ATTACHMENT A

ASX SETTLEMENT OPERATING RULES

SECTION 2 DEFINITIONS AND INTERPRETATION

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2.13 DEFINITIONS

2.13.1 Definitions used in the Rules

In these Rules, unless the context otherwise requires:

......

“CCP Gross Batch Instruction” means a Batch Instruction (excluding a Dual Entry Payment Batch Instruction) to give effect to a transaction that has been novated to CCP but that has not been netted in accordance with the operating rules of the Approved Clearing Facility or a Batch Instruction to give effect to an Offsetting Transaction Arrangement entered into in respect of a Failed CCP Gross Batch Instruction.

......

“CCP Net Batch Instruction” means a Batch Instruction (excluding a Dual Entry Payment Batch Instruction) to give effect to a transaction that has been novated to CCP and netted in accordance with the operating rules of the Approved Clearing Facility or a Batch Instruction to give effect to an Offsetting Transaction Arrangement entered into in respect of a Failed CCP Net Batch Instruction.

......

“Cover” means Financial Products lodged with, or otherwise made available to, an Approved Clearing Facility as security for deposits or margins payable in relation to Derivatives transactions or Cash Market Transactions or transactions under an Offsetting Transaction Arrangement.

Amended 07/06/13

......
“Fail” means the removal under the Rules of the whole or part of an Instruction from Batch Settlement or Real Time Gross Settlement, on a Business Day.

Note: A Failed CCP Batch Instruction removed from Batch Settlement may be notified by ASX Settlement to the Approved Clearing Facility for settlement on that day through an Offsetting Transaction Arrangement entered into between the Approved Clearing Facility and the respective non-defaulting Participant in accordance with the operating rules of the Approved Clearing Facility.

……..

“Offsetting Transaction Arrangement” means an arrangement entered into between the Approved Clearing Facility and a Clearing Participant under the operating rules of the Approved Clearing Facility in respect of a Failed CCP Batch Instruction notified to the Approved Clearing Facility under Rule 10.11.7A or 10.16A.

…….

6.3 HOLDINGS UNDER A PARTICIPANT’S CONTROL

6.3.1 Establishment of Holdings on a CHESS Subregister

A Participant may only establish and maintain a Holding on a CHESS Subregister in accordance with this Rule 6.3.

Introduced 11/03/04

6.3.2 Direct and Sponsored Holdings

A Participant may establish and maintain on a CHESS Subregister:

(a) Direct Holdings; and

(b) if the Participant is a Sponsoring Participant, Participant Sponsored Holdings.

A Sponsoring Participant must not establish or maintain a Participant Sponsored Holding on a CHESS Subregister unless the Sponsoring Participant and the Holder have entered into a Sponsorship Agreement in accordance with Section 7 of the Rules.

Introduced 11/03/04 Origin SCH 9.2.1, 10.2.1

6.3.3 Holding under the control of a Participant

A Participant may only control a CHESS Holding on behalf of another person if:

(a) the Holding is designated in CHESS as a Direct Holding and the person is a Related Body Corporate of the Participant; or

(b) the Participant is a Sponsoring Participant and:

(i) the Holding is designated in CHESS as a Participant Sponsored Holding; and
the Sponsoring Participant has a Sponsorship Agreement in place which complies with Section 7.

**Note:** Notwithstanding that a Clearing Holding may include Financial Products held in trust for the benefit of a client, for the purposes of this Rule 6.3.3 the Participant will not be considered to control that Clearing Holding on behalf of that client.

Introduced 11/03/04 Origin SCH 10.2.1A 10.2.1B

### 6.3.4 Settlement and Accumulation Accounts

A Settlement Participant:

(a) must unless otherwise agreed by ASX Settlement or specified in the Procedures, establish:

(i) one Settlement Account and one Accumulation Account to facilitate the settlement of transactions in Approved Financial Products; and

(ii) where a Settlement Participant provides settlement services on behalf of Clearing Participants, one Settlement Account and one Accumulation Account for and in the name of each Clearing Participant to facilitate the settlement of transactions in Approved Financial Products;

(b) unless otherwise agreed by ASX Settlement or specified in the Procedures, must establish one Settlement Account and one Accumulation Account with a Residency Indicator of “F” to facilitate Foreign to Foreign Allocations;

(c) may establish the Settlement Account and Accumulation Account in the name of the same Nominee Company; and

(d) except as provided for in Rule 6.3.5, must not, without ASX Settlement’s written consent, use a Settlement Holding or an Accumulation Holding for Custodial Purposes. Where ASX Settlement provides such consent, the Settlement Participant must comply with any terms or conditions imposed by ASX Settlement and any failure by the Settlement Participant to do so will constitute a breach of this Rule.

ASX Settlement will not provide consent under paragraphs (d) above to the use of Settlement Holding or Accumulation Holding for Custodial Purposes if in its opinion a lessening of investor protection may result.

**Note:** ASX Settlement may, at its discretion, exempt a Settlement Participant from the requirement to operate “Foreign” entrepot accounts where ASX Settlement is satisfied that the Settlement Participant will not participate in “Foreign to Foreign” trades.

Introduced 11/03/04 Origin SCH 9.2.2, 9.2.3, 10.2.2, 10.2.3

### 6.3.5 Financial Products in a Settlement or Accumulation Holding

A Settlement Participant may not hold the same Financial Products in a Settlement Holding or an Accumulation Holding for a period greater than 3 Business Days except if, in the case of Financial Products in an Accumulation Holding:
(a) a current sell order from a client in respect of those Financial Products remains outstanding;

(b) the Financial Products were acquired by the Settlement Participant on the instructions of a client and that client has not paid the purchase price for those Financial Products; or

(c) each of the following apply:
   
   (i) the constitution of the Issuer of the Financial Products does not permit Holdings of less than a marketable parcel;

   (ii) only some of the Financial Products acquired by the Settlement Participant on the instructions of the client have been Transferred to the Settlement Participant; and

   (iii) Transfer by the Settlement Participant of those Financial Products to a Holding would contravene Rule 8.10.2.

Introduced 11/03/04 Origin SCH 9.2.4

6.3.6 Transfer out of an Accumulation Holding

If Financial Products are being held in an Accumulation Holding of a Settlement Participant for a period greater than 3 Business Days other than where permitted under Rule 6.3.5 and where no consent has been given by ASX Settlement under Rule 6.3.4(d) the Settlement Participant must initiate a Message to Transfer those Financial Products to the Holding of a client within 2 Business Days of the date upon which the last of the circumstances in Rule 6.3.5 ceases to apply.

Introduced 11/03/04 Origin SCH 9.2.5

6.3.7 Account Participant not to establish Accounts for settlement

An Account Participant must not establish a Settlement Account or an Accumulation Account.

Introduced 11/03/04 Origin SCH 9.2.2A

6.3A RECONCILIATION OF ACCUMULATION ACCOUNT HOLDINGS

6.3A.1 Client Financial Products in Accumulation Account

Financial Products received by the Settlement Participant from a client (or from a person acting on behalf of the client) or for the benefit of the client in connection with dealings in Cash Market Transactions (including Financial Products to which Division 3 of Part 7.8 of the Corporations Act applies) which are held in an Accumulation Account established by the Settlement Participant are held on trust for the benefit of the client.

Introduced XX/XX/XX

Note: This Rule 6.3A.1 applies whilst such Financial Products are held in the Settlement Participant’s Accumulation Account and does not preclude the Settlement Participant transferring such Financial Products into its Settlement Account for the purpose of facilitating settlement of transactions in those Financial Products.
6.3A.2 Documenting Financial Products in Accumulation Account

A Settlement Participant must maintain accurate documented records of the Financial Products held in an Accumulation Account established by the Settlement Participant which identify:

(a) each person on whose behalf Financial Products in the Accumulation Account are held (including if Financial Products are held on its own behalf, the Settlement Participant); and

(b) the number of Financial Products in the Accumulation Account held on behalf of each of those persons.

6.3A.3 Reconciliation of Accumulation Account

A Settlement Participant must perform a reconciliation, in the time, form and manner set out in the Procedures of the aggregate balance of Financial Products held at the close of business on each Business Day in an Accumulation Account established by the Settlement Participant and the corresponding balance of Financial Products in the Accumulation Account held on behalf of each person as recorded in the Participant’s accounting records, that:

(a) is accurate in all respects; and

(b) contains a statement signed by an authorised person, stating that the signatory believes, and has no reason not to believe, that the reconciliation is accurate in all respects.

Introduced XX/XX/XX

6.3A.4 Obligation to notify ASX Settlement in respect of reconciliation

A Settlement Participant must notify ASX Settlement within 2 Business Days in the manner set out in the Procedures if:

(a) a reconciliation has not been performed in accordance with Rule 6.3A.3 and the Procedures under that Rule; or

(b) according to a reconciliation performed pursuant to Rule 6.3A.3, there is a deficiency of Financial Products in an Accumulation Account established by the Settlement Participant or if it is unable to reconcile an Accumulation Account established by it pursuant to Rule 6.3A.3.

Introduced XX/XX/XX
8.10 **RESTRICTION ON CHESS HOLDINGS**

8.10.1 **Restrictions on number of joint holders**

Unless permitted under an Issuer’s constitution, a Participant must not establish a CHESS Holding that would be held jointly by more than 3 persons.

Introduced 11/03/04  Origin SCH 5.6.1

8.10.2 **Prohibition on Holdings of Less than a Marketable Parcel**

A Participant must not initiate a Transfer of Financial Products if, by giving effect to that Transfer, a CHESS or Issuer Sponsored Holding of less than a Marketable Parcel will result unless:

(a) the Holding of less than a Marketable Parcel is expressly permitted under an Issuer's constitution; or

(b) the Transfer establishes a new Settlement Holding or Accumulation Holding.

Introduced 11/03/04  Origin SCH 5.7  Amended 18/12/06, 01/01/12

8.10.3 **Equitable Interests**

Unless required by these Rules or the law, ASX Settlement need not record on the CHESS Subregister, and is not required to recognise:

(a) any equitable, contingent, future or partial interest in any Financial Product; or

(b) any other right in respect of a Financial Product,

except an absolute right of legal ownership in the registered Holder.

*For the avoidance of doubt, nothing in Rule 6.3A requires ASX Settlement to record on the CHESS Subregister or to recognise any interest or right of a client in respect of a Financial Product in a Clearing Holding which is held on trust for that client.*

Introduced 11/03/04  Origin SCH 5.8
SECTION 10  BATCH SETTLEMENT

A Settlement Participant may settle Instructions in the Settlement Facility in Batch Settlement or Real Time Gross Settlement. Batch Settlement is governed by Section 10 of these Rules. Real Time Gross Settlement is governed by Section 11.

Batch Settlement involves the settlement of Batch Instructions. Batch Instructions may be:

(a) for value. This is known as DvP Batch Settlement. Batch Instructions that can be settled in DvP Batch Settlement are:
   (i) CCP Batch Instructions. These consist of CCP Net Batch Instructions and CCP Gross Batch Instructions;
   (ii) Direct Batch Instructions; and
   (iii) Dual Entry Batch Instructions;

(b) free of value. Batch Instructions that can be settled in Batch Settlement free of value are either:
   (i) Dual Entry Batch Instructions; or
   (ii) Single Entry Batch Instructions; and

(c) for payment free of delivery. Batch Instructions that can be settled in Batch Settlement for payment free of delivery are known as Payment Batch Instructions which consist of CCP Derivatives Payment Batch Instructions and Dual Entry Payment Batch Instructions.

In addition to determining the eligibility of Batch Instructions to be included in DvP Batch Settlement and Batch Settlement, the purpose of this Section is to set out Rules relating to the operation of Batch Settlement in the Settlement Facility including:

(a) the basis on which Settlement Participants can act in respect of Batch Settlement;
(b) payment arrangements for Batch Settlement;
(c) removal, cancellation and change of Batch Instructions;
(d) discharge of settlement obligations;
(e) failing Batch Instructions;

(ea) notification to the Approved Clearing Facility of failed CCP Batch Instructions which become subject to settlement through Offsetting Transaction Arrangements;

(f) suspension or cancellation of settlement; and

(g) settlement subject to entitlements and adjustments.
10.4 BATCH INSTRUCTIONS INCLUDED IN BATCH SETTLEMENT

10.4.1 Classes of Batch Instructions included in Batch Settlement

Unless ASX Settlement determines otherwise, a Batch Instruction is eligible for Batch Settlement under this Section 10 if the Batch Instruction is:

(a) a CCP Batch Instruction;
(b) a Direct Batch Instruction;
(c) a Dual Entry Batch Instruction;
(d) a Single Entry Batch Instruction;
(e) a Payments Batch Instruction; or
(f) any other class of Batch Instruction ASX Settlement may determine from time to time. In determining whether a class of Batch Instruction is eligible for DvP Batch Settlement, ASX Settlement must have regard to the following factors:

(i) where it is necessary that any person communicates reliably with CHESS; that person meets any technical and/or performance requirements;

(ii) the inclusion of the additional class of Batch Instruction in DvP Batch Settlement will:

A. permit Batch Instructions the subject of National Guarantee Fund protection regime to be distinguished, and if necessary, segregated from, Batch Instructions in DvP Batch Settlement which are not the subject of NGF coverage; and

B. not adversely affect the NGF coverage;

(iii) Participants who will be parties to the additional Batch Instructions admitted to DvP Batch Settlement, and investors upon whose behalf they act, will be informed that the additional class of Batch Instruction is not covered by the National Guarantee Fund;

(iv) DvP Batch Settlement of the class of Batch Instruction is likely to be commercially viable for ASX Settlement and will not adversely affect the integrity, reliability or efficiency of the Settlement Facility; and

(v) where the Commission requires that the class of transactions to be admitted to Batch Settlement be covered by an investor protection regime, and NGF coverage is not applicable to the class of Batch Instruction, there is an applicable investor protection regime which is acceptable to the Commission.
A person may apply to ASX Settlement in the form prescribed by ASX Settlement to have a class of Batch Instruction included in DvP Batch Settlement.

A Batch Instruction in which the obligation is to deliver or receive Financial Products for value will be settled in DvP Batch Settlement.

Introduced 11/03/04  Origin SCH 7.1.3  Amended 23/10/09

10.4.2 CCP Batch Instructions notified by Approved Clearing Facility

ASX Settlement will schedule for settlement in DvP Batch Settlement all CCP Batch Instructions received by ASX Settlement from an Approved Clearing Facility on the Settlement Date notified by the Approved Clearing Facility. In the circumstances of Failed CCP Batch Instructions notified to the Approved Clearing Facility under Rule 10.11.7A or 10.16A, the CCP Batch Instructions to be scheduled for settlement in DvP Batch Settlement on a Business Day will also include CCP Batch Instructions relating to obligations and entitlements under the second leg of Offsetting Transaction Arrangements entered into in respect of the CCP Batch Instructions Failed on the previous Business Day in the manner set out in the operating rules of the Approved Clearing Facility.

Introduced 11/03/04

10.4.3 Direct Batch Instructions notified by Approved Market Operator or Approved Clearing Facility

ASX Settlement will schedule for settlement in DvP Batch Settlement all Direct Batch Instructions received by ASX Settlement from an Approved Market Operator or Approved Clearing Facility on the Settlement Date notified respectively by the Approved Market Operator or Approved Clearing Facility.

Unless ASX Settlement has agreed in writing, an Approved Market Operator that is provided with a Settlement Facilitation Service under Rule 4.1A is not eligible to submit Direct Batch Instructions.

Introduced 11/03/04  Origin SCH 7.4.3  Amended 27/06/11, 28/12/11

10.4.4 Notice by ASX Settlement in respect of Direct Batch Instructions

Within the Scheduled Time, ASX Settlement will notify each Settlement Participant that is a party to a Direct Batch Instruction that it is scheduled for settlement.

Introduced 11/03/04  Origin SCH 7.4.4  Amended 28/12/11

10.4.5 Notification of Batch Instructions

A Settlement Participant must notify ASX Settlement in the manner specified in the Procedures if the Settlement Participant wishes to schedule for settlement in DvP Batch Settlement a Batch Instruction of a type specified in the Procedures.

Introduced 11/03/04  Origin SCH 7.1.3A.3  Amended 28/12/11

10.4.5A Power to impose conditions on scheduling of Batch Instructions

ASX Settlement may at any time impose any conditions on the scheduling for settlement in DvP Batch Settlement of a Batch Instruction of a type specified in the Procedures that it considers are reasonably necessary to preserve the integrity, reliability and efficiency of
the Settlement Facility. ASX Settlement must notify the affected Settlement Participants in writing of any condition imposed under this rule.

Introduced 28/12/11

10.4.5B Designation of Batch Instructions

A Settlement Participant must designate in a form required by ASX Settlement the classes of Batch Instruction set out in the Procedures.

Introduced 28/12/11

10.4.6 Priority where Batch Instructions are Failed

ASX Settlement may in its absolute discretion determine the priority in which Batch Instructions in DvP Batch Settlement will be Failed if one or more instructions scheduled for settlement on a Business Day would give rise to a Financial Products Shortfall or a Payment Shortfall (or to limit a Settlement Participant’s net obligation to make payment in respect of that Payment Facility to the amount notified under Rule 10.10.4(a)).

Introduced 11/03/04

10.4.7 Removing Batch Instructions from Batch Settlement

ASX Settlement may immediately remove a class of Batch Instruction from either Batch Settlement or DvP Batch Settlement if ASX Settlement forms the reasonable opinion that:

(a) the integrity, reliability or efficiency of the Settlement Facility will be significantly impaired by allowing the class of Batch Instruction to continue to be included in Batch Settlement or DvP Batch Settlement; or

(b) it is necessary for the protection of Participants from risk of loss.

Where ASX Settlement removes a class of Batch Instruction from DvP Batch Settlement, ASX Settlement may where it considers it appropriate, allow that class of Batch Instruction to be settled in Batch Settlement.

Introduced 11/03/04 Origin SCH 7.1.3C

10.4.8 Notice of removal of Batch Instructions from Batch Settlement

If ASX Settlement removes a class of Batch Instruction from Batch Settlement or DvP Batch Settlement, ASX Settlement will give Notice of the removal to all Settlement Participants.

Introduced 11/03/04 Origin SCH 7.1.3D

10.4.9 Appeal against decisions about Batch Settlement – [Deleted]

Introduced 11/03/04 Origin SCH 7.1.3E Amended 31/03/08, 01/08/10 Deleted 28/12/11

10.4.10 Convening the Appeal Tribunal – [Deleted]

Introduced 11/03/04 Origin SCH 7.1.3F, 7.1.3G Deleted 31/03/08

10.4.11 Decisions of the Appeal Tribunal – [Deleted]

Introduced 11/03/04 Origin SCH 7.1.3D, 7.1.3I Deleted 31/03/08
10.8 DISCHARGE OF SETTLEMENT OBLIGATION TO CLIENT THROUGH SERVICE

10.8.1 Effect of net settlement

If a Settlement Participant that is a Market Participant of ASX has a settlement obligation to a client that is not a Participant in relation to a sale or purchase of Financial Products that is settled by net delivery or net payment under these Rules:

(a) the net settlement constitutes performance of the Settlement Participant’s obligation to the client to settle the transaction;

(b) the Settlement Participant’s obligation to account to the client for Financial Products bought or for the consideration for the sale of Financial Products is not affected by net settlement;

(c) the client has such proprietary rights as the law recognises in respect of Financial Products and consideration held by or under the control of the Settlement Participant;

(d) the client's rights to claim on the National Guarantee Fund under Regulations 7.5.24 and 7.5.26 of the Corporations Act are not affected by the use of net settlement under these Rules; and

(e) where the Settlement Participant settles by making a net delivery of Financial Products, the Settlement Participant is taken to have effected a Transfer on behalf of the client if (and to the extent to which), according to the Settlement Participant’s records, the Financial Products which are delivered in Batch Settlement are deducted from or attributed to Financial Products held by or on behalf of the client.

Note: This Rule is intended to reflect Regulation 7.5.53(3) of the Corporations Regulations.

This Rule 10.8.1 does not apply to the settlement of a Failed CCP Batch Instruction which occurs pursuant to the set-off under the operating rules of the Approved Clearing Facility of obligations and entitlements under the Failed CCP Batch Instruction against entitlements and obligations under the first leg of an Offsetting Transaction Arrangement entered into in respect of the Failed CCP Batch Instruction. Any settlement of a Failed CCP Batch Instruction which occurs pursuant to such set-off does not constitute performance of or otherwise affect the Settlement Participant’s settlement obligation to a client in relation to a sale or purchase which underlies such CCP Batch Instruction.

This Rule 10.8.1 however continues to apply to the settlement by net delivery or net payment under these Rules of the second leg of an Offsetting Transaction Arrangement entered into in respect of a Failed CCP Batch Instruction underlying which is a sale or purchase of Financial Products in respect of a client that is not a Participant. For the purposes of the application of this Rule 10.8.1 in such circumstances:

(a) settlement obligations under the second leg of an Offsetting Transaction Arrangement are treated as if they were settlement obligations in relation to each sale or purchase of Financial Products which underlies the Failed CCP Batch Instruction that Offsetting Transaction Arrangement is in respect of; and
(b) settlement of the second leg of an Offsetting Transaction Arrangement is treated as if it was settlement of each sale or purchase of Financial Products which underlies the Failed CCP Batch Instruction that Offsetting Transaction Arrangement is in respect of by net delivery or net payment under these Rules.

**Note:** As a mechanism for facilitating the set-off and settlement on the Settlement Date of obligations between the Approved Clearing Facility and the respective Clearing Participant under a Cash Market Transaction novated to the Approved Clearing Facility which underlies CCP Batch Instructions Failed due to a Payment Shortfall (or to limit a Settlement Participant’s net obligation to make payment in respect of that Payment Facility to the amount notified under Rule 10.10.4(a)) or if there is a suspension or termination of a Payments Provider that would affect payment under such instruction, the operating rules of the Approved Clearing Facility provide for the entry into of an Offsetting Transaction Arrangement between the Approved Clearing Facility and the Clearing Participant in relation to the Failed CCP Batch Instruction.

The discharge of obligations under a Failed CCP Batch Instruction by way of set-off against equal but opposite entitlements under the first leg of an Offsetting Transaction Arrangement entered into in respect of that Failed CCP Batch Instruction will not however trigger a Transfer of Financial Products nor the performance of the Settlement Participant’s settlement obligation to the client in relation to a sale or purchase of Financial Products (represented in the Cash Market Transaction novated to the Approved Clearing Facility) which underlies such Failed CCP Batch Instruction until the underlying obligations and entitlements of the transaction as reflected in the second leg of the Offsetting Transaction Arrangement are settled by net delivery or net payment under these Rules.

Introduced 11/03/04 Origin SCH 7.8.6

### 10.9 BATCH INSTRUCTIONS

#### 10.9.1 Change to CCP Gross Batch Instructions

If the delivering Settlement Participant and the receiving Settlement Participant to a CCP Gross Batch Instruction Transmit a Valid Message to ASX Settlement within the Scheduled Time that requests a change to the settlement obligations under the instruction, then ASX Settlement will take the following action:

(a) if the Messages are Matched ASX Settlement will:

(i) change the settlement obligations in accordance with the Matched Messages;

(ii) within the Scheduled Time, notify the Settlement Participants that the change has been effected; and

(iii) include the CCP Gross Batch Instruction in a Surveillance Report of changed Batch Instructions; or

(b) if the Messages are not Matched and the Settlement Participant that Transmitted the Message cancels the request by Transmitting a further Valid Message to ASX Settlement revoking the initial request ASX Settlement will:
(i) cancel the initial request; and
(ii) notify the Settlement Participant that the request has been cancelled.

ASX Settlement may provide the Surveillance Report referred to in paragraph (a)(iii) to the relevant Approved Market Operator or as required by these Rules or the law.


10.9.2 Dual Entry Batch Instructions

Within the Scheduled Time, a Settlement Participant may Transmit to ASX Settlement:

(a) a Valid Dual Entry Batch Message containing the details specified in the Procedures; or
(b) a Valid Dual Entry Payment Batch Message containing the details specified in the Procedures.

Introduced 11/03/04 Origin SCH 7.151

10.9.3 Dual Entry Batch Instructions – Matching

If:

(a) a Settlement Participant Transmits a Dual Entry Batch Message or a Dual Entry Payment Batch Message that specifies or implies the details contained in the Procedures; and
(b) the Message Transmitted by the other Participant:

(i) specifies the same details,
(ii) specifies or implies the same designation as Cum Entitlement or Ex Entitlement; and
(iii) specifies the same Settlement Amount or a Settlement Amount that differs by no more than the Settlement Amount Tolerance,

ASX Settlement will Match the Messages; and

(c) if the Messages are Matched within the Scheduled Time, ASX Settlement will:

(i) treat the Matched Messages as a Dual Entry Batch Instruction or a Dual Entry Payment Batch Instruction as the case may be;
(ii) schedule the Dual Entry Batch Instruction or the Dual Entry Payment Batch Instruction, as the case may be, for settlement on the Settlement Date specified in the instruction;
(iii) notify each Participant that the Dual Entry Batch Instruction or Dual Entry Payment Batch Instruction has been scheduled for settlement; and
(iv) if the amount to be included as the Settlement Amount specified by each Participant differs by no more than the Settlement Amount Tolerance, apply the lower of the two amounts as the Settlement
Amount for the Dual Entry Batch Instruction or the Dual Entry Payment Batch Instruction that is scheduled for settlement; or

(d) if the Messages have not been Matched within the Scheduled Time, ASX Settlement will:

(i) cancel the Dual Entry Batch Message or the Dual Entry Payment Batch Message; and

(ii) within the Scheduled Time notify both Settlement Participants of that fact.

Introduced 11/03/04  Origin SCH 7.16.1, 7.16.2, 7.16.3, 7.16.4

10.9.4 Change of Batch Instructions – Matched Messages

A Settlement Participant may Transmit to ASX Settlement a Valid Message requesting a change to a Dual Entry Batch Instruction or a Dual Entry Payment Batch Instruction to which the Participant is a party.

If, within the Scheduled Time both Settlement Participants to a Dual Entry Batch Instruction or a Dual Entry Payment Batch Instruction Transmit a Valid Message that requests a change to the instruction:

(a) if the Messages are Matched by ASX Settlement, ASX Settlement will change the instruction; or

(b) if the Messages are not Matched by ASX Settlement, the Participant that Transmitted the Message may cancel the request by Transmitting within the Scheduled Time a further Valid Message that requests cancellation of the original request.

Introduced 11/03/04  Origin SCH 7.21.1, 7.21.2, 7.21.3

10.9.5 Change of Batch Instructions – single Messages

If, within the Scheduled Time, a Settlement Participant to a Dual Entry Batch Instruction Transmits a Valid Message that requests a change to:

(a) the designation of the Dual Entry Batch Instruction as available or not available for settlement in part;

(b) if the Participant is a delivering Participant, the Source Holding; and

(c) if the Participant is a receiving Participant, the Target Holding,

ASX Settlement will:

(d) change the Dual Entry Batch Instruction in accordance with the Message; and

(e) notify the Participant that Transmitted the Message within the Scheduled Time.

Note: Changes of the kind specified in this Rule are only notified to the Participant that Transmitted the Message.

Introduced 11/03/04  Origin SCH 7.21.4
10.9.6 Cancellation of Dual Entry Batch Message or Dual Entry Payment Batch Message by Settlement Participant

A Settlement Participant may, by Transmitting a Valid Message to ASX Settlement within the Scheduled Time, cancel a Dual Entry Batch Message or a Dual Entry Payment Batch Message Transmitted by the Settlement Participant under Rule 10.9.2 if the Message has not been Matched under Rule 10.9.3.

Introduced 11/03/04 Origin SCH 7.20.1(a)

10.9.7 Cancellation of Dual Entry Batch Message or Dual Entry Payment Batch Message by both Settlement Participants

If, within the Scheduled Time both Settlement Participants to a Dual Entry Batch Instruction or a Dual Entry Payment Batch Instruction Transmit a Valid Message that requests cancellation of the instruction:

(a) if the Messages are Matched by ASX Settlement, ASX Settlement will cancel the instruction; or

(b) if the Messages are not Matched by ASX Settlement, the Settlement Participant that Transmitted the Message may cancel the request by Transmitting within the Scheduled Time a further Valid Message that requests cancellation of the original request.

Introduced 11/03/04 Origin SCH 7.20.2, 7.20.3

10.9.8 Obligations of Participants

Subject to Rules 6.20.1, 6.20.2, 6.20.3 and 6.20.4, the obligations or entitlements, as the case requires, of the Participants to a Dual Entry Batch Instruction:

(a) to deliver or receive Financial Products or Entitlements; and

(b) if the instruction is to be settled in DvP Settlement Batch Settlement, to pay or receive an amount,

are owed to each other as principals, even if a Settlement Participant has a settlement obligation to another person, or is acting on behalf of a Market Participant, Clearing Participant or another Settlement Participant in relation to the instruction.

Introduced 11/03/04 Origin SCH 7.16.5

10.9.9 Obligations of Participants to a Dual Entry Payment Batch Instruction

The obligation or entitlements, as the case requires, of the Participants to a Dual Entry Payment Batch Instruction to pay or receive an amount are owed to each other as principals, even if a Settlement Participant has a settlement obligation to another person, or is acting on behalf of a Market Participant, Clearing Participant or another Settlement Participant in relation to the instruction.

Introduced 11/03/04

10.9.10 Part Settlement

ASX Settlement will be entitled to treat any CCP Batch Instruction as designated as available for settlement in part under this Section 10.
10.9.11 Single Entry Batch Instructions

If within the Scheduled Time, a Settlement Participant Transmits to ASX Settlement a Valid Single Entry Batch Message that contains the details specified in the Procedures, ASX Settlement will:

(a) treat the Valid Single Entry Batch Message as a Single Entry Batch Instruction;

(b) schedule the Single Entry Batch Instruction for settlement on the Settlement Date specified in the instruction; and

(c) notify the Settlement Participant that the Single Entry Batch Instruction has been scheduled for settlement.

Note: A Batch Instruction cannot always be scheduled for settlement on the Settlement Date specified in the Message, if the Financial Products in question are the subject of a corporate action. For example, a Batch Instruction cannot be scheduled for settlement on a cum entitlement basis on a Business Day after the Record Date for the relevant Corporate Action.

10.9.12 Cancelling a Single Entry Batch Message

A Settlement Participant may, by Transmitting a Valid Message to ASX Settlement within the Scheduled Time, cancel a Single Entry Batch Message Transmitted by the Settlement Participant under Rule 10.9.11.

10.9.13 Standing Settlement HINs

A CCP Net Batch Instruction will be taken to specify:

(a) the Standing Settlement HIN of the Settlement Participant as the HIN for the Source Holding or the Target Holding, as the case requires; and

(b) the Standing Settlement HIN of CCP as the HIN for the Source Holding or Target Holding, as the case requires.

If a Settlement Participant Transmits:

(a) a Dual Entry Batch Message; or

(b) a Single Entry Batch Message,

and the relevant HIN for the Target or Source Holding as the case requires is not specified, ASX Settlement will apply the Settlement Participant's Standing Settlement HIN as the case requires.

Note: ASX Settlement will reject a message that does not specify a HIN or imply a Standing Settlement HIN.
10.9.14  Part Settlement designated by a Settlement Participant

A Settlement Participant may designate a Batch Instruction other than a CCP Derivatives Payment Batch Instruction as available or not available for settlement in part.

In the event of a Payment Shortfall by a Settlement Participant (or to limit a Settlement Participant’s net obligation to make payment in respect of that Payment Facility to the amount notified under Rule 10.10.4(a)), ASX Settlement may in its absolute discretion override any designation by the Settlement Participant under this Rule and designate a Batch Instruction as available or not available for settlement in part.

Introduced 11/03/04 Origin SCH 7.19.1

10.9.15  Financial Products Shortfall may be settled in part

If:

(a) (i) a Source Holding; or

(ii) during an Ex Period, a Cum Entitlement Balance for a Source Holding, specified in one or more Batch Instructions scheduled for settlement on a Business Day would give rise to a Financial Products Shortfall; and

(b) the instruction is available for settlement in part,

ASX Settlement may apply such lesser number of Financial Products or Entitlements as are available for settlement, in settling the Batch Instruction.

*Note:* A Batch Instruction removed from DvP Batch Settlement under Rule 10.6.1, 10.6.2 or 10.6.3 will not be available for settlement in part under Section 11.

Introduced 11/03/04 Origin SCH 7.19.2

10.9.16  Accrued Batch Instructions

If ASX Settlement generates an Accrued Batch Instruction in accordance with Rule 10.17.1(d), ASX Settlement will schedule the Accrued Batch Instruction for settlement on the Settlement Date specified in the instruction.

Introduced 11/03/04 Origin SCH 7.22.1

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10.11  FAILING BATCH INSTRUCTIONS

10.11.1  Failure in Part

If a Batch Instruction is designated as available for settlement in part, ASX Settlement may Fail the Batch Instruction in part under this Rule 10.11.

Introduced 11/03/04 Origin SCH 7.25.1

10.11.2  Failure of Batch Instructions

If, by the Scheduled Time, on a Business Day either:
(a) (i) a Source Holding; or

(ii) during an Ex Period, a Cum Entitlement Balance for a Source Holding, specified in one or more Batch Instructions scheduled for settlement on that Business Day, would give rise to a Financial Products Shortfall; or

(b) a Settlement Participant's net obligation to make payment from a Payment Facility identified by one or more Batch Instructions scheduled for settlement on that Business Day is not authorised by the Payments Provider that operates the Payment Facility;

ASX Settlement will subject to Rule 10.11.6:

(c) in the case of a Financial Products Shortfall, Fail one or more Batch Instructions, that specify the Holding as a Source Holding, to remove the Financial Products Shortfall; or

(d) in the case of a Payment Shortfall, Fail one or more Batch Instructions that identify the Payment Facility to remove the Payment Shortfall.

Note: The removal of a Financial Products Shortfall will result in a Source Holding having a balance after Batch Settlement equal to or greater than zero. The removal of a Payment Shortfall will reduce the Settlement Participant's net obligation to make payment from that Payment Facility to zero, or will create a net entitlement to receive payment into that Payment Facility.

Introduced 11/03/04 Origin SCH 7.25.2

10.11.3 Consequential failing of Batch Instructions

If a Batch Instruction that is Failed under Rule 10.11.2 causes:

(a) a Financial Products Shortfall for a Target Holding that is also specified as a Source Holding in other Batch Instructions scheduled for settlement on that Business Day; or

(b) an increase in a Settlement Participant's net obligation to make payment from a Payment Facility identified in one or more Batch Instructions scheduled for settlement on that Business Day;

ASX Settlement will subject to Rule 10.11.6:

(c) in the case of a Financial Products Shortfall, Fail one or more Batch Instructions that specify the Holding as a Source Holding to remove the Financial Products Shortfall; and

(d) in the case of a Settlement Participant's increased net obligation to make payment in respect of a Payment Facility, Fail one or more Batch Instructions that identify that Payment Facility to limit the Settlement Participant’s net obligation to make payment in respect of that Payment Facility to the amount notified under Rule 10.10.4(a) or, within the Scheduled Time, ASX Settlement may request the Payments Provider that operates the Payment Facility to authorise the increased net obligation to make payment.
Note: The removal of a Financial Products Shortfall will result in a Source Holding having a balance after Batch Settlement equal to or greater than zero. The removal of a Payment Shortfall (or of Batch Instructions to limit a Settlement Participant’s net obligation to make payment in respect of that Payment Facility to the amount notified under Rule 10.10.4(a)) will reduce the Participant’s net obligation to make payment from that Payment Facility to the amount previously authorised by the Payments Provider (or notified to the Payments Provider under Rule 10.10.4(a)) or will create a net entitlement to receive payment into that Payment Facility.

Introduced 11/03/04 Origin SCH 7.25.3

10.11.4 Removal of a Payment Shortfall

If ASX Settlement requests a Payments Provider under Rule 10.11.3(d) to authorise a Settlement Participant’s increased net obligation to make payment and the Payments Provider does not authorise the Settlement Participant’s increased net obligation to make payment, ASX Settlement will, subject to Rule 10.11.6, Fail one or more Batch Instructions that identify that Payment Facility to remove the Payment Shortfall.

Note: The removal of a Payment Shortfall will reduce the Participant’s net obligation to make payment from that Payment Facility to the amount previously authorised by the Payments Provider or will create a net entitlement to receive payment into that Payment Facility.

Introduced 11/03/04 Origin SCH 7.25.4

10.11.5 Failure of Settlement Participant Batch Instructions in respect of Confirmed FOR Financial Products

Notwithstanding any other provision of this Section, if a Settlement Participant generates a Batch Instruction in relation to Foreign to Foreign Allocation and:

(a) the number of Confirmed FOR Financial Products in the Source Holding specified in the Message is less than the number of Confirmed FOR Financial Products to be transferred; or

(b) the Source Holding which is specified is a Source Holding which does not have a Residency Indicator of “F”,

ASX Settlement will fail the Batch Instruction.

Introduced 11/03/04 Origin SCH 7.25A1

10.11.6 Principles that apply to Failing Batch Instructions

In Failing a Batch Instruction under Rules 10.11.2, 10.11.3 or 10.11.4, ASX Settlement will use its best endeavours to:

(a) minimise:

(i) Financial Products Shortfalls; or

(ii) increases in the net obligation to make payment from one or more Payment Facilities identified in one or more Batch Instructions;
(b) subject to Rule 10.11.6(a):

(i) give priority to settlement of rescheduled Batch Instructions and to CCP Batch Instructions;

(ii) maximise the total value of Settlement Amounts of Batch Instructions that can be settled on that Business Day;

(iii) maximise the total number of Financial Products that can be settled on that Business Day.

Introduced 11/03/04 Origin SCH 7.271

10.11.7 Consequences of Failing a Batch Instruction

If a Batch Instruction is Failed under Rule 10.11.2, 10.11.3 or 10.11.4 ASX Settlement will:

(a) if the Batch Instruction is a Batch Instruction for value, adjust the net obligation to make payment or the net entitlement to receive payment of the Payment Facility of each Settlement Participant affected by the Fail in accordance with Rule 10.11.9 or 10.11.10, as the case requires;

(b) adjust the net obligation to deliver or the net entitlement to receive Financial Products or Entitlements for the Holding of each Participant affected by the Fail;

(c) remove the Batch Instruction or part of the Batch Instruction, as the case requires, from Batch Settlement on that Business Day;

(d) other than where the Batch Instruction is a CCP Derivatives Payment Batch Instruction or a CCP Batch Instruction referred to in Rule 10.11.7A, if the Batch Instruction has been Failed in full, reschedule the Batch Instruction for settlement on the next Business Day;

(e) if the Batch Instruction has been Failed in part:

(i) process the Batch Instruction in respect of that part of the Batch Instruction that is to be settled; and

(ii) other than where the Batch Instruction is a CCP Batch Instruction referred to in Rule 10.11.7A, reschedule that part of the Batch Instruction that is to be Failed, for settlement on the next Business Day; and

(f) notify both Settlement Participants.

Introduced 11/03/04 Origin SCH 7.28.1
10.11.7A Failed CCP Batch Instructions due to Payment Shortfall settled through Offsetting Transaction Arrangements

A CCP Batch Instruction (where the CCP is ASX Clear) that has been Failed by ASX Settlement under Rule 10.11.2, 10.11.3 or 10.11.4 due to a Payments Shortfall (or to limit a Settlement Participant’s net obligation to make payment in respect of that Payment Facility to the amount notified under Rule 10.10.4(a)), will be:

(a) removed by ASX Settlement from Batch Settlement on that Business Day;
(b) notified to ASX Clear; and
(c) other than for the defaulting Clearing Participant, subject to set-off against entitlements and obligations under the first leg of an Offsetting Transaction Arrangement entered into in respect of the Failed CCP Batch Instruction under the ASX Clear Operating Rules.

Where ASX Settlement has removed a CCP Batch Instruction from Batch Settlement and notified that Failed Batch Instruction to ASX Clear under this Rule 10.11.7A, ASX Settlement has no obligation in relation to that Instruction.

10.11.8 Removing a re-scheduled Batch Instruction to RTGS

If, within the Scheduled Time:

(a) the parties to a Failed Batch Instruction (other than a CCP Net Batch Instruction) that has been rescheduled for settlement under Rule 10.11.7 and relates to a Batch Instruction that is eligible for Real Time Gross Settlement under Rule 11.1.1, Transmit a Valid Dual Entry Switch to RTGS Message to ASX Settlement; and

(b) the Messages are Matched,

ASX Settlement will remove the Batch Instruction from DvP Batch Settlement and process it in Real Time Gross Settlement under Rule 11.11, however:

(c) Each Settlement Participant acknowledges that ASX Settlement’s ability to process a Dual Entry Switch to RTGS Message that requests removal of a Batch Instruction from DvP Batch Settlement on the Business Day on which the Message is Transmitted to ASX Settlement will depend on system processing demands in the Settlement Facility between Start of Day and Settlement Cut-off on that day.

(d) Despite any other Rule, while ASX Settlement will use reasonable endeavours to process any Message received in terms of this Rule 10.11.8, it will not be responsible for any failure to remove any such Batch Instruction from DvP Batch Settlement on that day.

Note: It is not possible to switch a CCP Net Batch Instruction, once included in netting pursuant to the operating rules of an Approved Clearing Facility, to line-by-line settlement in RTGS.
Note: CHESS queuing processes for preparation of the daily net batch settlement will in the ordinary course have priority over messages requesting switches that are received close to Settlement Cut-off.

Introduced 11/03/04 Origin SCH 7.28.5, 7.28.6

10.11.9 Consequences of Failing a Batch Instruction for value that is not a CCP Net Batch Instruction

If a Batch Instruction for value that is not a CCP Net Batch Instruction is Failed, ASX Settlement will adjust the net obligation to make payment and the net entitlement to receive payment of each Settlement Participant by reference to the Settlement Amount specified in the Batch Instruction.

Introduced 11/03/04 Origin SCH 7.28.3

10.11.10 Consequences of Failing a Batch Instruction for value that is a CCP Net Batch Instruction

If a Batch Instruction for value that is a CCP Net Batch Instruction is Failed, ASX Settlement will adjust the net obligation to make payment and the net entitlement to receive payment of each Settlement Participant by reference to the Settlement Amount notified to ASX Settlement by the CCP.

Introduced 11/03/04

10.11.11 Fee for Failed Batch Instruction

If a Batch Instruction is Failed under Rule 10.11.2, the delivering Settlement Participant is liable to pay a fee calculated in accordance with the Fees and Charges Schedule.

Note: The effect of Rule 10.11.11 is to cause fail administration fees to be levied only against those Participants that enter the Batch Settlement process with net short positions. It does not cause fail administration fees to be levied against those Participants whose obligations to deliver Financial Products are Failed under Rule 10.11.3 as a result of other Participants Failing to deliver Financial Products to them during the Batch Settlement process.

Introduced 11/03/04 Origin SCH 7.28.4 Amended 30/03/09

10.11.12 Automatic Close Out

Notwithstanding any other provision of these Rules, if a Failed Settlement Shortfall exists in relation to either:

(a) a Source Holding; or

(b) during an Ex Period, a Cum Entitlement Balance for a Source Holding,

specified in a Rescheduled Batch Instruction at the Scheduled Time on the second Business Day after the day on which the Rescheduled Batch Instruction was originally scheduled for settlement, the delivering Settlement Participant must either:

(c) close out the Failed Settlement Shortfall on the next Business Day (or if that is not a Trading Day, the next Trading Day) by entering into one or more transactions, or causing a Market Participant to enter into one or more transactions on its behalf, on a market conducted by an Approved Market
Operator, to acquire the number of Financial Products of the relevant class equal to the Failed Settlement Shortfall; or

(d) acquire under a securities lending arrangement the number of Financial Products of the relevant class equal to the Failed Settlement Shortfall and deliver those Financial Products pursuant to the Rescheduled Batch Instruction no more than two Business Days later.

*Note:* The effect of Rule 10.11.12 is to impose a close out obligation only on those Participants that enter the Batch Settlement process with a net short position where the resulting settlement shortfall remains after Batch Settlement is completed two Business Days later. It does not impose a close out obligation on those Participants whose obligations to deliver Financial Products are Failed under Rule 10.11.3 as a result of other Participants Failing to deliver Financial Products to them during the Batch Settlement process.

Introduced 30/03/09

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**10.16 SUSPENSION OR TERMINATION OF A PAYMENTS PROVIDER**

**10.16.1 ASX Settlement’s powers where Payments Provider terminated**

If ASX Settlement suspends or terminates a Payments Provider in accordance with the Standard Payments Provider Deed, ASX Settlement may:

(a) (i) suspend any Batch Instruction included in DvP Batch Settlement;

(ii) suspend any Batch Instruction for inclusion in DvP Batch Settlement subsequently received from a Participant;

(iii) suspend any Payment Batch Instruction included in Batch Settlement; or

(iv) suspend any Payment Batch Instruction subsequently received from a Participant, that would affect a Payment Facility held in the name, and operated for the benefit, of any Settlement Participant that is a customer of the suspended Payments Provider;

(b) on each Business Day that those Batch Instructions remain suspended, reschedule all instructions other than CCP Derivatives Payment Batch Instructions or CCP Batch Instructions referred to in Rule 10.16A for settlement on the next Business Day; and

(c) cancel any Batch Instruction that remains suspended on the 10th Business Day after the Payments Provider is suspended or terminated.

Introduced 11/03/04 Origin SCH 7.33A
10.16A  Suspended CCP Batch Instructions due to suspension or termination of Payments Provider settled throughOffsetting Transaction Arrangements

A CCP Batch Instruction (where the CCP is ASX Clear) that has been suspended by ASX Settlement under Rule 10.16 due to a suspension or termination of a Payments Provider will be:

(a) removed by ASX Settlement from Batch Settlement on that Business Day;
(b) notified to ASX Clear; and
(c) other than for where the affected Clearing Participant’s authority to clear the category of Market Transaction that underlies the Failed CCP Batch Instruction has been suspended or terminated, subject to set-off against entitlements and obligations under the first leg of an Offsetting Transaction Arrangement entered into in respect of the Failed CCP Batch Instruction under the ASX Clear Operating Rules.

Where ASX Settlement has removed a CCP Batch Instruction from Batch Settlement and notified that Failed Batch Instruction to ASX Clear under this Rule 10.16A, ASX Settlement has no obligation in relation to that Instruction.

10.16B  Operation of Rules 10.17 to 10.24 in the case of an Offsetting Transaction Arrangement

In the case of a Failed Parent Batch Instruction notified to an Approved Clearing Facility under Rule 10.11.7A or 10.16A, Rules 10.17 to 10.24 continue to apply in respect of the Failed Parent Batch Instruction on the basis that:

(a) settlement of the Failed Parent Batch Instruction which occurs pursuant to the set-off under the operating rules of the Approved Clearing Facility of obligations and entitlements under the Failed Parent Batch Instruction against entitlements and obligations under the first leg of an Offsetting Transaction Arrangement entered into in respect of the Failed Parent Batch Instruction, does not represent settlement of that Instruction for the purposes of Rules 10.17 to 10.24;
(b) settlement by net delivery or net payment under these Rules of the CCP Batch Instruction under the second leg of an Offsetting Transaction Arrangement entered into in respect of the Failed Parent Batch Instruction is treated as the settlement of the Failed Parent Batch Instruction for the purposes of Rules 10.17 to 10.24.

Rules 10.17 to 10.24 are to be applied in the circumstances referred to above in a manner so as to achieve a materially similar outcome (as determined by ASX Settlement) for Settlement Participants in respect of Failed Parent Batch Instructions irrespective of whether the Failed Parent Batch Instruction is:

(a) settled pursuant to set-off under the operating rules of the Approved Clearing Facility in the manner contemplated under Rules 10.11.7A or 10.16A (as applicable); or
(b) rescheduled in the manner contemplated under Rules 10.11.7 or 10.16 (as applicable).

Note: As a mechanism for facilitating the set-off and settlement on the Settlement Date of obligations between the Approved Clearing Facility and the respective Clearing Participant under a Cash Market Transaction novated to the Approved Clearing Facility which underlies CCP Batch Instructions Failed due to a Payment.
Shortfall (or to limit a Settlement Participant’s net obligation to make payment in respect of that Payment Facility to the amount notified under Rule 10.10.4(a)) or if there is a suspension or termination of a Payments Provider that would affect payment under such instruction, the operating rules of the Approved Clearing Facility provide for the entry into of an Offsetting Transaction Arrangement between the Approved Clearing Facility and the Clearing Participant in relation to the Failed CCP Batch Instruction.

The discharge of obligations under a Failed CCP Batch Instruction by way of set-off against equal but opposite entitlements under the first leg of an Offsetting Transaction Arrangement entered into in respect of that Failed CCP Batch Instruction will not however trigger a Transfer of Financial Products until the underlying obligations and entitlements of the transaction as reflected in the second leg of the Offsetting Transaction Arrangement are settled by net delivery or net payment under these Rules.

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