

SECTION 11 DERIVATIVES MARKET CONTRACTS – ALLOCATION, PRICE AVERAGING AND DESIGNATION

11.1	ALLOCATION OF DERIVATIVES MARKET CONTRACTS	2
11.1.1	Participant may allocate Derivatives Market Contracts	2
11.1.2	Client to consent to allocation and have client agreement in place	2
11.1.3	When allocation effective	2
11.1.4	Effect of allocation	3
11.1.5	Effect of non-acceptance of allocation	3
11.1.6	Further allocations.....	3
11.2	PRICE AVERAGING	3
11.2.1	Price averaging for Client Accounts	3
11.2.2	Price averaging for House Accounts.....	4
11.2.3	Registration of Derivatives Market Contracts nominated for accumulation and price averaging	4
11.3	DESIGNATION OF DERIVATIVES MARKET CONTRACTS TO ACCOUNTS	5
11.3.1	Participant to designate Account for registration.....	5
11.3.2	Failure to designate.....	5
11.3.3	Designation of Derivatives Market Contracts of related person to House Account or individual Client Account	5

SECTION 11 DERIVATIVES MARKET CONTRACTS – ALLOCATION, PRICE AVERAGING AND DESIGNATION

Section 11 only deals with Derivatives Market Contracts and Derivatives CCP Contracts and covers:

- (a) the circumstances in which a Participant may allocate a Derivatives Market Contract prior to registration;
- (b) the circumstances in which a Participant may nominate a Derivatives Market Contract for accumulation and price averaging; and
- (c) the requirement for a Participant in whose name a Derivatives Market Contract is to be registered to designate that contract to either a Client Account, an individual Client Account or a House Account.

11.1 ALLOCATION OF DERIVATIVES MARKET CONTRACTS

11.1.1 Participant may allocate Derivatives Market Contracts

If a Derivatives Market Contract is reported to ASX Clear for registration in the name of a Participant (the “**First Participant**”), the First Participant may, before the Derivatives Market Contract is registered, allocate the contract to another Participant (the “**Second Participant**”) in accordance with this Rule 11.1 and the Procedures. An allocation under this Rule 11.1 will only be effective if the Second Participant is admitted as a participant of the Approved Listing Market Operator to which the Derivatives Market Contract relates and the allocation of that contract complies with this Rule 11.1.

Introduced 11/03/04 Origin OCH 5.2.1 Amended 27/06/11

11.1.2 Client to consent to allocation and have client agreement in place

The First Participant must not allocate to the Second Participant a Derivatives Market Contract entered into in respect of a Client unless:

- (a) the Second Participant has entered into a Client Agreement with the Client which complies with Rule 7.1; and
- (b) the Client has consented to its allocation to the Second Participant.

Introduced 11/03/04 Origin OCH 5.2.2

11.1.3 When allocation effective

An allocation of a Derivatives Market Contract is not effective unless and until the Second Participant accepts the allocation by the time and in the manner specified in the Procedures.

Introduced 11/03/04 Origin OCH 5.2.3

11.1.4 Effect of allocation

Upon acceptance by the Second Participant of the allocation of a Derivatives Market Contract, that Derivatives Market Contract is discharged and replaced by novation with a Derivatives Market Contract on the same terms between the Second Participant and the counterparty to the discharged Derivatives Market Contract.

Introduced 11/03/04 Origin OCH 5.2.4

11.1.5 Effect of non-acceptance of allocation

If the Second Participant does not accept the allocation of a Derivatives Market Contract before the time of registration under Rule 12.1.5, the Derivatives Market Contract must, subject to Rules 12.13.1 and 12.14.1, be registered in an Account (of the type set out in the Procedures) of the First Participant.

Introduced 11/03/04 Origin OCH 5.2.5 Amended 18/12/06

11.1.6 Further allocations

A Participant to which a Derivatives Market Contract is allocated under this Rule 11.1 may allocate the Derivatives Market Contract arising under Rule 11.1.4 to another Participant. Rules 11.1.1 to 11.1.5 apply to every allocation as if the Participant to which the Derivatives Market Contract is last allocated is the First Participant and the Participant to which the Derivatives Market Contract is last allocated is the Second Participant.

Introduced 11/03/04 Origin OCH 5.2.6

11.2 PRICE AVERAGING

11.2.1 Price averaging for Client Accounts

This Rule 11.2.1 applies where:

- (a) a Participant enters into, or clears for a Market Participant, Derivatives Market Contracts on behalf of a Client and does not allocate the Derivatives Market Contracts to another Participant;
- (b) a Participant allocates to another Participant the Derivatives Market Contracts entered into on behalf of a Client by the Participant (or by a Market Participant for which it clears); or
- (c) a Participant accepts the allocation of the Derivatives Market Contracts entered into by another Participant (or by a Market Participant for which it clears) on behalf of a Client.

A Participant may nominate the Derivatives Market Contracts for accumulation and price averaging in accordance with the Procedures if:

- (d) the Derivatives Market Contracts form part of two or more Derivatives Market Contracts entered into to complete an order placed on behalf of a Client (including without limitation, a Funds Manager acting, in turn, on behalf of more than one Client);

- (e) [Deleted]
- (f) any authorisation required by the Market Participant from the Client to allow accumulation and price averaging has been obtained by the Market Participant and has not been withdrawn; and
- (g) where the Participant accepts the allocation of Derivatives Market Contracts from another Participant, the Derivatives Market Contracts have not already been nominated for accumulation and price averaging by the other Participant.

Introduced 11/03/04 Origin OCH 5.3.1 Amended 18/12/06

11.2.2 Price averaging for House Accounts

This Rule 11.2.2 applies where a Participant:

- (a) enters into Derivatives Market Contracts for a House Account; or
- (b) accepts the allocation of Derivatives Market Contracts entered into by a Market Participant or another Participant on its behalf.

A Participant may nominate Derivatives Market Contracts for accumulation and price averaging in accordance with the Procedures if:

- (c) the Derivatives Market Contracts arose from two or more Derivatives Market Contracts:
 - (i) entered into for a House Account; or
 - (ii) entered into by a Market Participant or another Participant to complete an order placed by the Participant (where the Participant accepts the allocation of the Derivatives Market Contracts from another Participant);
- (d) [Deleted]; and
- (e) where the Participant accepts the allocation of Derivatives Market Contracts from another Participant, the Derivatives Market Contracts have not already been nominated for accumulation and price averaging by the other Participant.

Introduced 11/03/04 Origin OCH 5.3.2 Amended 18/12/06

11.2.3 Registration of Derivatives Market Contracts nominated for accumulation and price averaging

The nomination of Derivatives Market Contracts for accumulation and price averaging under this Rule 11.2 does not alter the terms of the Derivatives Market Contracts but the Derivatives CCP Contracts which arise upon registration under Rule 12 will be subject to Rule 12.12.1.

Introduced 11/03/04 Origin OCH 5.3.3 Amended 18/12/06

11.3 DESIGNATION OF DERIVATIVES MARKET CONTRACTS TO ACCOUNTS

11.3.1 Participant to designate Account for registration

A Participant in whose name a Derivatives Market Contract is to be registered must designate, in the manner and form and by the time specified in the Procedures, the Participant's Account in which the Derivatives Market Contract is to be registered as follows:

- (a) subject to Rule 11.3.3, a Derivatives Market Contract entered for a Client must be designated to a Client Account;
- (b) all other Derivatives Market Contracts must be designated to a House Account.

Introduced 11/03/04 Origin OCH 5.1.1, 5.1.3, 5.1.4 Amended 12/04/05

11.3.2 Failure to designate

If a Participant fails to designate an Account in which a Derivatives Market Contract is to be registered as required by Rule 11.3.1, ASX Clear will designate, in accordance with the Procedures, a House Account established in respect of the Approved Listing Market Operator (if applicable) of the Participant into which the Derivatives Market Contract is to be registered.

Introduced 11/03/04 Origin OCH 5.1.2 Amended 27/06/11

11.3.3 Designation of Derivatives Market Contracts of related person to House Account or individual Client Account

A Participant must designate Derivatives Market Contracts which relate to:

- (a) a director, partner, officer or other Employee of the Participant;
- (b) a Related Body Corporate of the Participant;
- (c) an associate of the Participant (and, for the purposes of determining whether a person is an associate, Division 2 of Part 1.2 of the Corporations Act (except for section 12) applies); and
- (d) a body corporate of which the Participant is, or the Participant and partners of the Participant together are, a Controller,

to either a House Account or to an individual Client Account of the type referred to in paragraph (b) of Rule 10.1.1.

Introduced 11/03/04 Origin OCH 5.1.5

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