



ASX 24 OPERATING RULES

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SECTION 2 PRODUCTS

PRODUCTS THAT MAY BE DEALT WITH UNDER THE MARKET OPERATOR'S LICENCE

[2000] The following is a list of the classes of Financial Products that may be dealt with on the Market by Trading Participants under the Market Operator's Australian market licence:

(a) Derivatives.

Amended 20/03/17

[2001] For the purposes of these Rules Products are referred to as Derivatives Market Contracts (as applicable).

Procedure 2000-2001 – Products That May Be Dealt With Under The Market Operator's Licence

There are no prescribed Procedures.

DERIVATIVES MARKET CONTRACTS

[2200] Derivatives Market Contracts are Futures Market Contracts, Options Market Contracts and any other contract that the Market Operator authorises for trading on the Trading Facility and determines to be a Derivatives Market Contract.

Amended 20/03/17

Procedure 2200 – Derivatives Market Contracts

There are no prescribed Procedures.

Underlying Financial products, Indices, Instruments etc

[2210] In relation to Options Market Contracts the Market Operator may approve:

- (a) Financial Products as Underlying Financial Products if a substantial number of the Financial Products are, or, in the opinion of the Market Operator, will be, widely held and actively traded on financial markets;
- (b) an index as an Underlying Index where that index is listed in, or meets the criteria set out in, Schedule 1; and
- (c) any Futures Market Contract as an Underlying Financial Product.

Amended 20/03/17

[2211] In relation to Futures Market Contracts the Market Operator may approve any instrument, commodity, Financial Product or index as an Underlying Instrument, Underlying Commodity, Underlying Financial Product or Underlying Index (respectively). The Underlying Instruments, Underlying Commodities, Underlying Financial Products and Underlying Indices (or the criteria for determining them) are set out in Schedule 1.

Amended 20/03/17

[2212] The Market Operator may withdraw approval previously given under Rule [2210] or [2211] for any reason including, without limitation, if the Market Operator considers the relevant instrument, commodity, Financial Product or index no longer meets the current criteria for approval. If the Market Operator withdraws approval:

- (a) the Market Operator must notify Trading Participants of the withdrawal; and
- (b) a Trading Participant must not enter a Derivatives Market Transaction for any Contract Series in respect of the relevant instrument, commodity, Financial Product or index unless the Market Operator determines that the entry into the Derivatives Market Transaction is appropriate having regard to Rule [6120].

Amended 20/03/17

Procedure 2210-2212 – Underlying Financial Products, Indices, Instruments etc

There are no prescribed Procedures.

Contract Series Open for Trading

[2220] The Market Operator may open for trading Contract Series which may be:

- (a) Options Market Contracts; or
- (b) Futures Market Contracts.

The Market Operator will notify Trading Participants of Contract Series open for trading as set out in Schedule 1.

Amended 20/03/17

[2221] The general specifications of Contract Series are set out in Schedule 1. At the time it opens a Contract Series for trading, the Market Operator will notify Trading Participants of the particular specifications of the relevant Contract Series (including, for example, in the case of an Options Market Contract, the Expiry Date, exercise style and Contract Size).

Amended 20/03/17

[2222] A Trading Participant must not enter into any Derivatives Market Transaction in respect of a Contract Series after Trading Close (or such other time as the Market Operator determines and notifies to Trading Participants before it opens that Contract Series for trading under Rule [2220] on the Expiry Date (in the case of Options Market Contracts) or on the last Trading Day (in the case of Futures Market Contracts) of that Contract Series.

Amended 20/03/17

Procedure 2220-2222 – Contract Series open for Trading

There are no prescribed Procedures.

Adjustments

[2230] The Market Operator may:

- (a) subject to Schedule 1, make adjustments to the terms of a Contract Series;
- (b) set out in the Procedures adjustments which will generally apply in certain circumstances;
- (c) without limitation, if it considers an adjustment should be made to a Contract Series as a result of any event:
 - (i) make an adjustment to the terms of the Contract Series; and
 - (ii) direct the Approved Clearing Facility and any Alternative Clearing Facility to make an adjustment to the number of Open Contracts registered with it;

in order to ensure that the value of the Open Contracts is as far as practicable the same as it would have been had the event not occurred;
- (d) determine when an adjustment is to be effective; and
- (e) unless it considers it inappropriate to do so in the circumstances, round the adjustment of any term under this Rule [2230] to the nearest cent or unit of the Underlying Instrument, Financial Product, commodity or Index, as applicable.

Amended 20/03/17

[2231] The Market Operator must notify Trading Participants of an adjustment to a Contract Series as soon as it is practicable and appropriate to do so (which will usually be before the adjustment to Open Contracts under Rule [2230] becomes effective).

Amended 20/03/17

[2232] If the Market Operator considers it is not reasonably practicable to make an adjustment for an event under Rule [2230] to ensure that the value of the Open Contracts is as far as practicable the same as it would have been had the event not occurred, the Market Operator may decide not to make an adjustment and may direct that Open Contracts be terminated or closed out by the relevant Approved Clearing Facility in accordance with the Clearing Rules.

Amended 20/03/17

Procedure 2230-2232 – Adjustments

All adjustments will be conducted in accordance with the Individual Contract Specifications and as otherwise indicated by the Market Operator.

Amended 20/03/17

EFFECT OF FUTURES CONTRACTS

[2300] The effect of a Futures Contract which is cash settled is that on the Settlement Day the Buyer and the Seller will pay and receive the Settlement Amount according to whether the Settlement Value is greater or less than the Contract Value of the Futures Contract in accordance with the Individual Contract Specifications for that Futures Contract and as set out in the Procedures.

Amended 01/06/18

[2301] The effect of a Futures Contract which is deliverable is that by the Settlement Day the Seller will deliver and the Buyer will accept the commodity or thing which is the subject of the Futures Contract, and the Buyer will pay and the Seller will receive the Settlement Amount, in accordance with the Individual Contract Specifications for that Futures Contract and as set out in the Procedures.

Amended 01/06/18

Procedure 2300-2301 – Effect of Futures Contracts

On the Settlement Day of a Futures Contract which is cash settled:

- (a) the obligations of the parties to each Futures Contract are as follows:
 - (i) if the Contract Value is less than the Settlement Value the Seller shall be liable to pay the Settlement Amount;
 - (ii) if the Contract Value is greater than the Settlement Value the Buyer shall be liable to pay the Settlement Amount.
- (b) the rights of the parties to each Futures Contract are as follows:
 - (i) if the Contract Value is less than the Settlement Value the Buyer shall be entitled to receive the Settlement Amount;
 - (ii) if the Contract Value is greater than the Settlement Value the Seller shall be entitled to receive the Settlement Amount.
- (c) the rights and obligations of the parties to each Futures Contract shall be satisfied by cash settlement in the following way:
 - (i) Sellers shall, by no later than the time determined by the Approved Clearing Facility on that day, pay to or receive from the Approved Clearing Facility (whichever is applicable), the Settlement Amount;
 - (ii) Buyers shall, by no later than the time determined by the Approved Clearing Facility on that day, pay to or receive from the Approved Clearing Facility (whichever is applicable), the Settlement Amount.

Amended 20/03/17, 01/06/18

EFFECT OF OPTIONS CONTRACTS

[2400] In the case of:

- (a) deliverable Call Option Contracts over a Futures Contract;
- (b) deliverable Put Option Contracts over a Futures Contract;
- (c) deliverable Strip Options Contracts which are Call Option Contracts;
- (d) deliverable Strip Options which are Put Option Contracts;
- (e) deliverable Call Option Contracts over an Underlying Physical;
- (f) deliverable Put Option Contracts over an Underlying Physical;
- (g) cash settled Call Option Contracts; and
- (h) cash settled Put Option Contracts;

the effect of the Option Contract and the rights and obligations of Buyers and Sellers must be effected in accordance with the Procedures.

Procedure 2400 – Effect of Option Contracts

2400.1 Effect of Option Contract

(a) Deliverable Call Option Contracts over a Futures Contract

In the case of deliverable Call Option Contracts over a Futures Contract:

- (i) the Buyer (Taker) of the Option Contract acquires the right to a bought futures position in the Underlying Futures Contract specified in the Contract Unit in the Individual Contract Specifications in consideration for a Contract Premium; and
- (ii) in the event that the Buyer of the Option Contract exercises that right, a Seller (Grantor) as appointed by Approved Clearing Facility in accordance with the Clearing Rules shall be vested with a sold futures position in the Underlying Futures Contract at the same price and in the same Settlement Month as that assumed by the Buyer of the Option Contract; and
- (iii) the Buyer acquires the right to a bought futures position at an Exercise Price agreed between the parties, provided it is selected from a list of such prices determined under the relevant Individual Contract Specifications; and
- (iv) where an Option Contract over a Futures Contract is exercised, the resulting Futures Contract shall be registered at the Exercise Price agreed pursuant to clause (a)(iii).

(b) Deliverable Put Option Contracts over a Futures Contract

In the case of deliverable Put Option Contracts over a Futures Contract:

- (i) the Buyer (Taker) of the Option Contract acquires the right to a sold futures position in the Underlying Futures Contract specified in the Contract Unit in the Individual Contract Specifications in consideration for a Contract Premium; and
- (ii) in the event that the Buyer of the Option Contract exercises that right, a Seller (Grantor) as appointed by Approved Clearing Facility in accordance with the Clearing Rules shall be vested with a bought futures position in the

- Underlying Futures Contract at the same price and in the same Settlement Month as that assumed by the Buyer of the Option Contract; and
- (iii) the Buyer acquires the right to a sold futures position at an Exercise Price agreed between the parties, provided that it is selected from a list of such prices determined under the relevant Individual Contract Specifications; and
 - (iv) where an Option Contract over a Futures Contract is exercised, the resulting Futures Contract shall be registered at the Exercise Price agreed pursuant to clause (b)(iii).
- (c) Deliverable Strip Option Contracts which are Call Option Contracts
- In the case of deliverable Strip Options Contracts which are Call Option Contracts:
- (i) the Buyer (Taker) of the Strip Option Contract acquires the right to bought positions in the Underlying Futures Contracts specified in the Contract Unit in the Individual Contract Specifications, in consideration for a Contract Premium; and
 - (ii) in the event that the Buyer of the Strip Option Contract exercises that right, a Seller (Grantor) as appointed by Approved Clearing Facility in accordance with the Clearing Rules shall be vested with sold futures positions in the Underlying Futures Contracts, at the same prices and in the same Settlement Months as those assumed by the Buyer of the Strip Option Contract; and
 - (iii) the Buyer acquires the right referred to in clause (c)(i) at an Exercise Price agreed between the parties, provided it is selected from a list of such prices as shall be determined under the relevant Individual Contract Specifications; and
 - (iv) where a Strip Option Contract is exercised, the resulting Futures Contracts shall be registered at such prices as shall be determined under the relevant Individual Contract Specifications.
- (d) Deliverable Strip Option Contracts which are Put Option Contracts
- In the case of Deliverable Strip Options which are Put Option Contracts:
- (i) the Buyer (Taker) of the Strip Option Contract acquires the right to sold positions in the Underlying Futures Contracts specified in the Contract Unit in the Individual Contract Specifications in consideration for a Contract Premium; and
 - (ii) in the event that the Buyer of the Strip Option Contract exercises that right, a Seller (Grantor) as appointed by Approved Clearing Facility in accordance with the Clearing Rules shall be vested with bought futures positions in the Underlying Futures Contracts at the same prices and in the same Settlement Months as those assumed by the Buyer of the Strip Option Contract; and
 - (iii) the Buyer acquires the right referred to in clause (d)(i) at an Exercise Price agreed between the parties, provided that it is selected from a list of such prices as shall be determined under the relevant Individual Contract Specifications; and
 - (iv) where a Strip Option Contract is exercised, the resulting Futures Contracts shall be registered at such prices as shall be determined under the relevant Individual Contract Specifications.
- (e) Deliverable Call Option Contracts over an Underlying Physical
- In the case of deliverable Call Option Contracts over an Underlying Physical:

- (i) the Buyer (Taker) of the Option Contract acquires the right to buy the amount of the Underlying Physical specified in the Contract Unit in the Individual Contract Specifications in consideration for a Contract Premium; and
- (ii) in the event that the Buyer of the Option Contract exercises that right, a Seller (Grantor) as appointed by the Approved Clearing Facility in accordance with the Clearing Rules assumes the obligations to sell the amount of the Underlying Physical referred to in clause (e)(i) to the Buyer; and
- (iii) the Buyer acquires the right referred to in clause (e)(i) to buy the Underlying Physical at an Exercise Price agreed between the parties provided it is selected from a list of such prices determined under the relevant Individual Contract Specifications.

(f) Deliverable Put Option Contracts over an Underlying Physical

In the case of deliverable Put Option Contracts over an Underlying Physical:

- (i) the Buyer (Taker) of the Option Contract acquires the right to sell the amount of the Underlying Physical specified in the Contract Unit in the Individual Contract Specifications in consideration for a Contract Premium; and
- (ii) in the event that the Buyer of the Option Contract exercises that right, a Seller (Grantor) as appointed by Approved Clearing Facility in accordance with the Clearing Rules assumes the obligations to buy the amount of the Underlying Physical referred to in clause (f)(i) from the Buyer; and
- (iii) the Buyer acquires the right referred to in clause (f)(i) to sell the Underlying Physical at an Exercise Price agreed between the parties provided that it is selected from a list of such prices determined under the relevant Individual Contract Specifications.

(g) Cash Settled Call Option Contracts

In the case of cash settled Call Option Contracts:

- (i) the Buyer (Taker) of the Option Contract acquires the right to payment of an amount equivalent to the difference between the Exercise Price of the Option and the Settlement Price in consideration for a Contract Premium if the Settlement Price is higher than the Exercise Price; and
- (ii) in the event that the Buyer of the Option Contract exercises that right, a Seller (Grantor) as appointed by the Approved Clearing Facility in accordance with the Clearing Rules assumes the obligation to pay the amount referred to in clause (g)(i) to the Buyer.

(h) Cash Settled Put Option Contracts

In the case of cash settled Put Option Contracts:

- (i) the Buyer (Taker) of the Option Contract acquires the right to payment of an amount equivalent to the difference between the Exercise Price of the Option and the Settlement Price in consideration for a Contract Premium if the Settlement Price is lower than the Exercise Price; and
- (ii) in the event that the Buyer of the Option Contract exercises that right, a Seller (Grantor) as appointed by the Approved Clearing Facility in accordance with the Clearing Rules assumes the obligation to pay the amount referred to in clause (h)(i) to the Buyer.

2400.2 Rights of Buyer

(a) Rights of Buyer of all Option Contracts

The Buyer of an Option Contract may, prior to the expiration of trading on the Declaration Date, sell an Option Contract of the same type at the same Exercise Price and with the same Settlement Month as that Option Contract bought, in which case the bought and sold positions may be Closed Out.

(b) Rights of Buyer of Deliverable Ordinary, Serial and Strip Option Contracts Over a Futures Contract

(i) The Buyer of a deliverable Ordinary, Serial and Strip Option Contract may exercise the Option at any time prior to the time determined by the Market Operator for lodging Exercise Requests in the relevant Option Contract, in which case the Buyer shall:

(A) in the case of a Ordinary or Serial Option, become the holder of a bought futures position (in the case of a Call Option Contract), or the holder of a sold futures position (in the case of a Put Option Contract), in the Underlying Futures Contract in the same month and at the same price as the Option Contract bought; or

(B) in the case of a Strip Option, become the holder of bought futures positions (in the case of a Call Option Contract), or the holder of sold futures positions (in the case of a Put Option Contract), in the Underlying Futures Contracts in the same months, at the prices determined in accordance with the Individual Contract Specifications; or

(ii) allow the Approved Clearing Facility, on the Declaration Date, to automatically exercise the Option Contract or let it lapse, in accordance with the relevant Individual Contract Specifications; or

(iii) prevent the automatic exercise of the Option by lodging a Deny Automatic Exercise Request within the Clearing System at any time prior to the time determined by the Market Operator for lodging a Deny Automatic Exercise Requests in the relevant contract, in which case the Option Contract shall be deemed to have lapsed.

(c) Rights of Buyer of Deliverable Option Contracts Over an Underlying Physical

The Buyer of a deliverable Option Contract over an Underlying Physical may:

(i) exercise the Option at any time prior to the time determined by the Market Operator for lodging Exercise Requests in the relevant Option Contract, in which case the Buyer shall take delivery of the Underlying Physical specified in the Individual Contract Specifications (in the case of a call Option Contract), or sell the Underlying Physical specified in the Individual Contract Specifications (in the case of a Put Option Contract) at the Exercise Price referred to in Procedures 2400.1(e)(iii) or (f)(iii), as the case may be; or

(ii) allow the Approved Clearing Facility, on the Declaration Date, to automatically exercise the Option Contract or let it lapse, in accordance with the relevant Individual Contract Specifications; or

(iii) prevent the automatic exercise of the Option by lodging a Deny Automatic Exercise Request within the Clearing System at any time prior to the time determined by the Market Operator for lodging a Deny Automatic Exercise Requests in the relevant contract, in which case the Option Contract shall be deemed to have lapsed.

(d) **No Right of Buyer to Exercise Intraday and Overnight Option Contracts**

Neither deliverable nor cash settled Intraday Options and Overnight Options may be exercised by the Buyer and are automatically exercised or allowed to lapse by the Approved Clearing System.

Amended 20/03/17

2400.3 Rights of Seller to Close Out for all Option Contracts Prior to Expiry

Prior to the expiration of trading on the Declaration Date the Seller of an Option Contract shall be entitled to buy an Option Contract of the same type at the same Exercise Price and with the same Settlement Month as that sold in which case the bought and sold positions may be Closed Out.

2400.4 Rights of Holder of Bought and Sold Options for all Option Contracts on Expiry

Where a person holds bought and sold Option Contracts at the same Exercise Price and with the same Settlement Month, the sold position may be exercised against on expiry.

2400.5 Premium

- (a) An Option Contract shall be entered into in consideration of a Contract Premium payable by the Buyer.
- (b) The Contract Premium shall be calculated in accordance with these Rules and payment thereof shall be governed by the Deposit and Margin requirements set out in the Clearing Rules.

2400.6 Exercise Prices

Exercise Prices shall be determined by the Market Operator from time to time to reflect the movement of the price of the applicable Futures Contract or Underlying Physical, and the Market Operator shall Publish each new Exercise Price as it is determined.

Amended 20/03/17

2400.7 Effect of Registration

Upon the registration of an Option Contract by the Approved Clearing Facility, such Option Contract shall be replaced by an Option Contract or Option Contracts in accordance with the Clearing Rules and each Option Contract so registered shall be extinguished and the parties to such Option Contract shall be released from their obligations to each other.

2400.8 Lodgement of Exercise or Deny Automatic Exercise Requests in Respect of Deliverable Ordinary Serial and Strip Option Contracts and Option Contracts over an Underlying Physical

- (a) Exercise of an Option or prevention of the Automatic Exercise of an Option may be carried out by lodging electronically with the Approved Clearing Facility, an Exercise Request and/or Deny Automatic Exercise Request in the Clearing System or in a form determined by the Approved Clearing Facility.
- (b) A Trading Participant who holds a bought (Call or Put) Option Contract on behalf of a Client may exercise or prevent the automatic exercise of the Option provided that the Trading Participant has received the relevant instructions from the Client prior to the time for lodgement of the Exercise and/or Deny Automatic Exercise Request.

2400.9 Exercise/Expiry of All Option Contracts on Declaration Date

On the Declaration Date of both cash settled and deliverable Option Contracts, the Approved Clearing Facility shall, unless otherwise directed by an Exercise Request and/or Deny

Automatic Exercise Request in respect of an Ordinary Option or a Serial Option, or unless the relevant Individual Contract Specifications state otherwise:

- (a) exercise all in-the-money Options except for energy and environmental contract options; and
- (b) allow all other Option Contracts to expire.

2400.10 Option Contracts which are in-the-Money

- (a) Deliverable Options
 - (i) An Ordinary Option over a Futures Contract which is cash settled is in-the-money if the Settlement Price of the Underlying Futures Contract Settlement Month lies above the Exercise Price in the case of a Call Option Contract, or lies below the Exercise Price in the case of a Put Option Contract.
 - (ii) An Ordinary Option over a Futures Contract which is deliverable is in-the-money if the Daily Settlement Price for the Underlying Futures Contract Settlement Month for the Declaration Date lies above the Exercise Price in the case of a Call Option Contract, or lies below the Exercise Price in the case of a Put Option Contract.
 - (iii) A Strip Option is in-the-money if the Options Settlement Price lies above the Exercise Price in the case of a Call Option Contract or lies below the Exercise Price in the case of a Put Option Contract. The Option Settlement Price shall be determined in accordance with the Individual Contract specifications.
 - (iv) A Serial Option is in-the-money if the Serial Option price lies above the Exercise Price in the case of a Call Option Contract or lies below the Exercise Price in the case of a Put Option Contract. The Serial Option price shall be determined by reference to the underlying futures market price at expiry of the Serial Option.
 - (v) An Intraday Option is in-the-money if the Intraday Option Futures price of the underlying Futures Contract Settlement Month lies above the Exercise Price in the case of a Call Option Contract or lies below the Exercise Price in the case of a Put Option Contract. Intraday Option futures prices shall be determined in accordance with the price sampling procedures which are specified in the Individual Contract Specifications for the relevant Option Contracts.
 - (vi) An Overnight Option is in-the-money if the Overnight Option futures price of the underlying Futures Contract Settlement Month lies above the Exercise Price in the case of a Call Option Contract or lies below the Exercise Price in the case of a Put Option Contract. Overnight Option futures prices shall be determined in accordance with the price sampling procedures which are specified in the Individual Contract Specifications for the relevant Option Contracts.
 - (vii) An Option over an Underlying Physical is in-the-money if the Settlement Price of the Underlying Physical lies above the Exercise Price in the case of a Call Option Contract, or lies below the Exercise Price in the case of a Put Option Contract.
- (b) Cash Settled Option Contracts

A cash settled Option over a Futures Contract or Underlying Physical is in-the-money if the Settlement Price lies above the Exercise Price in the case of a Call Option Contract or lies below the exercise Price in the case of a Put Option Contract.

2400.11 Notification to Sellers

- (a) Notification to Sellers of Deliverable Option Contracts over a Futures Contract
- (i) Upon receipt of an Exercise Request, the Approved Clearing Facility will notify the Seller that the Seller has become:
 - (A) in the case of an Option over a Futures Contract, the holder of a sold futures position in the case of a Call Option Contract, or the holder of a bought futures position in the case of a Put Option Contract, in the underlying Futures Contract in the same Month and at the same Exercise Price as the Option Contract sold;
 - (B) in the case of a Strip Option, the holder of sold futures positions in the case of a Call Option, or the holder of bought futures positions in the case of a Put Option, in the Underlying Futures Contracts in the same Months and at the same Exercise Prices as the Option Contract sold;
 - (C) entitled to receive the net value of the Contract Premium.
 - (ii) On the Declaration Date, the Seller will receive such notification after the Exercise Request is lodged in the Clearing System and by not later than the time determined by the Market Operator for each relevant Option Contract.
 - (iii) On all other Business Days, the Seller will receive such notification after the conclusion of business processing at the end of the day on which the Exercise Request was lodged by the Seller and by not later than the time determined by the Market Operator for each relevant Option Contract.
- (b) Notification to Sellers of Deliverable Equity Option Contracts over an Underlying Physical
- (i) Upon receipt of an Exercise Request, the Approved Clearing Facility will notify the Seller, as soon as practicable, that the Equity Option over an Underlying Physical has been exercised.
 - (ii) On the Declaration Date, the Seller will receive the notification referred to above after the Exercise Request is lodged in the Clearing System and by not later than the time determined by the Market Operator for each relevant Option Contract.
 - (iii) On all other Business Days, the Seller will receive the notification referred to above after the conclusion of business processing at the end of the day on which the Exercise Request was lodged by the Seller and by not later than the time determined by the Market Operator for each relevant Option Contract.
- (c) Notification to Sellers of Cash Settled Option Contracts
- On the Declaration Date, the Seller will receive notification of any Settlement Value to be paid and the Contract Premium to be received by not later than the time determined by the Market Operator for each relevant Option Contract.

Amended 20/03/17

2400.12 Obligations of Participant on Exercise of Deliverable Option Contracts over a Futures Contract

Where the Seller has become the holder of a futures position pursuant to the exercise of an Option Contract, the Seller shall comply with the provisions of the Rules relating to the futures positions.

2400.13 Disputes

Documents must be taken up without prejudice to any question in dispute and such question shall be agreed between the parties. All differences, interests and all other charges are for prompt settlement.

DETERMINATION OF DAILY SETTLEMENT PRICE

[2500] The Daily Settlement Price for each Class of Contract is calculated as set out in the Procedures.

Procedure 2500 – Determination of Daily Settlement Price

Procedure 2500.1 Futures Daily Settlement Price Procedures

- (a) Immediately following the Close of a Market, a Daily Settlement Price for each Futures Contract month shall be displayed on the Trading Platform. Daily Settlement Prices shall be calculated by the Market Operator by using any one, or a combination, of the following methods:
- (i) where there is a final bid and a final ask that is within the tick range set out below, the mid-point between the final bid and final ask, rounded up shall be the Daily Settlement Price;

Futures Contracts	Specified Tick Range
Australian 30 Day Interbank	5 Basis Points
Australian 90 Day Bank Bills (including Packs & Bundles Strip Orders)	5 Basis Points
Australian 3 Year Treasury Bond	5 Basis Points
Australian 10 Year Treasury Bond	5 Basis Points
Australian 20 Year Treasury Bond	5 Basis Points
Australian 3 Year Interest Rate Swap	5 Basis Points
Australian 5 Year Interest Rate Swap	5 Basis Points
Australian 10 Year Interest Rate Swap	5 Basis Points
NZ 30 Day Official Cash Rate	5 Basis Points
NZ 90 Day Bank Bills (including Packs & Bundles Strip Orders)	5 Basis Points
NZ 3 Year Government Bond	5 Basis Points
NZ 10 Year Government Bond	5 Basis Points
SPI 200	10 Points
S&P/ASX 200 Gross Total Return Index Futures Contract	10 Points
S&P/ASX 200 Resources Index Futures Contract	10 Points
S&P/ASX 200 Financial-x-A-REIT Index Futures Contract	10 Points
S&P/ASX 200 A-REIT Index Futures Contract	10 Points

Futures Contracts	Specified Tick Range
S&P/ASX 200 VIX Futures Contract	The tick range is unlimited
ASX Victorian Wholesale Gas and Strip Futures	5 cents
Grain Futures	20 dollars

or

- (ii) where there is either a final bid or a final ask, and there is a last trade price, then the last trade price shall be the Daily Settlement Price, unless the last trade price is below the final bid or above the final ask, then the final bid or final ask shall be the Daily Settlement Price; or
 - (iii) where there is either a final bid or a final ask, and there is no last trade price, then the final bid or final ask shall be the Daily Settlement Price; or
 - (iv) where there are no final quotes, and there is a last trade price then the last trade price shall be the Daily Settlement Price; or
 - (v) where there are no final quotes and no last trade, then the previous day's Daily Settlement Price, adjusted to maintain the previous days differential to the spot month, shall be the Daily Settlement Price; or
 - (vi) where there are no final quotes and no last trade in the spot month, then the previous day's Daily Settlement Price shall be the Daily Settlement Price.
 - (vii) where appropriate, a Daily Settlement Price can be determined based on a differential with an Inter-Commodity related product.
 - (viii) where the Contract is a Contract For Difference, the closing price of the underlying instrument as determined by the Market Operator.
 - (ix) where the Contract is Renewable Energy Certificates, NZ Electricity, NZ Gas or Wallumbilla Gas as per the published Energy Market Policy.
 - (x) where the contract is a Mini SPI, the Daily Settlement Price of the SPI 200 will be the Daily Settlement Price.
- (b) The Market Operator may from time to time, nominate a "Settlement cut-off" time per commodity type at which no new bids, offers or trades will be taken into account for the purposes of the calculations in Procedure 2500.1(a).
 - (c) The Market Operator may from time to time, nominate an order and/or trade volume requirement per product required to be taken into account for the purposes of settlement calculations in Procedure 2500.1(a).
 - (d) Participants shall have five (5) minutes to object to a Daily Settlement Price for Futures Contracts as determined pursuant to Procedure 2500.1(a). At least three (3) objections, from different Participants must be received by the Market Operator before the matter will be reviewed by the Market Operator.
 - (e) If no objections are received within five (5) minutes the Daily Settlement Prices shall become the Daily Settlement Price.
 - (f) No attempt may be made to alter the Daily Settlement Price or any component thereof by artificial means.

Amended 07/01/13, 31/03/13, 14/10/13, 21/10/13, 27/10/14, 01/12/14, 07/04/15, 21/09/15, 12/10/15, 30/11/15, 20/03/17, 28/11/17, 03/06/19

Procedure 2500.2 Options Daily Settlement Price Procedures

- (a) A Daily Settlement Price shall be calculated by the Market Operator for Option Contracts:
 - (i) in the case of Option Contracts over Futures Contracts, following the establishment of the Underlying Futures Contract Daily Settlement Price, and having regard to implied volatilities, the Underlying Futures Contract Daily Settlement Price, and other relevant factors; and
 - (ii) in the case of Options over an Underlying Physical, having regard to implied volatilities, such price at such time as determined by the Market Operator of the Underlying Physical on the underlying market, and other relevant factors.
- (b) The Daily Settlement Price shall be displayed on the Trading Platform.
- (c) Option orders that may be included in the calculation of the Daily Settlement Price must be entered into the Trading Platform for a ten (10) minute period immediately prior to the Close other than energy contract options.
- (d) Participants shall have five (5) minutes to object to a Daily Settlement Price for Option Contracts as determined pursuant to Procedure 2500.2 (a). At least two (2) objections from different Participants, need to be received by the Market Operator before the matter will be reviewed by the Market Operator.
- (e) If no objections are received within five (5) minutes the Daily Settlement Price shall become the Daily Settlement Price.
- (f) No attempt may be made to alter the Daily Settlement Price or any component thereof by artificial means.

Amended 14/09/10, 20/03/17

2500.3 Overnight Options and Intra-Day Options Daily Settlement Price Procedures

- (a) The relevant Overnight Options and Intra-Day Options Daily Settlement Price shall be calculated in the manner set out in Schedule 1.
- (b) Once established, a Participant may raise an objection and must immediately notify a Market Operator Official of such an objection. At least two (2) objections from different Participants need to be received before the matter will be reviewed by the Market Operator.
- (c) If no objections are received within five (5) minutes the Daily Settlement Price shall become the Daily Settlement Price.
- (d) No attempt may be made to alter the Daily Settlement Price or any component thereof by artificial means.

Amended 14/09/10, 20/03/17

Procedure 2500.4 Serial Option Daily Settlement Price Procedures at Expiry

- (a) Following the establishment of the Underlying Futures Contract Daily Settlement Price, a Daily Settlement Price shall be calculated by the Market Operator for Serial Option Contracts (having regard to implied volatilities, the Underlying Futures Contract Daily Settlement Price, and other relevant factors), and shall be displayed on the Trading Platform. Serial Option orders that may be included in the calculation of the Daily Settlement Price must be entered into the Trading Platform.
- (b) Participants shall have five (5) minutes to object to a Daily Settlement Price for Serial Option Contracts as determined pursuant to Procedure 2500.4(a). At least two (2) objections from different Participants, need to be received by the Market Operator before the matter will be reviewed by the Market Operator.

- (c) If no objections are received within five (5) minutes the Daily Settlement Price shall become the Daily Settlement Price.
- (d) No attempt may be made to alter the Daily Settlement Price or any component thereof by artificial means.

Amended 14/09/10, 20/03/17

Procedure 2500.5 Discretion to Amend the Daily Settlement Price

Where any Daily Settlement Price is established pursuant to this Rule and the Market Operator is of the opinion that the established Daily Settlement Price will have the effect of creating a market that is not fair, orderly and transparent, the Market Operator may amend the Daily Settlement Price as it sees fit.

Amended 20/03/17

DETERMINATION OF SETTLEMENT PRICE

[2501] The Settlement Price for each Class of Contract shall be determined in accordance with the relevant Individual Contract Specifications and the Procedures. The Settlement Price so determined shall, subject to Rule [3100] be accepted as final.

Procedure 2501 – Determination of Settlement Price

The Settlement Price for each Class of Contract shall be determined in accordance with the relevant procedures set out in the relevant Individual Contract Specifications. The Settlement Price so determined shall, subject to Rule 3100, be accepted as final.

Where the Individual Contract Specifications provide for the Settlement Price of a Class of Contract to be determined having regard to quotations provided by Participants in the underlying Market, for each relevant Futures Contract:

- (a) the Market Operator shall determine a list of active participants in the underlying Market, to be known as the “Settlement List” for the relevant Class of Contract, and may amend the list from time to time. In approving parties for addition or deletion the Market Operator will have regard to the extent of their participation in the market for the underlying securities in the relevant Class of Contract;
- (b) the Market Operator shall determine the day or days on which and the times at which quotations will be obtained to be used in the calculation of the Settlement Price.
- (c) on the day or days determined by the Market Operator, the Approved Clearing Facility will request buying and selling quotes from the parties on the Settlement List. Quotations shall be sought from not less than 80 per cent of the members on the Settlement List (the members to be randomly selected). All quotations must be confirmed to the Approved Clearing Facility In Writing.
- (d) where a person representing a selected name fails to declare buying and selling quotations, or the spread between the buying and selling quotations is greater than 0.10 per cent per annum or the nearest practical equivalent of 0.10 per cent per annum where quotations are provided in other than yield per cent per annum, then each quotation submitted on behalf of that name for each quotation time shall not be accepted.
- (e) requirements relating to the quotations sought and procedures for calculation shall be set out in the Individual Contract Specifications for each relevant Class of Contract.

The Procedures for each Individual Contract Specification are set out in the Appendix to Schedule 1 of the Procedures.

Amended 20/03/17

APPOINTMENT OF THE APPROVED CLEARING FACILITY AS AGENT AND ATTORNEY

[2600] Without prejudice to any other provisions in these Rules:

- (a) each Trading Participant who is a party to a deliverable Futures Contract irrevocably appoints the Approved Clearing Facility as its agent and attorney to perform all acts on its behalf, and to exercise all powers necessary to effect delivery of the Futures Contract, together with all powers which are reasonably incidental to those acts and powers;
- (b) the Approved Clearing Facility may perform any of its duties or obligations under these Rules by or through its officers, employees or agents; and
- (c) each Clearing Participant will indemnify the Approved Clearing Facility and keep the Approved Clearing Facility indemnified against any loss or claim arising from the Approved Clearing Facility's performance of its obligations in relation to any safe accommodation service.

Procedure 2600 – Appointment of the Approved Clearing Facility as Agent and Attorney

There are no prescribed Procedures.

WAREHOUSE RECEIPTS

- [2700] This Rule [2700] applies in respect of Warehouse Receipts which are issued in respect of a Class of Contract which is listed on the Market Operator.
- (a) In this Rule [2700], "Warehouse Receipt" includes a Warehouse Receipt 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.
 - (b) None of the Market Operator, Approved Clearing Facility, their respective officers, employees, agents or contractors will be liable in respect of, or in connection with:
 - (i) the delivery of a Warehouse Receipt;
 - (ii) the transfer of title, or failure to transfer title, of a commodity by an Approved Warehouse in respect of a Warehouse Receipt;
 - (iii) the limitation or exclusion of liability by an Approved Warehouse in respect of a Warehouse Receipt.
 - (c) The Market Operator, the Approved Clearing Facility and Approved Warehouses 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 Trading Participants on that basis. However, the Approved Warehouse, in issuing the Warehouse Receipt does not warrant the negotiability of the Warehouse Receipt, and neither the Approved Clearing Facility nor the Market Operator warrants 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, the Approved Clearing Facility or the Market Operator by reason only of a Warehouse Receipt being in fact not negotiable.
 - (d) Provided that the Seller has acted in good faith and in the ordinary course of business:
 - (i) the delivery to a Buyer or the Approved Clearing Facility of an endorsed Warehouse Receipt and certificates as required by these Rules or the Rules of the Approved Clearing Facility in respect of a Futures Contract shall fully discharge the obligations of the Seller;
 - (ii) the Seller is not required to prove that the endorsements (if any) are regular and were made by or under the authority of the persons whose endorsement they purport to be; and
 - (iii) 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.
 - (e) The Buyer agrees with the Approved Clearing Facility, the Market Operator 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 Rule [2700] otherwise be under.

Amended 20/03/17

Procedure 2700 – Warehouse Receipts

There are no prescribed Procedures.

End of Section. Next page is no. 301.