

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

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

This Section only deals with Derivatives CCP Contracts and relates to:

- (a) the circumstances in which ASX Clear will transfer a Derivatives CCP Contract from one Participant to another and between the Accounts of a Participant;
- (b) the effect of any such transfer;
- (c) the circumstances in which a Derivatives CCP Contract may be closed out, reinstated or cancelled and when a Participant's right to close out may be suspended;
- (d) the consequences of closing out a Derivatives CCP Contract;
- (e) the circumstances in which ASX Clear will make an adjustment to the terms of a Derivatives CCP Contract or terminate those contracts; and
- (f) the settlement by ASX Clear of the settlement obligations which it has as Seller or Buyer of a Derivatives CCP Contract.

13.1 TRANSFERRING DERIVATIVES CCP CONTRACTS

13.1.1 Transfer between Participants

If a Participant (the “**transferring Participant**”) requests ASX Clear to transfer a Derivatives CCP Contract to another Participant (the “**receiving Participant**”), ASX Clear will transfer the Derivatives CCP Contract only if:

- (a) the receiving Participant has agreed to the transfer and that agreement has been communicated to ASX Clear in accordance with the Procedures;
- (b) the receiving Participant is entitled under the Rules to have that Derivatives CCP Contract registered in its name;
- (c) if the Derivatives CCP Contract is to be registered in a Client Account, the receiving Participant has entered into a Client Agreement with the relevant Client which complies with Rule 7.1 or the New Participant is the successor of the Client Agreement of the relevant Client in accordance with Rule 7.1.5;
- (d) any conditions stipulated by ASX Clear in connection with the transfer have been met; and
- (e) ASX Clear consents to the transfer in accordance with the Procedures.

Introduced 11/03/04 Origin OCH 8.2.1 Amended 12/04/05

13.1.2 Effect of transfer

Upon the transfer of a Derivatives CCP Contract under this Rule 13.1, the Derivatives CCP Contract between the transferring Participant and ASX Clear is discharged and replaced by novation with a Derivatives CCP Contract on the same terms between the receiving Participant and ASX Clear.

Introduced 11/03/04 Origin OCH 8.2.2

13.1.3 Process of transfer

ASX Clear will transfer a Derivatives CCP Contract under this Rule 13.1 by simultaneously cancelling the registration of the Derivatives CCP Contract in the name of the transferring Participant and registering a new Derivatives CCP Contract on the same terms in the name of the receiving Participant and in an Account designated by the receiving Participant.

Introduced 11/03/04 Origin OCH 8.2.3

13.1.4 Transfer between Accounts within a single Participant

If a Participant requests ASX Clear to transfer a Derivatives CCP Contract from one of its Accounts to another of its Accounts, ASX Clear will transfer the Derivatives CCP Contract if:

- (a) an error has been made in the designation of the Derivatives Market Contract which gave rise to the Derivatives CCP Contract and Rule 12.23 is satisfied; or
- (b) any conditions stipulated by ASX Clear in connection with the transfer have been met and ASX Clear consents to the transfer in accordance with the Procedures.

Introduced 11/03/04 Origin OCH 8.3

13.2 CLOSING OUT DERIVATIVES CCP CONTRACTS

13.2.1 Participant may instruct ASX Clear to close out Derivatives CCP Contracts

If:

- (a) a Derivatives CCP Contract is registered in an Account of a Participant as Buyer; and
- (b) a Derivatives CCP Contract in the same Series or Delivery Month is registered in the same Account of the Participant as Seller,

the Participant may instruct ASX Clear to close out those Derivatives CCP Contracts in accordance with the Procedures by setting off the rights and obligations of the Participant and ASX Clear under those Derivatives CCP Contracts at that time, and cancelling their registration in accordance with the Procedures.

Introduced 11/03/04 Origin OCH 9.1, S2.6

13.2.2 Effect of Close out

When two Derivatives CCP Contracts registered in the name of the Participant as both the Buyer and the Seller are closed out under Rule 13.2.1:

- (a) where the two Derivatives CCP Contracts are in a category of Derivatives CCP Contract which is settled to market in accordance with Rule 12.15, on close out (whether as part of daily settlement to market under Rule 12.15 or under another Rule):
 - (i) if the price of the Derivatives CCP Contract registered in the name of the Participant as Seller is greater than the price of the Derivatives CCP Contract registered in the name of the Participant as Buyer, the Participant will have a Payment Right equal to the difference between those two prices; and
 - (ii) if the price of the Derivatives CCP Contract registered in the name of the Participant as Buyer is greater than the price of the Derivatives CCP Contract registered in the name of the Participant as Seller, the Participant will have a Payment Obligation equal to the difference between those two prices; and
- (b) in any other case, the rights and obligations of the Participant and ASX Clear under those Derivatives CCP Contracts are set off, and give rise to a net Payment Right or net Payment Obligation on close out depending on the price of the two Derivatives CCP Contracts.

Payment Rights and Payment Obligations arising under this Rule 13.2.2 must be settled with ASX Clear in accordance with Rules 12.16 and 12.17. In the case of an Option CCP Contract, a reference in this Rule 13.2.2 to price is to Premium.

Introduced 11/03/04 Origin OCH 9.2.1 Amended 18/12/06

13.2.3 Close out is irrevocable

Subject to Rule 13.2.4, the closing out of two Derivatives CCP Contracts under this Rule 13 is irrevocable. Close out does not release the Participant or ASX Clear from the rights and obligations under those Derivatives CCP Contracts existing at the time of close out.

Introduced 11/03/04 Origin OCH 9.2.2

13.2.4 Reinstatement following close out

If a Participant notifies ASX Clear in writing by the time specified in the Procedures that the Participant or ASX Clear has made an error in closing out two Derivatives CCP Contracts, ASX Clear may take any action it considers appropriate having regard to Rule 1.15 to reinstate the Derivatives CCP Contracts.

Introduced 11/03/04 Origin OCH 9.2.3

13.3 SUSPENSION OF RIGHT TO REQUEST CLOSE OUT

13.3.1 Conditional Markets

If transactions in Underlying Financial Products are made on a conditional market under the rules governing the Underlying Market, the right of Participants to close out Derivatives CCP Contracts over those Underlying Financial Products under this Rule 13 is suspended until the conditional market in the Underlying Financial Products becomes unconditional under the rules governing the Underlying Market. ASX Clear and the Participants which are parties to the relevant Derivatives CCP Contracts are entitled to rely on an announcement by the Approved Market Operator of the Underlying Market that the market has become unconditional under the rules governing the Underlying Market.

Introduced 11/03/04 Origin OCH S2.6.1

13.3.2 Cancellation of Derivatives CCP Contracts

If all transactions in the Underlying Financial Products the subject of a Derivatives CCP Contract are cancelled under the rules governing the Underlying Market and ASX Clear receives notification of that from the Approved Market Operator of the Underlying Market, ASX Clear will:

- (a) credit to the relevant Account all amounts which had been debited to that Account in respect of that Derivatives CCP Contract;
- (b) debit to the relevant Account all amounts which had been credited to that Account in respect of that Derivatives CCP Contract; and
- (c) cancel the registration of that Derivatives CCP Contract,

and the amounts credited and debited under paragraphs (a) and (b) are Payment Rights and Payment Obligations respectively of the relevant Participants.

Introduced 11/03/04 Origin OCH S2.6.2

13.4 ADJUSTMENTS

13.4.1 ASX Clear to make corresponding adjustment

Rules 13.4.1 to 13.4.3 (inclusive) apply to Derivatives CCP Contracts other than those resulting from the registration of OTC Options Market Transactions.

If the Approved Listing Market Operator makes an adjustment to the terms of a Series or Delivery Month pursuant to the rules of the Approved Listing Market Operator, ASX Clear will make a corresponding adjustment to the terms of Derivatives CCP Contracts in that Series or Delivery Month.

Introduced 11/03/04 Origin OCH 5.6.1 Amended 27/06/11, 28/05/12

13.4.2 Termination in some cases

If an event occurs and, instead of making an adjustment to the terms of a Series or Delivery Month open for trading on the market conducted by an Approved Listing

Market Operator, the Approved Listing Market Operator directs pursuant to its rules that Derivatives CCP Contracts in that Series or Delivery Month be terminated, ASX Clear will terminate those Derivatives CCP Contracts in accordance with Rule 17.

Introduced 11/03/04 Origin OCH 5.6.2 Amended 27/06/11

13.4.3 Time adjustment becomes effective

The time an adjustment under Rule 13.4.1 becomes effective will be determined by ASX Clear having regard to the time the adjustment to the Series or Delivery Month by the Approved Listing Market Operator becomes effective.

Introduced 11/03/04 Origin OCH 5.6.3 Amended 27/06/11

13.4.4 Adjustments – OTC Options Market Transactions

Rules 13.4.4 and 13.4.5 apply to Derivatives CCP Contracts which result from the registration of OTC Options Market Transactions.

ASX Clear may make an adjustment to the terms of Derivatives CCP Contracts. The circumstances in which adjustments will generally apply are set out in the Procedures. The time an adjustment becomes effective will be determined by ASX Clear.

Introduced 28/05/12

13.4.5 Termination in some cases – OTC Options Market Transactions

If an event specified in the Procedures occurs, instead of making an adjustment to the terms of the Derivatives CCP Contracts, ASX Clear will terminate those Derivatives CCP Contracts in accordance with Rule 17.

Introduced 28/05/12

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