Paragraph 2.15 is to Australia or other jurisdiction designated by ASX Clear (Futures) from time to time.

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.

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~~ 4.11 (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~~ 4.11 (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~~ 4.11 (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.

~~[*Procedure to be inserted on how an OTC Participant submits an OTC Open Contract for registration on behalf of a Client]*~~

~~4.12~~4.11 Backloading

Following the agreement of particulars as required by OTC Rule ~~4.12~~ 4.11 (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~~4.12 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~~4.13 Transfer of OTC Open Contracts

~~Transfer~~ Except to the extent that the Client Protection Model Provisions apply, transfer of OTC Open Contracts can only be effected by OTC Participants by re-bilateralisation in accordance with OTC Rule ~~4.13~~ 4.12 (Re-bilateralisation) and submission of a new OTC Transaction for registration in accordance with OTC Rule 4.3 (Submission of OTC Transactions).

~~4.15~~4.14 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.

~~4.16~~4.15 Netting of OTC Open Contracts

The conditions for the netting of OTC Open Contracts in the same Client Sub-Account which have equal but offsetting terms (except for the nominal amount) are:

(a) the OTC Open Contracts must not have matured;

(b) there must be no cash flows (e.g. coupon settlement) under the OTC Open Contracts due on the day of netting;

(c) all additional payments (as referred to under the Approved Trade Source System) for those OTC Open Contracts as agreed between the parties to the OTC Open Contracts have been settled;

~~(c~~(d) the OTC Participant must have the opposite contractual position under the OTC Open Contracts to be netted; and

~~(d~~(e) the parties to the OTC Open Contracts must be identical.

No OTC Open Contract registered in the House Clearing Account of an OTC Participant may be netted against an OTC Open Contract registered in the Client Clearing Account of that OTC Participant.

~~If~~ An OTC Participant may make a request for two or more OTC Open Contracts ~~are netted~~(which satisfy the conditions described above) to be netted by submitting the trade references of each OTC Open Contract to ASX Clear (Futures). If ASX Clear (Futures) accepts these OTC Open Contracts for netting, then:

(~~e~~f) the rights and obligations under each OTC Open Contract are, as far as possible, to be set-off against each other;

(~~f~~g) all remaining rights and obligations following such set-off are to comprise a single OTC Open Contract reflecting the net economic terms of such netted OTC Open Contracts; and

(~~g~~(h) ASX Clear (Futures) shall determine the resulting notional amount of the OTC Open Contract (if any) that replaces the netted OTC Open Contracts, and such determination shall be binding on the OTC Participant, absent manifest error.

~~*[Other detailed procedures to be provided.]*~~

An OTC Participant may make a standing request for netting of two or more OTC Open Contracts to occur automatically in respect of a Client Sub-Account where such OTC Open Contracts satisfy the conditions described above in paragraphs (a) to (e).

5 ACCOUNTS AND MARGIN

5.2 Transfer of OTC Initial Margin

~~Currency~~	~~Valuation Haircut~~[1]		~~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~~[2]
~~NZD~~	~~6%~~		
~~EUR~~	~~11%~~		
~~JPY~~	~~13%~~		
~~USD~~	~~10%~~		
~~GBP~~	~~8%~~		

The currencies, valuation haircuts and timing for providing OTC Initial Margin and additional Initial Margins (AIMs) as an amount of money are ~~set out below.~~as published on www.asx.com.au, as amended from time to time.

~~Subject to approval and on such conditions as ASX Clear (Futures) may determine from time to time, the following cover may be provided in respect of stress test induced additional Initial Margins (AIMs):~~

~~[1] Valuation haircuts are deducted from the market value of the instrument, as defined by ASX Clear (Futures), in all cases.~~

~~[2] The settlement day.~~

Approved Cover	Cover Requirement	Valuation Haircut[3]	Lodgement Process and Timing[4]
AUD Cash	Nil	N/A	• Lodgement notification by 9am on S[5]

5.3 Securities as OTC Initial Margin

Approved Cover	Cover Requirement	Valuation Haircut[6]	Lodgement Process and Timing
AUD Treasury Notes	• Minimum maturity: 2 weeks • Minimum holding[7]: $500,000 • Fixed rate bond issuance only, but excluding Capital Indexed or Inflation indexed bonds, or any other specific series that ASX may exclude	2%	• Lodgement notification by 4pm on S-1 • Exigo transaction by 9am on S
AUD Treasury Bonds[8]	• Minimum maturity: 6 months • Minimum holding: $500,000	• Maturity less than 3 years: 2% • Maturity greater than 3 years: 6%	• Lodgement notification by 4pm on S-1 • Exigo transaction by 9am on S
US Treasury Bills	• Minimum maturity: 2 weeks • Minimum holding: US$500,000 • Minimum transaction: US$500,000	1%	• Lodgement notification by 4pm on S-1 • Exigo transaction by 9am on S

Subject to approval and on such conditions as ASX Clear (Futures) may determine from time to time, the following securities that may be provided in respect of OTC Initial Margin: and additional Initial Margins (AIMs) are as published on www.asx.com.au, as amended from time to time.

Subject to approval and on such conditions as ASX Clear (Futures) may determine from time to time, the following cover may be provided in respect of stress test induced additional Initial Margins (AIMs):

Approved Cover	Cover Requirement	Valuation Haircut[9]	Lodgement Process and Timing[10]

[3] Valuation haircuts are deducted from the market value of the instrument, as defined by ASX Clear (Futures), in all cases;
[4] Clearing Participants are referred to SFE Notice 052/08 for arrangements for replacing cash with non cash collateral;
[5] Settlement day;
[6] Valuation haircuts are deducted from the market value of the instrument, as defined by ASX Clear (Futures), in all cases;
[7] Minimum holding and transaction values apply to face value lodgements of a single expiry in the instrument;
[8] Treasury Index Bonds are not accepted.
[9] Valuation haircuts are deducted from the market value of the instrument, as defined by ASX Clear (Futures), in all cases;
[10] Clearing Participants are referred to SFE Notice 052/08 for arrangements for replacing cash with non cash collateral;

~~AUD Treasury Bonds[11]~~	~~• Minimum maturity: 6 months~~ ~~• Minimum holding[12]: AU$500,000~~	~~• Maturity less than 3 Years: 2%~~ ~~• Maturity greater than 3 Years: 6%~~	~~• Lodgement notification by 4pm on S-1~~ ~~• Exigo transaction by 9am on S~~
~~Bank Bills/NCDs~~	~~• Issuer: Authorised Deposit-taking Institution (banks only)[13]~~ ~~• No Clearing Participant issued or parent/associated entity issued~~ ~~• Issuer rating: S&P short term credit rating of A-1+~~ ~~• Minimum maturity: 2 weeks~~ ~~• Maximum maturity: 1 year~~ ~~• Minimum transaction: AU$50,000,000~~ ~~• Subject to issuer limits~~	~~2%~~	~~• Lodgement notification by 4pm on S-1~~ ~~• Exigo transaction by 9am on S~~

5.5 Portfolio Margining

Upon request, ASX Clear (Futures) may take into account certain Open Contracts (other than OTC Open Contracts) ~~that are held in an Individual Sub-Account of the same CPM Client~~registered in:

(a) the OTC Participant's House Clearing Account; or

(b) the OTC Participant's Client Clearing Account provided that the Open Contracts are held in an Individual Sub-Account of the same CPM Client and, are in respect of the same Nominated Person, if applicable,

(referred to as **Eligible Open Contracts**) in determining the amount of OTC Initial Margin required to be transferred by an OTC Participant in respect of OTC Open Contracts held in ~~the same~~ that Clearing Account, subject to the following:

(~~a~~c) the timing of allocations of Eligible Open Contracts for this purpose is as determined by ASX Clear (Futures) from time to time and is not affected by, nor does it affect, the timing of allocations to Clearing Accounts. Allocations in the relevant Clearing Accounts are complete by ~~7:00PM~~ 7:00pm on a daily basis;

(~~b~~d) ASX Clear (Futures) will notify OTC Participants of any determinations with respect to Eligible Open Contracts; and

(~~c~~e) despite clause (~~b~~d) 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, in which case 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).

~~[11] Treasury Index Bonds are not accepted;~~
~~[12] Minimum holding and transaction values apply to face value lodgements of a single expiry in the instrument;~~
~~[13] Authorised Deposit Taking Institution within the meaning of Section 5 of the Banking Act 1959 (Cwth) which is in a class of Australian-owned banks, foreign subsidiary banks or branches of foreign banks as published from time to time by the Australian Prudential Regulation Authority pursuant to Section 9C of the Banking Act 1959 (Cwth).~~

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

5.6 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.

5.7 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.

5.8 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 and each CPM Client (where acting for itself as principal) 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 and each CPM Client (where acting for itself as principal) which is an Australian resident for tax purposes represents and warrants 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

(c) each CPM Client (where acting as agent, or otherwise in a representative capacity on behalf of, or in respect of, another entity or entities)~~,~~ represents and warrants that, in each case:

(i) where the other entity is a non-Australian resident for tax purposes, that the other entity derives each payment in connection with OTC Daily Variation Margin (including any Price Alignment Interest) through its conduct of a trade or business in Australia carried on at or through a permanent establishment in Australia; and

(ii) where the other entity is an Australian resident for tax purposes, that the other entity 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 or CPM Client through which any particular OTC Transaction is entered into. References in this Paragraph 5.8 to the capacity in which a CPM Client is acting do not limit Futures Rule 113.5.

5.9 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_T**" 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.

"**$Rate_T$**" 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.

6 DEFAULT

6.8 Allocation of Loss following default management process

Schedule 6 to this Handbook sets out a worked example of how Losses are allocated following the ~~default management process~~Default Management Process.

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[~~14~~1], 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.

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

[~~14~~1] http://www.isda.org/publications/isda2000def-annex-sup.aspx#2006defs

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~~ as it is 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	Markit Wire/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[~~15~~2] 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.

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

[~~15~~2] 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 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	Markit Wire/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

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 the 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[~~16~~3] 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.

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.

[~~16~~3] An additional payment under the terms of this section means any payment not part of the normal coupon cycle.

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	Markit Wire/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

- 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 the 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[~~17~~4] 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.

[~~17~~4] 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 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
Sydney	AUSY
Melbourne	AUME
New York	USNY
London	GBLO

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.

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. (Copies of the 2006 ISDA Definitions are available at www.isda.org/publications/pubguide.aspx.)

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.

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~~Derivatives

The Economic Terms for interest rate ~~swaps~~ derivatives 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.

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

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~~Establishment of DMGs) of the OTC Rules (referred to as the **Default Management Process**).

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.

3 DMG Establishment

3.1 DMG Composition Table

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

The maximum number of DMG Members who may be appointed in respect of each DMG is 10, or such other number as ASX Clear (Futures) may determine in its sole discretion.

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

*[**Explanatory Note:** ~~the~~ The amendments in DMG Paragraph 3.1 clarify that DMG Members will be limited to 10, unless otherwise provided by ASX Clear (Futures). Conforming amendments are also made following the amendments to DMG Paragraph 3.2 below.]*

3.2 Establishment of DMGs

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

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

*[**Explanatory Note**: ~~the~~ The amendments in this ~~DM~~ DMG Paragraph 3.2 provide that a DMG will be established for each OTC Transaction Type, as opposed to a Liquidation Group as this concept is no longer utilised. This also permits a DMG to be called outside of a Default scenario as provided in the OTC Rulebook.]*

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 a 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 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 a 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 a 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.

5 Designated DMG Members

5.1 Designated DMG Members

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

(a) an individual (who may be an employee of the Participating DMG Member or of any Related Body Corporate of such Participating DMG Member) as a

potential DMG Member (referred to as the **Designated DMG Member**); and

(b) another individual (who may be an employee of the Participating DMG Member or of any Related Body Corporate of such Participating DMG Member) as a potential deputy (referred to as the **Designated DMG Deputy**),

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

*[**Explanatory Note**: ~~the~~ The amendments in this DM Paragraph 5.1 permit appointment of an individual as a DMG Member and DMG Deputy who is an employee of a Related Body Corporate of a Participating DMG Member]*

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 or a Related Body Corporate and must have agreed to participate in a DMG;

(b) the designated individual must be qualified with respect to the relevant OTC Transaction Type 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 participation in person at the premises of ASX Clear (Futures) in Sydney or by electronic communication from a location approved by ASX Clear (Futures) in a DMG Meeting for which the individual has received a meeting request under DMG Paragraph 9.1 with at least two hours' notice (in respect of a DMG Meeting called in accordance with DMG paragraph 9.3 (Default management meetings)) or at least two weeks' notice (in respect of a DMG Meeting called in accordance with DMG paragraph 9.2 (Regular meetings)); 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); and~~

(f) the designated individual must not have been sanctioned for misconduct in connection with his or her employment, whether by the Participating DMG Institution, any other employer (current or previous) or any legal or regulatory body.

*[**Explanatory Note**: ~~the~~ The amendments in ~~DM~~ DMG Paragraph 5.3 provide that each individual nominated as a DMG Member or DMG Deputy must not have been sanctioned for misconduct.]*

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 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 DMG.

6.5 List of DMG Members

ASX Clear (Futures) will maintain a list of all DMG Members and DMG Deputies of each 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.

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 DMG who complies with the DMG Eligibility Criteria.

8 Office holders

8.1 DMG Chairman and DMG Deputy Chairman

Once all DMG Members for a DMG and a 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 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.

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 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 before the DMG Meeting giving details about the date and time of the DMG Meeting, provided that any meeting request for a DMG Meeting to be held pursuant to:

(a) DMG Paragraph 9.2 (Regular meetings) will be delivered no less than 2 weeks prior to the DMG Meeting; or

(b) DMG Paragraph 9.3 (Default management meetings) will be delivered no less than 2 hours prior to the DMG Meeting.

*[**Explanatory Note**: ~~the~~ The amendment to DM Paragraph 9.1 provide that 2 weeks notice will be given to all DMG Members in respect of a regular 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 or ASX Clear (Futures) from time to time considers appropriate.

*[**Explanatory Note**: ~~the~~ The amendment to ~~DM~~ DMG Paragraph 9.2 permit ASX Clear (Futures) to table business relevant for a DMG to consider.]*

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**).

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 at the premises of ASX Clear (Futures) in Sydney or by electronic communication from a location approved by ASX Clear (Futures).

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 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 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. However, employees of ASX Clear (Futures) will have oversight ~~over~~ of the DMG and any DMG Meeting and will facilitate any communication between the DMG, any DMG Member and ASX Clear (Futures) with respect to any DMG Matter or any other statement or matter as provided for in the DMG Procedures.

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. No quorum of a particular number of Participating DMG Members is required for the convening of a DMG Meeting, the consideration of any item of business of a DMG Meeting or any decision or other determination of the DMG.

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.

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.

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 Directions by Participating DMG Member Institutions

The Participating DMG Member Institution must instruct, and if its DMG Member is employed by any Related Body Corporate of such Participating DMG Member Institution must use reasonable endeavours to ensure that such Related Body Corporate instructs, its DMG Member when acting in such capacity, to comply with the lawful instructions of ASX Clear (Futures) under these Rules and otherwise to act in the best interest of a successful default management process of ASX Clear (Futures).

*[**Explanatory Note**: ~~clarifies~~ Clarifies that Participating DMG Member Institutions have an obligation to ensure that their DMG Member must comply with the instructions of ASX Clear (Futures)]*

12.3 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).

12.4 Confidentiality

Except as expressly contemplated in these DMG Procedures or as may be required by applicable law or court order or by an 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**).

Confidential Information pursuant to item (a) or (b) shall exclude information which:

(d) is in or becomes part of the public domain otherwise than through breach of the Rules or Procedures or an obligation of confidentiality owed to ASX Clear (Futures);

(e) the relevant DMG Member or DMG Deputy can prove by contemporaneous written documentation was already known to it at the time of disclosure (unless such knowledge arose from disclosure of information in breach of an obligation owed to or by a third party); or

(f) the relevant DMG Member or DMG Deputy acquired from a third party entitled to disclose it.

12.5 Compliance with Default Management Group Dealing Code of Conduct and Default Management Group Terms of Reference

Each Participating DMG Member Institution, DMG Member and DMG Deputy will be bound by the provisions of the Default Management Group Dealing Code of Conduct and the Default Management Group Terms of Reference, each as separately made available by ASX Clear (Futures) from time to time.

*[**Explanatory Note**: ~~each~~ Each DMG Member and DMG Deputy will be bound to comply with ASX Clear (Futures) Default Management Group Dealing Code of Conduct and Default Management Group Terms of Reference]*

12.6 Execution of DM Hedging Transactions

If ASX Clear (Futures) has requested a Participating DMG Member of a DMG to assist ASX Clear (Futures) in the execution of DM Hedging Transactions in accordance with Schedule 3 of the OTC Rules (Default Management Process), the execution of such DM Hedging Transactions will be governed by the terms of the Default Management Group Dealing Code of Conduct.

*[**Explanatory Note**: ~~the~~ The execution of all DM Hedging Transactions by a Participating DMG Member will be governed by ASX Clear (Futures) Default Management Group Dealing Code of Conduct.]*

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.

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.

15 Amendments

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

Schedule 4 – Default Management Auction Procedures

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.

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.

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, provided that, if the Auction Format of a DM Auction in respect of an Auction Pool is "Highest Bidder Wins Auction Format" there will only be one Auction Unit for such DM Auction.

*[**Explanatory Note**: ~~clarifies~~ The amendments to this paragraph clarify that for a DM Auction in the "Highest Bidder Wins" Auction Format, there will only be one Auction Unit.]*

4 Participation in DM Auctions

4.1 Participating Bidders

Each Mandatory OTC Participant which is obliged to participate~~-~~, and each other DM Auction Invitee which has notified ASX Clear (Futures) that it has decided 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~~ DM Auction Invitee may not disclose the Specific DM Auction Terms or any other information with respect to any DM Auction received in its capacity as a DM Auction Invitee, other than in accordance with the Rules, the Default Management Group Dealing Code of Conduct, the Default Management Group Terms of Reference or the Procedures.

5 Pre-Auction Procedures

5.1 DM Auction Invitees

For each DM Auction ASX Clear (Futures) will provide all Mandatory OTC Participants and such other OTC Participants which ASX Clear (Futures) has selected (if any, and at its sole discretion) to invite (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.

*[**Explanatory Note**: ~~as~~ As not all Auction Formats will have multiple Auction Units, the provisions of this paragraph have been moved to the "Multi-Unit Auction Format" in paragraph 8.4 below.]*

5.2 Content of Specific DM Auction Terms

The Specific DM Auction Terms will contain:

(a) the Auction Unit(s) (including information regarding the DM Auction Transactions comprised in them and any minimum number of Auction Units which each individual Mandatory OTC Participant is required to bid for);

(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~~ Participating Bidder (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).

5.3 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, the Auction Pool the subject of the DM Auction 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 5.4 (Revocation of Bids following amendment) below. ASX Clear (Futures) will inform all Participating Bidders about any such changes.

5.4 Revocation of Bids following amendment

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 5.4 (Revocation of Bids following amendment), 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 may not revoke its Bid in case of any such change, however such a Bid may be revised prior to the Expiration Time of the DM Auction.

*[**Explanatory Note**: ~~clarification~~ Clarification that any Bid placed may be revised prior to the Expiration Time of the DM Auction as extended or re-opened but may not be revoked.]*

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~~ Participating Bidder 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 must submit their offered price for an Auction Unit, or if there is a minimum number of Auction Units for which a Mandatory OTC Participant (if that Participating Bidder is, or is acting on behalf of, that Mandatory Participant) is required to bid, the number of Auction Units no less than such minimum number, in accordance with the Auction Format and in compliance with the DM Auction Procedures (each such submission 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**). Each Bid must be a price per Auction Unit expressed in the Auction Currency as specified in the Specific DM Auction Terms for such DM Auction.

*[**Explanatory Note**: ~~a~~ A price offered for Auction Units will only constitute a Bid by or on behalf of a Mandatory OTC Participant if a price is submitted for at least the minimum number of Auction Units required to be bid for by a Mandatory OTC Participant.]*

6.3 Bids Irrevocable

A Bid constitutes an offer to enter into the DM Auction Transactions comprised in the relevant Auction Unit(s) (as referred to in the Bid in accordance with the Auction Format and in compliance with the DM Auction Procedures) with ASX Clear (Futures) at the Auction Price. Subject to DM Auction Paragraph 5.4 (Revocation of Bids following amendment), the most recent Bid received by ASX Clear (Futures) from a Participating Bidder in respect of the Auction Unit(s) comprised in a DM Auction will be irrevocable.

*[**Explanatory Note**: ~~as~~ As Bids may be amended prior to closure of a DM Auction, only the last submitted Bid by a Participating Bidder will be irrevocable.]*

6.4 Bids may be Positive or Negative

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

6.5 Bids not open

All Bids submitted are to be made by ~~means of~~ a confidential means of communication and are to remain anonymous until the Expiration Time.

*[**Explanatory Note**: ~~all~~ All Bids will remain confidential until the Expiration Time.]*

6.6 Oral Bids

Unless otherwise specified in the Specific DM Auction Terms, Participating Bidders may submit a Bid orally by telephone to ASX Clear (Futures), provided that such oral submission is subsequently evidenced in writing by the Participating Bidder to ASX Clear (Futures). However, the failure to provide any written evidence to ASX Clear (Futures) does not alter the effectiveness of the relevant Bid.

Any Bid submitted orally will be deemed to have been submitted at the time of the oral communication of such Bid.

The record maintained by ASX Clear (Futures) of any such Bid is the authoritative record and is conclusive at all times.

*[**Explanatory Note**: Bids may be submitted to ASX Clear (Futures) orally with written evidence to follow. However the records of ASX Clear (Futures) will be conclusive and the effectiveness of the Bid will not be affected by a failure to provide written evidence.]*

6.7 Instructions to ASX Clear (Futures)

ASX Clear (Futures) may reject any communication from a Participating Bidder purporting to submit, revise or revoke any Bid in accordance with the Auction Format and in compliance with the DM Auction Procedures if ASX Clear (Futures) determines, in its discretion, that such communication is not clear and unequivocal.

*[**Explanatory Note**: ASX Clear (Futures) is under no obligation to accept any communication from a Participating Bidder which it deems to be unclear.]*

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).

However, regardless of any provisions contained in the Specific DM Auction Terms or these General DM Auction Procedures, if the Auction Format for a DM Auction specifies that the highest Bid (or Bids) submitted is to be the winning Bid (or Bids) for an Auction Unit, if the highest Bid (or Bids) are not acceptable to ASX Clear (Futures) in its sole discretion, having regard to compliance with its obligations as a ~~clearing~~ CS facility licensee, ASX Clear (Futures) may instead select the next highest Bid (or Bids) (or if the next highest Bid is also not acceptable to ASX Clear (Futures) each subsequent lower Bid until a Bid (or Bids) are deemed acceptable) as the winning Bid (or Bids) in any DM Auction.

*[**Explanatory Note**: ~~if~~ If ASX Clear (Futures) determines that acceptance of the highest Bid submitted as the winning Bid for an Auction Unit is not acceptable, given its licensing obligations, it may determine that subsequent lower Bids are instead the winning Bid, regardless of the procedures specified in the particular Auction Format.]*

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~~ OTC Rule 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 keep confidential the details of all Bids submitted to it until the Expiration Time, provided that following the Expiration Time, ASX Clear (Futures) may disclose to the DMG the level of each Bid received.

In any event, ASX Clear (Futures) will not disclose:

(a) the identity of the Participating Bidder that submitted the winning Bid for an Auction Unit to any party;

(b) the Auction Price for any Auction Unit of an Auction Pool, 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, regulation or regulators.

*[**Explanatory Note**: ASX Clear (Futures) will keep Bid details confidential but may disclose Bid levels to the DMG after the closure of the DM Auction.]*

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 a winning Bid (referred to as the **Auction Format**).

ASX Clear (Futures) may apply any Auction ~~Format~~ Form to a DM Auction in its sole discretion, however 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 "Highest Bidder Wins Auction Format" as described in DM Auction Paragraph 8.3 (Highest Bidder Wins Auction Format).

*[**Explanatory Note**: ~~provides~~ Provides clarification that ASX Clear (Futures) may choose any Auction Format in relation to a DM Auction. However, unless otherwise specified, "Highest Bidder Wins" Auction Format will apply]*

8.2 Reserve Price

The Specific DM Auction Terms may specify that ASX Clear (Futures) can set a reserve price in connection with a DM Auction. If a reserve price specified for one or more Auction Units is higher than the otherwise winning Bid for such Auction Unit(s), then despite any other provision of these DM Auction Procedures there is taken to be no winning Bid for such Auction Unit(s).

8.3 Highest Bidder Wins Auction Format

If the Specific DM Auction Terms specify "Highest Bidder Wins Auction Format" as the applicable Auction Format or if no Auction Format is specified, the following applies:

(a) all Bids will be made in accordance with the DM Auction Procedures;

(b) there will be one Auction Unit only comprised in the Auction Pool;

(c) each Mandatory OTC Participant is required to bid for the Auction Unit comprised in the Auction Pool;

(d) subject to DM Auction 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 ~~the~~ each Auction Unit and such highest Bid will be the Auction Price for the respective Auction Unit; and

(e) subject ~~to DM Paragraph 8.2 (Reserve Price), ASX Clear (Futures) will accept the winning Bid pursuant~~ to DM Auction 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 ~~the~~ 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).

*[**Explanatory Note**: "Highest Bidder Wins" Auction Format provides that each Mandatory OTC Participant must submit a Bid for the entire Auction Pool (as there is only one Auction Unit). The highest bidder for the Auction Pool will be the winner.]*

8.4 Multi-Unit Auction Format

If the Specific DM Auction Terms specify "Multi-Unit Auction Format" as the applicable Auction Format, the following applies:

(a) ASX Clear (Futures) will specify in the Specific DM Auction Terms or by email to each Mandatory OTC Participant a minimum number of Auction Units for which the Mandatory OTC Participant will submit a Bid. Such minimum number of Auction Units will be determined by ASX Clear (Futures) in accordance with the following formula:

(i) the Proportionate Initial Margin Value for the Mandatory OTC Participant for the relevant Auction Pool

divided by

the sum of the Proportionate Initial Margin Values for all Mandatory OTC Participants for the relevant Auction Pool

multiplied by

(ii) the Weighted Number of Auction Units for the relevant Auction Pool.

For this purpose:

Proportionate Initial Margin Value is the value of Initial Margin allocated to a Mandatory OTC Participant for the relevant Auction Pool as determined by ASX Clear (Futures) on the basis of the proportion of OTC Open Contracts and other Open Contracts held by such Mandatory OTC Participant as compared with the OTC Open Contracts and other Open Contracts held by each other Mandatory OTC Participant taking into consideration the Terminated Open Contracts and DM Hedging Transactions comprised in such Auction Pool.

Weighted Number of Auction Units is:

A. the value of Initial Margin of the Defaulted OTC Participant for the relevant Auction Pool, as determined by ASX Clear (Futures) as if for this purpose it were a Mandatory OTC Participant

divided by

B. the Auction Unit size in AUD as determined by ASX Clear (Futures) in its sole discretion

multiplied by

C. a multiplier determined by ASX Clear (Futures) in its sole discretion, provided that the multiplier must be greater than one.

The resulting minimum number of Auction Units for such Mandatory OTC Participant will be rounded up to the nearest whole Auction Unit.

(b) all Bids will be made in accordance with the DM Auction Procedures;

(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).

*[**Explanatory Note**: Multi-Unit Auction Format provides that Mandatory OTC Participants must bid on a minimum number of Auction Units depending upon the IM amount ascribed to them for the particular Auction Pool. The formula used by ASX Clear (Futures) to determine the minimum number of Auction Units is specified.]*

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.

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.

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 5.3 (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 as a winning Bid will constitute a binding contract regarding the entering into the DM Auction Transactions comprised in the relevant Auction Units;

(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 Units 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 will use any such information solely for the purpose of evaluating the relevant Auction Units and that it will, unless it has provided the winning Bid which has been accepted by ASX Clear (Futures) or is required to retain such information pursuant to law or internal compliance 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;

(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 with the purpose of affecting the value of any DM Auction Transaction or Auction Units;

(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 representation in (a) above is also made by each DM Auction Invitee which is not a Participating Bidder.

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.

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.

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

Step:	Applicable time:	Action:
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. If the Auction Format is "Multi-Unit Auction Format" 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 the relevant number of Auction Units.
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 the relevant Auction Units.
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 Auction Unit. Any applicable OTC Daily Variation Margin or any Variation Margin associated with the successful Bid becomes due and payable.

ANNEX – Form of Specific Terms for DM Auctions

[Letterhead of ASX Clear (Futures)]

To The ~~Mandatory OTC Participants~~DM Auction Invitees

[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~~ DM Auction Invitee 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 use any such information solely for the purpose of evaluating the Auction Units and it will, unless it has provided a winning Bid that has been accepted by ASX Clear (Futures), 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:

Auction Pool(s) :	[ ]
DM Auction Transactions:	See attached spreadsheet
Auction Units:	See attached spreadsheet
[Minimum number of Auction ~~Units~~ units which must be Bid for:	[ ]]
Weighted OTC Commitment Amount:	[ ]

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:	[ ] [Highest Bidder Wins Auction Format] [Multi-Unit Auction Format]
	[ ] Other: ***[describe]***
[other]	[ ]
[other]	[ ]

Schedule 5 – Juniorisation Worked Examples

The following examples assume there are nine OTC Participants each having an OTC Commitment as follows:

	OTC Participant	Fixed OTC Commitment (AUD)	Variable OTC Commitment (AUD)	Total OTC Commitment (AUD)
1	Apple Bank	5,000,000	20,000,000	25,000,000
2	Orange Bank	5,000,000	8,000,000	13,000,000
3	Pear Bank	5,000,000	7,000,000	12,000,000
4	Peach Bank	5,000,000	5,000,000	10,000,000
5	Banana Bank	5,000,000	4,000,000	9,000,000
6	Tomato Bank	5,000,000	3,000,000	8,000,000
7	Olive Bank	5,000,000	2,000,000	7,000,000
8	Carrot Bank	5,000,000	1,000,000	6,000,000
9	Default Bank	5,000,000	5,000,000	10,000,000
	Total	**45,000,000**	**55,000,000**	**100,000,000**

Table 1: OTC Commitments of each OTC Participant

1 Highest Bidder Wins Auction Format DM Auction, all OTC Participants are Mandatory OTC Participants

Assume that the Defaulting OTC Participant, named Default Bank, had an OTC Initial Margin (**IM**) requirement of AUD 200,000,000 in respect of its OTC Open Positions at the time of Default.

Assume that ASX Clear (Futures) determines that one DM Auction is to take place using the Highest Bidder Wins Auction Format, and all Non-Defaulting OTC Participants are Mandatory OTC Participants. The OTC Commitments of all Non-Defaulting OTC Participants will consequently be applied in accordance with the procedures set out in Paragraph 5 (Juniorisation) of Schedule 3 of the OTC Rules in that one DM Auction.

The DM Auction takes place and the submitted Bids were ranked from highest to lowest in accordance with Paragraph 5.3 (Priority Groups and Commitment Application Amounts) of Schedule 3 of the OTC Rules. The resulting order in relation to each Mandatory OTC Participant was as follows:

Rank	Mandatory OTC Participant	OTC Commitment (AUD)	Cumulative Total OTC Commitment available for application (AUD)
1	Apple Bank	25,000,000	90,000,000
2	Tomato Bank	8,000,000	65,000,000
3	Orange Bank	13,000,000	57,000,000
4	Peach Bank	10,000,000	44,000,000
5	Pear Bank	12,000,000	34,000,000
6	Carrot Bank	6,000,000	22,000,000
7	Banana Bank	9,000,000	16,000,000
8	Olive Bank	7,000,000	7,000,000
	Total	**90,000,000**	

Table 2: Ranking of Bids and resulting Juniorisation waterfall

The OTC Commitment of the Defaulting OTC Participant is not included in Table 2 as it ranks junior to the OTC Commitment of all Non-Defaulting OTC Participants in the order of application as set out in Futures Rule 7.1.

In applying the OTC Commitment of each Non-Defaulting OTC Participant in accordance with Futures Rule 7.1(d), Losses are applied to the OTC Commitments in sequential order from the OTC Participant who submitted the lowest Bid (Olive Bank in Table 2) up to the winning bidder (Apple Bank in Table 2).

If the Losses have been fully met by applying the OTC Commitment of some but not all of the Non-Defaulting OTC Participants then the loss application process will cease at such point. For example, if the Losses were fully met after application of AUD 50,000,000 of the Total OTC Commitment of the Non-Defaulting OTC Participants, then each of Olive, Banana, Carrot, Pear and Peach Banks would have lost all their respective OTC Commitments and Orange Bank would lose AUD 6,000,000 of its AUD 13,000,000 OTC Commitment. None of the OTC Commitment of Apple Bank and Tomato Bank would be applied as they submitted higher Bids.

2 Multiple Highest Bidder Wins Auction Format DM Auctions, all OTC Participants are Mandatory OTC Participants

Assume that ASX Clear (Futures) determines that four Auction Pools should be created in respect of a Defaulted OTC Participant in accordance with Paragraph 4.3 (Auction Pools and Auction Pool Weighting) of Schedule 3 of the OTC Rules.

Assume that three of those Auction Pools (Auction Pools A, B and C) are expected to achieve a reasonable level of bidding interest from the Non-Defaulting OTC

Participants and have each been given an Auction Pool Risk Weighting of 1 (the baseline allocation multiplier). However, one Auction Pool (Auction Pool D) is determined to be a little less attractive and therefore ASX Clear (Futures), in consultation with the DMG has determined that it needs to stimulate demand in that DM Auction by allocating it an Auction Pool Risk Weighting of 3.

The following Auction Pool IM Values are allocated by ASX Clear (Futures) to each Auction Pool and the resulting Auction Pool Weightings using the applicable Auction Pool Risk Weightings are applied:

	Auction Pool A	**Auction Pool B**	**Auction Pool C**	**Auction Pool D**	**Total**
Auction Pool IM Value	AUD 100,000,000	AUD 50,000,000	AUD 30,000,000	AUD 20,000,000	AUD 200,000,000
Auction Pool Risk Weighting	1	1	1	3	
Risk Weighted IM Value	AUD 100,000,000	AUD 50,000,000	AUD 30,000,000	AUD 60,000,000	AUD 240,000,000
Auction Pool Weighting	**0.4167**	**0.2083**	**0.1250**	**0.2500**	**1**

Table 3: DM Auction Pool Weightings

As can be seen in the above table, the Risk Weighted IM Value is simply the Auction Pool IM Value attributed to an Auction Pool multiplied by the Auction Pool Risk Weighting. The Auction Pool Weighting for an Auction Pool is the Risk Weighted IM Value for that Auction Pool divided by the sum of the Risk Weighted IM Values for all Auction Pools.

The Auction Pool Weighting is then applied to each OTC Participant's OTC Commitment to determine each OTC Participant's Weighted OTC Commitment in respect of a particular Auction Pool.

In this Default scenario all Non-Defaulting OTC Participants are Mandatory OTC Participants in respect of each Auction Pool. Each Non-Defaulting OTC Participant's OTC Commitment is consequently split across each Auction Pool as follows:

Mandatory OTC Participant	**Auction Pool A** **Weighted OTC Commitment Amount (AUD)**	**Auction Pool B** **Weighted OTC Commitment Amount (AUD)**	**Auction Pool C** **Weighted OTC Commitment Amount (AUD)**	**Auction Pool D** **Weighted OTC Commitment Amount (AUD)**	**Total OTC Commitment Amount (AUD)**
Apple Bank	10,416,667	5,208,333	3,125,000	6,250,000	25,000,000
Orange Bank	5,416,667	2,708,333	1,625,000	3,250,000	13,000,000
Pear Bank	5,000,000	2,500,000	1,500,000	3,000,000	12,000,000
Peach Bank	4,166,667	2,083,333	1,250,000	2,500,000	10,000,000

Mandatory OTC Participant	Auction Pool A Weighted OTC Commitment Amount (AUD)	Auction Pool B Weighted OTC Commitment Amount (AUD)	Auction Pool C Weighted OTC Commitment Amount (AUD)	Auction Pool D Weighted OTC Commitment Amount (AUD)	Total OTC Commitment Amount (AUD)
Banana Bank	3,750,000	1,875,000	1,125,000	2,250,000	9,000,000
Tomato Bank	3,333,333	1,666,667	1,000,000	2,000,000	8,000,000
Olive Bank	2,916,667	1,458,333	875,000	1,750,000	7,000,000
Carrot Bank	2,500,000	1,250,000	750,000	1,500,000	6,000,000
Total	**37,500,000**	**18,750,000**	**11,250,000**	**22,500,000**	**90,000,000**

Table 4: OTC Commitment apportionment across Auction Pools

The calculation of the apportionment of each OTC Participant's OTC Commitment across all Auction Pools as set out in Table 4 above is shown below using Apple Bank as an example.

Apple Bank has an OTC Commitment of AUD 25,000,000 which is required to be apportioned across the four Auction Pools. Although there are a number of ways to arrive at the same result, for the purposes of this illustration:

Weighted OTC Commitment Amount for a particular Auction Pool = (Risk Weighted IM Value for such Auction Pool ÷ sum of the Risk Weighted IM Values for each Auction Pool) × OTC Participant's OTC Commitment

Apple Bank's Weighted OTC Commitment Amount for:

Auction Pool A = ($100m ÷ $240m) × $25m = $10.416m

Auction Pool B = ($50m ÷ $240m) × $25m = $5.208m

Auction Pool C = ($30m ÷ $240m) × $25m = $3.125m

Auction Pool D = ($60m ÷ $240m) × $25m = $6.25m

The DM Auctions in respect of each Auction Pool take place and the submitted Bids were ranked from highest to lowest in accordance with Paragraph 5.3 (Priority Groups and Commitment Application Amounts) of Schedule 3 of the OTC Rulebook. The resulting order in relation to each Mandatory OTC Participant was as follows:

Rank	DM Auction A	DM Auction B	DM Auction C	DM Auction D
Winner	Peach Bank	Apple Bank	Orange Bank	Banana Bank
2nd	Tomato Bank	Olive Bank	Tomato Bank	Pear Bank
3rd	Banana Bank	Banana Bank	Carrot Bank	Peach Bank
4th	Apple Bank	Orange	Apple Bank	Tomato

Rank	DM Auction A	DM Auction B	DM Auction C	DM Auction D
		Bank		Bank
5th	Carrot Bank	Pear Bank	Pear Bank	Olive Bank
6th	Orange Bank	Peach Bank	Olive Bank	Carrot Bank
7th	Olive Bank	Carrot Bank	Peach Bank	Apple Bank
8th	Pear Bank	Tomato Bank	Banana Bank	Orange Bank

Table 5: DM Auction Bid Ranking

Application of the respective OTC Commitments of each Mandatory OTC Participant calculated in Table 4 arrives at the following matrix of OTC Commitments ranked for the purpose of juniorisation. Each Non-Defaulting OTC Participant's OTC Commitment available for application in respect of each DM Auction is ranked according to their Bid in each of the DM Auctions:

Rank	DM Auction A		DM Auction B		DM Auction C		DM Auction D		OTC Commitment available (AUD)
Win	Peach	4,166,667	Apple	5,208,333	Orange	1,625,000	Banana	2,250,000	13,250,000
2nd	Tomato	3,333,333	Olive	1,458,333	Tomato	1,000,000	Pear	3,000,000	8,791,667
3rd	Banana	3,750,000	Banana	1,875,000	Carrot	750,000	Peach	2,500,000	8,875,000
4th	Apple	10,416,667	Orange	2,708,333	Apple	3,125,000	Tomato	2,000,000	18,250,000
5th	Carrot	2,500,000	Pear	2,500,000	Pear	1,500,000	Olive	1,750,000	8,250,000
6th	Orange	5,416,667	Peach	2,083,333	Olive	875,000	Carrot	1,500,000	9,875,000
7th	Olive	2,916,667	Carrot	1,250,000	Peach	1,250,000	Apple	6,250,000	11,666,667
8th	Pear	5,000,000	Tomato	1,666,667	Banana	1,125,000	Orange	3,250,000	11,041,667
Total		**37,500,000**		**18,750,000**		**11,250,000**		**22,500,000**	**90,000,000**

Table 6: Multiple Highest Bidder Wins DM Auction Results

In accordance with Paragraph 5.3 (Priority Groups and Commitment Application Amounts) of Schedule 3 of the OTC Rules ASX Clear (Futures) groups the OTC Participants into Priority Groups using these rankings, from those who provided the lowest Bids to those who provided the highest Bids across all DM Auctions. The OTC Commitment of each Mandatory OTC Participant is then applied in sequential order across the Priority Groups from lowest ranking Priority Group to highest ranking Priority Group (i.e. those Mandatory OTC Participants whose Bids ranked 8th have their Weighted OTC Commitment Amount for such Auction Pool applied equally first which equals $11,041,667). Assuming there was $50,000,000 of

Losses the following apportionment would occur amongst the Mandatory OTC Participants:

The Mandatory OTC Participants comprised in the lowest Priority Group (those Mandatory OTC Participants ranked 8th in Table 6) have their OTC Commitments applied first:

Mandatory OTC Participant	DM Auction A Weighted OTC Commitment Amount (AUD)	DM Auction B Weighted OTC Commitment Amount (AUD)	DM Auction C Weighted OTC Commitment Amount (AUD)	DM Auction D Weighted OTC Commitment Amount (AUD)	Total OTC Commitment Amount applied (AUD)
Apple Bank					
Orange Bank				3,250,000	3,250,000
Pear Bank	5,000,000				5,000,000
Peach Bank					
Banana Bank			1,125,000		~~1,125,00~~1,125,000
Tomato Bank		1,666,667			1,666,667
Olive Bank					
Carrot Bank					
Total	**5,000,000**	**1,666,667**	**1,125,000**	**3,250,000**	**11,041,667**

Table 7: Lowest Priority Group OTC Commitments applied first

Following the application of the Weighted OTC Commitments of the Mandatory OTC Participants comprised in the lowest Priority Group, the Mandatory OTC Participants comprised in the second lowest Priority Group (those Mandatory OTC Participants ranked 7th in Table 6) have their Weighted OTC Commitments applied as shown below in Table 8:

Mandatory OTC Participant	DM Auction A Weighted OTC Commitment Amount (AUD)	DM Auction B Weighted OTC Commitment Amount (AUD)	DM Auction C Weighted OTC Commitment Amount (AUD)	DM Auction D Weighted OTC Commitment Amount (AUD)	Total OTC Commitment Amount applied (AUD)
Apple Bank				6,250,000	6,250,000
Orange Bank				3,250,000	3,250,000
Pear Bank	5,000,000				5,000,000
Peach Bank			1,250,000		1,250,000
Banana Bank			1,125,000		1,125,000

Mandatory OTC Participant	DM Auction A Weighted OTC Commitment Amount (AUD)	DM Auction B Weighted OTC Commitment Amount (AUD)	DM Auction C Weighted OTC Commitment Amount (AUD)	DM Auction D Weighted OTC Commitment Amount (AUD)	Total OTC Commitment Amount applied (AUD)
Tomato Bank		1,666,667			1,666,667
Olive Bank	2,916,667				2,916,667
Carrot Bank		1,250,000			1,250,000
Total	**7,916,667**	**2,916,667**	**2,375,000**	**9,500,000**	**22,708,334**

Table 8: 8th and 7th highest ranked Priority Group OTC Commitment Loss allocation

The Weighted OTC Commitments of the Mandatory OTC Participants comprised in the next highest Priority Group (those ranked 6th in Table 6) are then applied as follows:

Mandatory OTC Participant	DM Auction A Weighted OTC Commitment Amount (AUD)	DM Auction B Weighted OTC Commitment Amount (AUD)	DM Auction C Weighted OTC Commitment Amount (AUD)	DM Auction D Weighted OTC Commitment Amount (AUD)	Total OTC Commitment Amount applied (AUD)
Apple Bank				6,250,000	6,250,000
Orange Bank	5,416,667			3,250,000	8,666,667
Pear Bank	5,000,000				5,000,000
Peach Bank		2,083,333	1,250,000		3,333,333
Banana Bank			1,125,000		1,125,000
Tomato Bank		1,666,667			1,666,667
Olive Bank	2,916,667		875,000		3,791,667
Carrot Bank		1,250,000		1,500,000	2,750,000
Total	**13,333,334**	**5,000,000**	**3,250,000**	**11,000,000**	**32,583,334**

Table 9: 8th, 7th and 6th highest ranked Priority Group OTC Commitment Loss Allocation

The Weighted OTC Commitments of the Mandatory OTC Participants comprised in the next highest Priority Group (those ranked 5th in Table 6) are then applied as follows:

Mandatory OTC Participant	DM Auction A Weighted OTC Commitment Amount (AUD)	DM Auction B Weighted OTC Commitment Amount (AUD)	DM Auction C Weighted OTC Commitment Amount (AUD)	DM Auction D Weighted OTC Commitment Amount (AUD)	Total OTC Commitment Amount applied (AUD)
Apple Bank				6,250,000	6,250,000
Orange Bank	5,416,667			3,250,000	8,666,667
Pear Bank	5,000,000	2,500,000	1,500,000		9,000,000
Peach Bank		2,083,333	1,250,000		3,333,333
Banana Bank			1,125,000		1,125,000
Tomato Bank		1,666,667			1,666,667
Olive Bank	2,916,667		875,000	1,750,000	5,541,667
Carrot Bank	2,500,000	1,250,000		1,500,000	5,250,000
Total	**15,833,334**	**7,500,000**	**4,750,000**	**12,750,000**	**40,833,334**

Table 10: 8th, 7th, 6th and 5th highest ranked Priority Group OTC Commitment Loss Allocation

As there is a total of AUD 50,000,000 Loss, following the application of OTC Commitment for each of the 4 lowest Priority Groups, the remaining Loss is less than the OTC Commitment available for application across the next highest Priority Group. The remaining Loss is applied proportionately across each Mandatory OTC Participant's Weighted OTC Commitment Amount for each Auction Pool allocated to such Priority Group.

The remaining Loss is $50,000,000 - $40,883,334 = $9,166,667.

The Weighted OTC Commitments of the Mandatory OTC Participants comprised in the 4th highest Priority Group are applied in the same ratio as they have at risk in that Priority Group.

DM Auction	Mandatory OTC Participant	Weighted OTC Commitment Amount at risk (AUD)	Weighted OTC Commitment Amount applied (AUD)
A	Apple Bank	10,416,667	5,232,116
B	Orange Bank	2,708,333	1,360,350
C	Apple Bank	3,125,000	1,569,635
D	Tomato Bank	2,000,000	1,004,566

	Total	**18,250,000**	**9,166,667**

Table 11: Application and apportionment of OTC Commitment to 4th placed bidders in the DM Auctions

When applied to the juniorisation matrix it results in an application of the Weighted OTC Commitment of each Mandatory OTC Participant to meet the entire AUD 50,000,000 of Losses as follows:

Mandatory OTC Participant	DM Auction A Weighted OTC Commitment Amount (AUD)	DM Auction B Weighted OTC Commitment Amount (AUD)	DM Auction C Weighted OTC Commitment Amount (AUD)	DM Auction D Weighted OTC Commitment Amount (AUD)	Total OTC Commitment Amount applied (AUD)
Apple Bank	5,232,116		1,569,635	6,250,000	13,051,751
Orange Bank	5,416,667	1,360,350		3,250,000	10,027,017
Pear Bank	5,000,000	2,500,000	1,500,000		9,000,000
Peach Bank		2,083,333	1,250,000		3,333,333
Banana Bank			1,125,000		1,125,000
Tomato Bank		1,666,667		1,004,566	2,671,233
Olive Bank	2,916,667		875,000	1,750,000	5,541,667
Carrot Bank	2,500,000	1,250,000		1,500,000	5,250,000
Total	**21,065,450**	**8,860,350**	**6,319,635**	**13,754,566**	**50,000,001**

Table 12: Weighted OTC Commitment contributions following Juniorisation

3 Multiple Highest Bidder Wins Auction Format DM Auctions where one OTC Participant is not a Mandatory OTC Participant in respect of all Auction Pools

Assume that ASX Clear (Futures) determines that four Auction Pools should be created in respect of a Defaulted OTC Participant in accordance with Paragraph 4.3 (Auction Pools and Auction Pool Weighting) of Schedule 3 of the OTC Rules.

Assume that Carrot Bank is not a Mandatory OTC Participant in respect of Auction Pool C and Auction Pool D as, in accordance with Paragraph 4.5 (Mandatory OTC Participants) of Schedule 3 of the OTC Rules, at the time of default of the Defaulted OTC Participant they did not have any OTC Open Contracts in the relevant Auction Pools. However, Carrot Bank is a Mandatory OTC Participant in respect of Auction Pool A and Auction Pool B, and as such their OTC Commitment is applied across those Auction Pools only.

The allocation of Carrot Bank's OTC Commitment across two Auction Pools only alters the allocation of the OTC Commitment of the other OTC Participants across the four Auction Pools. The Weighted OTC Commitment Amounts for each OTC Participant across the Auction Pools is shown in Table 13 below.

OTC Participant	Auction Pool A Weighted OTC Commitment Amount (AUD)	Auction Pool B Weighted OTC Commitment Amount (AUD)	Auction Pool C Weighted OTC Commitment Amount (AUD)	Auction Pool D Weighted OTC Commitment Amount (AUD)	Total OTC Commitment Amount (AUD)
Apple Bank	9,970,238.10	4,985,119.05	3,348,214	6,696,429	25,000,000
Orange Bank	5,184,523.81	2,592,261.90	1,741,071	3,482,143	13,000,000
Pear Bank	4,785,714.29	2,392,857.14	1,607,143	3,214,286	12,000,000
Peach Bank	3,988,095.24	1,994,047.62	1,339,286	2,678,571	10,000,000
Banana Bank	3,589,285.71	1,794,642.86	1,205,357	2,410,714	9,000,000
Tomato Bank	3,190,476.19	1,595,238.10	1,071,429	2,142,857	8,000,000
Olive Bank	2,791,666.67	1,395,833.33	937,500	1,875,000	7,000,000
Carrot Bank	4,000,000	2,000,000	0	0	6,000,000
Total	**37,500,000**	**18,750,000**	**11,250,000**	**22,500,000**	**90,000,000**

Table 13: Weighted OTC Commitment allocation for Juniorisation

ASX Clear (Futures) may adjust the Weighted OTC Commitment Amounts of each OTC Participant to take into account the re-weighting which it determines is required in accordance with Paragraph 5.2 (Weighted OTC Commitment Amount) of Schedule 3 of the OTC Rules. The adjustments required may be achieved in multiple ways but for the purposes of illustration one method is described below.

Firstly the OTC Commitment of the OTC Participant that is not a Mandatory OTC Participant in respect of an Auction Pool is attributed to each Auction Pool in which it is a Mandatory OTC Participant.

The OTC Commitment of Carrot Bank is required to be apportioned across two Auction Pools only. The Auction Pool Weighting for each of Auction Pools A and B for Carrot Bank is calculated in accordance with the procedures set out in paragraph 5.2 (Weighted OTC Commitment Amount) of Schedule 3 of the OTC Rules as if the only Auction Pools were Auction Pools A and B. It is then applied to determine the Weighted OTC Commitment Amount for Carrot Bank:

Carrot Bank's Weighted OTC Commitment Amount for:

Auction Pool A = ($100m ÷ $150m) × $6m = $4m

Auction Pool B = ($50m ÷ $150m) × $6m = $2m

Following these calculations, the Auction Pool Weighting for each Auction Pool in respect of each other OTC Participant is then calculated after allowing for Carrot Bank's "skewed" application of its OTC Commitment:

Auction Pool Weighting for Auction Pool A = (total Weighted OTC Commitment Amounts for Auction Pool A – Weighted OTC Commitment Amounts already applied) ÷ (Total OTC Commitments of all Non-Defaulting OTC Participants – OTC Commitments already allocated)

($37.5m - $4m) ÷ ($90m - $6m) = 0.3988

The Auction Pool Weighting is then applied in accordance with the procedures set out in paragraph 5.2 of Schedule 3 of the OTC Rules to determine the Weighted

OTC Commitment Amount of each remaining Mandatory OTC Participant for each Auction Pool:

Apple Bank's Weighted OTC Commitment Amount for Auction Pool A = 0.3988 × $25m = $9.970m

Orange Bank's Weighted OTC Commitment Amount for Auction Pool B = 0.3988 x $13m = $5.184m

This process is continued for each Mandatory OTC Participant and for each Auction Pool.

Following completion of each DM Auction the OTC Commitment of each Mandatory OTC Participant is then ranked and allocated to Priority Groups before being applied according to the process set out in Example 2 above.

In order to ensure that the OTC Commitment of each OTC Participant is applied equally across and between Priority Groups, in situations where an OTC Participant is not deemed to be a Mandatory OTC Participant for a particular Auction Pool, ASX Clear (Futures), in consultation with the DMG, may also determine a ranking "placeholder" for each such OTC Participant. Assuming it was determined that Carrot Bank would be placed in the 8th and the 5th position for DM Auctions C and D respectively. The juniorisation matrix would look as follows.

Rank	DM Auction A		DM Auction B		DM Auction C		DM Auction D		OTC Commitment available (AUD)
Win	Peach	3,988,095	Apple	4,985,119	Orange	1,741,071	Banana	2,410,714	13,125,000
2nd	Tomato	3,190,476	Olive	1,395,833	Tomato	1,071,429	Pear	3,214,286	8,872,024
3rd	Banana	3,589,286	Banana	1,794,643	Apple	3,348,214	Peach	2,678,571	11,410,714
4th	Apple	9,970,238	Orange	2,592,262	Pear	1,607,143	Tomato	2,142,857	16,312,500
5th	Carrot	4,000,000	Pear	2,392,857	Olive	937,500	N/A	N/A	7,330,357
6th	Orange	5,184,524	Peach	1,994,048	Peach	1,339,286	Olive	1,875,000	10,392,857
7th	Olive	2,791,667	Carrot	2,000,000	Banana	1,205,357	Apple	6,696,429	12,693,452
8th	Pear	4,785,714	Tomato	1,595,238	N/A	N/A	Orange	3,482,143	9,863,095
	Total	**37,500,000**		**18,750,000**		**11,250,000**		**22,500,000**	**90,000,000**

4 One Multi-Unit Auction Format DM Auction and 3 Highest Bidder Wins Auction Format DM Auctions.

Continuing with the assumption that ASX Clear (Futures) has determined that there are to be four Auction Pools and that Carrot Bank is not a Mandatory OTC Participant in respect of Auction Pools C and D. However, in this scenario ASX Clear (Futures) has determined that DM Auction A will be held in a Multi-Unit Auction Format.

It is decided that the following attributes will be assigned to DM Auction A:

Multiplier	1.40
Auction Unit size (AUD)	2,500,000
Weighted Number of Auction Units	56

Table 15: Attributes of DM Auction A

A multiplier is applied to ensure that the number of Auction Units which may be Bid for is greater than the number of Auction Units in the Auction Pool.

For the purposes of this example it is assumed that the value of Initial Margin of the Defaulted OTC Participant for Auction Pool A is $100,000,000 (see Table 3).

The Weighted Number of Auction Units available to be Bid for in DM Auction A is determined according to the following formula:

Weighted Number of Auction Units = value of Initial Margin of the Defaulted OTC Participant for Auction Pool A ÷ Auction Unit size × multiplier.

For DM Auction A the Weighted Number of Auction Units = $100,000,000 ÷ 2,500,000 × 1.40 = 56

Using the Proportionate Initial Margin Value allocated to each Mandatory OTC Participant for Auction Pool A by ASX Clear (Futures) and the Weighted Number of Auction Units for such Auction Pool, the minimum number of Auctions Units required to be Bid for by each OTC Participant can be determined. Taking Apple Bank as an example:

Minimum Number of Auction Units for Apple Bank = Proportionate Initial Margin Value for Apple Bank ÷ sum of Proportional Initial Margin Values for all Mandatory OTC Participants for DM Auction A × Weighted Number of Auction Units for DM Auction A

135,000,000 ÷ 500,000,000 × 56 = 15.12 (rounded up to 16 for the purposes of the DM Auction)

Below is Table 16 showing the rounded Minimum Number of Auction Units required to be Bid for by each Mandatory OTC Participant in DM Auction A.

Mandatory OTC Participant	**Proportionate Initial Margin Value (AUD)**	**Minimum Number of Auction Units required to be Bid for**	**Rounded Minimum Number of Auction Units required to be Bid for**
Apple Bank	135,000,000	15.12	16
Orange Bank	70,000,000	7.84	8
Pear Bank	65,000,000	7.28	8
Peach Bank	55,000,000	6.16	7
Banana Bank	50,000,000	5.60	6
Tomato Bank	39,000,000	4.37	5
Olive Bank	35,000,000	3.92	4
Carrot Bank	51,000,000	5.71	6
Total	**500,000,000**	**56**	**60**

Table 16: Minimum Number of Auction Units to be Bid for in DM Auction A, a Multi-Unit Auction Format DM Auction

When DM Auction A was completed the following result occurred (in order of highest Bid value submitted) (Table 17).

Mandatory OTC Participant	Auction Units won
Peach Bank	7
Tomato Bank	5
Banana Bank	6
Apple Bank	16
Carrot Bank	6
Orange Bank	-
Olive Bank	-
Pear Bank	-
Total	**40**

Table 17: DM Auction A results, Auction Units won, per Mandatory OTC Participant

The allocation of OTC Commitments for the purpose of juniorisation is unaffected by the type of DM Auction. Each Bid is still ranked according to price and allocated according to the Auction Pool Weighting for that DM Auction. If an OTC Participant were to submit multiple Bids then the lowest Bid submitted would be used to for the purposes of calculating the juniorisation of their OTC Commitment (note this would not be used for purposes of determining any winning Bid). Multi-Unit Auction Format DM Auctions will only affect the size of the portfolio won by each winner in the DM Auction as multiple winners share the portfolio.

These results are summarised in Table 18.

DM Auction A		DM Auction B		DM Auction C		DM Auction D		Rank		Priority Group application of Loss (AUD)
Peach	3,988,095	Apple	4,985,119	Orange	1,741,071	Banana	2,410,714	Winner	13,125,000	90,000,000
Tomato	3,190,476	Olive	1,395,833	Tomato	1,071,429	Pear	3,214,286	2nd	8,872,024	76,875,000
Banana	3,589,286	Banana	1,794,643	Carrot		Peach	2,678,571	3rd	8,062,500	68,002,976
Apple	9,970,238	Orange	2,592,262	Apple	3,348,214	Tomato	2,142,857	4th	18,053,571	59,940,476
Carrot	4,000,000	Pear	2,392,857	Pear	1,607,143	Olive	1,875,000	5th	9,875,000	41,886,905
Orange	5,184,524	Peach	1,994,048	Olive	937,500	Carrot		6th	8,116,071	32,011,905
Olive	2,791,667	Carrot	2,000,000	Peach	1,339,286	Apple	6,696,429	7th	12,827,381	23,895,833

DM Auction A		DM Auction B		DM Auction C		DM Auction D		Rank		Priority Group application of Loss (AUD)
Pear	4,785,714	Tomato	1,595,238	Banana	1,205,357	Orange	3,482,143	8th	11,068,452	11,068,452
Total	**37,500,000**		**18,750,000**		**11,250,000**		**22,500,000**		**90,000,000**	

Table 18: Summary Results

Schedule 6 – Allocation of Loss Worked Example

1 Allocation of Loss following default management process

Below is a worked example of how Losses may be allocated following the default management process:

	House	Client 1	Client 2	Client 3	Totals	Notes
T_0 ~~IM~~ IM^ (Assumed*)	500	100	200	200	**1000**	1
House Positions and Client1 Positions hedged immediately						
Δ in NPV ~~IM~~ IM^ $T_0 \rightarrow T_2$	-200		50	-100	-250	2
T_2 Hypothetical ~~IM~~ IM^ (after entry into of certain DM Hedging Transactions)	400					3
Client2 Positions and Client3 Positions added to combined portfolio at end of day 2						
Δ in NPV ~~IM~~ IM^ $T_2 \rightarrow T_n$ (Assumed*)	-250				-250	4
Δ in NPV ~~IM~~ IM^ $T_0 \rightarrow T_n$					**-500**	5
DM Auction costs (Assumed*)	-100				-100	6
Total costs					**-600**	7
Split as follows						
Δ in NPV ~~IM~~ IM^ $T_2 \rightarrow T_n$ + DM Auction costs	-175		-87.5	-87.5	-350	8
Δ in NPV ~~IM~~ IM^ $T_0 \rightarrow T_2$	-200		50	-100	-250	9
Total	**-375**		**-37.5**	**-187.5**	**-600**	10
Allocate Losses to House Positions & Client Positions based on original ~~IM~~IM^	-312.5	-62.5	-37.5	-187.5		11
Return of funds	**187.5**	**37.5**	**162.5**	**12.5**	**400**	12

Notes on above table

T_0 Day of Default of the Clearing Participant

T_n Day of successful close-out

* Values labelled "Assumed" are example values made up for this illustration

^ For the purpose of calculating the relative apportionment percentages across both the Client Account and House Account of the Defaulted Clearing Participant "IM" refers to Initial Margin as calculated by ASX Clear (Futures) and does not also refer to Excess Margin.

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1. Assume that ASX Clear (Futures) is holding AUD 1,000 of Initial Margin (**IM**) split between the House Account and the Client Account of the Defaulted Clearing Participant. The House Positions of the Defaulted Clearing Participant and Client Positions of Client 1 are subject to Termination while Client 2 and Client 3 have nominated Alternate Clearing Participants for the transfer of their Client Positions. The amount of IM is the amount of IM that was due at the last margin call. If the Default of the Clearing Participant was due to a failure to pay the applicable amount of IM relating to that margin call then any shortfall will be deducted from any returned amounts, see note 12.

2. On day 2, the Variation Margin of the aggregated portfolio of House Positions and Client Positions of Client 1 has decreased by AUD 200. Client 2 and Client 3 have a gain of 50 and a loss of 100 respectively in respect of their Client Positions.

3. At end of T_2 the hypothetical IM of the aggregated portfolio of House Positions and all Client 1 Client Positions after the entry into of some DM Hedging Transactions is AUD 400, while the actual IM of Client 2 and Client 3 remains at AUD 200, giving a total IM at the end of T_2 of AUD 800. At this point assume that neither Client 2 nor Client 3 is accepted by an Alternate Clearing Participant and the respective Client Positions are added to the overall portfolio of the Defaulted Clearing Participant.

4. Between the end of T_2, and T_n, the combined portfolio of House Positions and Client Positions loses another AUD 250.

5. The total NPV IM Loss since the Clearing Participant Defaulted is AUD 500.

6. Assume DM Auction costs, including the cost of entering into DM Hedging Transactions are AUD 100,

7. Total Losses equal the change in NPV IM of AUD 500 *plus* DM Auction costs of AUD 100, totalling AUD 600. This leaves AUD 400 remaining to share between the House Account and the 3 Individual Sub-Accounts for each Client.

8. For the period T_2 to T_n the change in NPV IM (-250) and DM Auction costs (-100) are allocated based on the IM held as detailed in Note 3. In this example, AUD 350 is split accordingly. To elaborate, the House Positions and the Client Positions of Client 1 incur a change in NPV of (400 ÷ 800) × 350 = -175, the Client Positions of Client 2 incur a change in NPV of (200 ÷ 800) × 350 = -87.5 and the Client Positions of Client 3 incur a change in NPV of (200 ÷ 800) × 350 = -87.5.

9. For the period T_0 to T_n, the Losses are brought down as shown in Row 2

10. Total Losses to be allocated is calculated as follows: the combined House Positions and Client 1 Positions the Losses allocated = (NPV IM T_0 to T_2) (see note 2) + (NPV IM T_2 to T_n + DM Auction costs) (see note 8). So in this example, Total Losses of -600 will be apportioned as follows: House and Client 1 combined Losses allocated = -200-175 = -375, Client 2 Losses allocated = 50-87.5 = -37.5, Client 3 Losses allocated = -100 – 87.5 = -187.5.

11. For the House Positions and Client Positions of Client 1, the Losses are allocated as per the original ratio of IM held. In this example, Losses allocated to the House Positions are (500 ÷ 600) × -375 = -312.5 and Losses allocated to the Client 1 Positions are (100 ÷ 600) × -375 = -62.5

12. The total to return to each account administrator (Original IM (Row1) less Loss allocation (Row 11)). If the Clearing Participant Default was due to a failure to pay a margin call, the shortfall would be deducted from the returned funds.

Schedule 7

~~– Procedures for the OTC Product Committee~~[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.

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.

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).

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.

~~**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 8~~ – Attestation

This schedule sets out the form of Attestation which OTC Participants are required to lodge under OTC Rule ~~2.15~~2.14.

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~~2.14:

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.

End of Section.