

# ASX CLEAR OPERATING RULES

## SECTION 1 INTRODUCTION AND GENERAL RULES

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### 1.2 APPLICATION AND EFFECT OF THESE RULES

#### 1.2.1 Operating Rules of ASX Clear

These Rules are the operating rules of ASX Clear for the purposes of the Corporations Act. These Rules should be read in conjunction with:

- (a) the Procedures;
- (b) the ASX Enforcement and Appeals Rulebook; and
- (c) the Corporations Act.

To the extent of any inconsistency between these Rules and the Procedures, these Rules will prevail.

Introduced 11/03/04 Amended 31/03/08, 01/08/10 Origin OCH 1.1

#### 1.2.2 Binding effect of the Rules

These Rules are binding on ASX Clear **and**, Participants ~~and suitably qualified affiliates~~ in the manner set out in:

- (a) section 822B of the Corporations Act; and
- (b) Rule 1.2.3.

Introduced 11/03/04 Origin OCH 1.2

#### 1.2.3 Covenants to observe Rules

These Rules have effect as a contract under seal between ASX Clear **and**, Participants ~~and suitably qualified affiliates~~ under which:

- (a) each Participant ~~and each suitably qualified affiliate~~ covenants with ASX Clear and each other Participant ~~and suitably qualified affiliate~~ to observe the Rules and to perform the obligations which the Rules purport to impose on the Participant ~~or the suitably qualified affiliate~~, in the manner provided by the Rules; and
- (b) ASX Clear covenants with each Participant ~~and suitably qualified affiliate~~ to observe the Rules and to perform the obligations which the Rules purport to impose on ASX Clear, in the manner provided by the Rules.

Introduced 11/03/04

#### 1.2.4 ASX Enforcement and Appeals Rulebook

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

Introduces 31/03/08 Amended 01/08/10

*Explanatory Note - Amended to delete the term 'suitably qualified affiliate' because ASX Clear no longer recognises affiliates.*

### 1.2A AMENDMENTS TO RULES

#### 1.2A.1 Amending the Rules

Subject to Rule 1.2A.2 and 1.2A.3, ASX Clear may amend these Rules from time to time.

Only ASX Clear can change the Rules.

#### 1.2A.2 Providing notice of Rule amendments

ASX Clear will provide reasonable notice to Participants of any proposed amendments to the Rules prior to the amendments taking effect. However, any omission by ASX Clear to give notice to one or more Participants does not affect the validity of any amendments to the Rules.

#### 1.2A.3 Consultation on Rule and Procedure amendments

ASX Clear will consult with the applicable Consulting Participants on any proposed changes to the Rules and Procedures set out in the following table prior to submission of the amendments to the Commission in accordance with the Corporations Act, unless:

- (a) ASX Clear is directed by any competent regulatory authority (whether or not located in an Australian or other jurisdiction) to amend the Rules or Procedures;
- (b) ASX Clear considers, in good faith but otherwise in its discretion, that such amendment is to correct a manifest error; or
- (c) ASX Clear considers, in good faith but otherwise in its discretion, that an amendment is required to comply with its CS Facility license obligations or other applicable regulatory requirements (whether or not required under the laws of an Australian or other jurisdiction).

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

<u>Rules and Procedures being amended</u>	<u>Consulting Participants</u>
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<u>Rules where the amendment affects a Participant (“Affected Participant”)</u>	<u>All of the Affected Participants.</u>
<u>Procedures where ASX Clear is of the view that the amendment is likely to have a material impact on a Participant (“Materially Affected Participant”)</u>	<u>All of the Materially Affected Participants.</u>

*Explanatory Note - ASX’s existing practice is to consult with participants in relation to material rule and procedure amendments impacting them. Currently this is only reflected in the ASX Clear (Futures) Operating Rules. For consistency and alignment, ASX is proposing to include this requirement in the rulebooks of ASX Settlement, ASX Clear and Austraclear. This amendment is also included to support ASX’s commitment to consultation and transparency and to align the CS facility rule books.*

## 1.3 PROCEDURES

### 1.3.1 ASX Clear may approve Procedures

Subject to Rule 1.2A, ASX Clear may from time to time approve written Procedures relating to the operations of ASX Clear, the conduct of Participants and the structure and operation of electronic communications between ASX Clear and Participants.

Introduced 11/03/04 Origin SCH 1.8.1 Amended 15/06/15

### 1.3.2 Procedures are not part of the Rules

The Procedures do not form part of these Rules. However, if a Rule requires a person to comply with any part of the Procedures, failure by the person to comply with that part of the Procedures is a contravention of the Rule.

Introduced 11/03/04 Origin SCH 1.8.2

### 1.3.3 Changes to Procedures

Subject to Rule 1.2A, ASX Clear may approve changes to the Procedures from time to time and must give such notice as is reasonable in the circumstances to Participants of any changes to the Procedures before those changes take effect.

Introduced 11/03/04 Origin SCH 1.7.4 and 1.8.4, OCH 18.7 Amended 15/06/15

*Explanatory Note - Amended to include a cross reference to new Rule 1.2A*

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## 1.6 WAIVER

### 1.6.1 Waiver of rules and procedures

Subject to Rules 1.6.3 and 1.6.4, ASX Clear may relieve any person or class of persons from the obligation to comply with a provision of these Rules, either generally or in a particular case or category, and either unconditionally or subject to such conditions as ASX Clear thinks fit.

If any conditions on a waiver are imposed, all of the conditions must be complied with for the waiver to be effective. ASX Clear may withdraw a waiver at any time. Any request by a Participant for a waiver under this Rule 1.6 must be in writing.

Introduced 11/03/04 Origin OCH 18.5.1

### 1.6.2 Compliance with conditions

Failure to comply with a condition imposed under Rule 1.6.1 is a contravention of that Rule.

Introduced 11/03/04 Origin SCH 1.3.6

### 1.6.3 No relief from certain provisions

ASX Clear must not relieve any person or class of persons under Rule 1.6.1 from an obligation to comply with an indemnity or disclaimer provision of these Rules.

Introduced 11/03/04 Origin SCH 1.3.7

### 1.6.4 Period during which relief applies

ASX Clear may specify the period or specific event during which any relief from an obligation to comply with a provision of these Rules will apply.

Introduced 11/03/04 Origin SCH 1.3.8

### 1.6.5 Register of relief

ASX Clear must establish and maintain a register for recording details of relief granted under Rule 1.6.1 in accordance with the Procedures.

~~and must enter the following details in the register maintained under this Rule 1.6.5:~~

~~(a) the date that the relief takes effect;~~

~~(b) the persons or class of persons relieved from the obligation;~~

~~(c) the provision to which the relief applies;~~

~~(d) brief reasons for the relief; and~~

~~(e) any conditions that applies to the relief.~~

Introduced 11/03/04 Origin SCH 1.3.10 and 1.3.11

### 1.6.6 Inspection of the register [Deleted]

~~A copy of the register maintained under Rule 1.6.5 must be kept at the principal place of business of ASX Clear and must be open for inspection by any person during business hours.~~

Introduced 11/03/04 Origin SCH 1.3.12

### 1.6.7 Waiver generally

A failure by ASX Clear to exercise, or any delay in exercising, any of its rights, powers or remedies (in whole or in part) under the Rules does not operate as a waiver of those rights, powers or remedies upon that or any subsequent occasion, nor does any single or partial exercise of any right, power or remedy prevent any further exercise of that or any other right, power or remedy.

Introduced 11/03/04 Origin OCH 18.5.2

*Explanatory Note - ASX is taking steps to align common elements across the rules of the ASX CS facilities and Markets to promote consistency. This amendment aligns the waiver powers across the various rule books.*

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### 1.8.2 ASX Clear may disclose information

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

- (a) pursuant to a Reciprocal Arrangement;
- (b) required to be disclosed by ASX Clear under any law or any order of any court or tribunal, authority or regulatory body;
- (c) which at the time of disclosure to or by ASX Clear, was generally available to and known by the public;
- (d) for the purposes of monitoring compliance with, or the enforcement of, the Rules or the adjudication of those matters (including, without limitation, to the ~~Old Tribunal (as defined in Rule 19.20)~~ or the Appeal Tribunal);
- (e) to a Related Body Corporate of ASX Clear, for the purpose of enabling that Related Body Corporate to assess whether the Participant is complying with, will comply with or has complied with the operating rules of, or any contractual arrangement with, that Related Body Corporate;
- (f) to an Approved Market Operator or Approved Settlement Facility, for the purpose of enabling the Approved Market Operator or Approved Settlement Facility to assess whether the Participant (or a Market Participant or Settlement Participant for whom the Participant clears Cash CCP Transactions or Derivatives CCP Contracts) is complying with, will comply with or has complied with the Approved Market Operator's or Approved Settlement Facility's rules or procedures;

- (g) to any governmental agency or regulatory authority including, without limitation, an exchange (including, without limitation, an Approved Market Operator), market, clearing house or clearing and settlement facility (in Australia or elsewhere) which requests ASX Clear to provide the information to it, in the proper exercise of its powers relating to:
  - (i) the order and good government of Participants; or
  - (ii) the efficient, honest, fair, competitive and informed trading, clearing and settlement of derivatives or securities (in Australia or elsewhere);
- (h) to any entity which provides financial backing or insurance to ASX Clear for the purpose of enabling that entity to assess the risk to ASX Clear or that entity from clearing activities generally or to assess any claim made in connection with the Participant's activities; and
- (i) to any clearing house, clearing and settlement facility or payments system (in Australia or elsewhere), whether or not pursuant to a Reciprocal Arrangement for the purpose of assisting ASX Clear or that clearing house or clearing and settlement facility or payments system to monitor the Participant's compliance or capacity to comply with its obligations or to manage a default by that Participant.

Introduced 11/03/04 Origin OCH 18.9.1 Amended 04/06/10, 01/08/10, 06/07/20

*Explanatory Note - Amended to delete transitional references that are now redundant.*

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## **1.8A REQUEST FOR INFORMATION**

### **1.8A.1 ASX Clear may request information**

A Participant shall provide ASX Clear with any information relating to the Participant's business as a Participant which ASX Clear may reasonably request within the time specified in the request.

*Explanatory Note – ASX is introducing a new requirement that participants provide the ASX CS facilities with any information that they reasonably request within the time specified in the request. This requirement is consistent with the requirement imposed on participants by a number of global CCPs including CME, SGX, ICE Clear Europe and Hong Kong Clearing Corporation. For consistency and alignment, ASX is proposing to include this requirement in the rulebooks of ASX Clear, ASX Settlement and ASX Clear (Futures).*

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## 1.11 EXTENSION OF INDEMNITIES AND DISCLAIMERS

### 1.11.1 Benefits extend to others

Where a Rule excludes or limits the liability of ASX Clear, releases ASX Clear from liability, or provides for an indemnity in favour of ASX Clear, then to the extent permitted by law, that exclusion, limitation, release or indemnity (as applicable) extends to:

- (a) every officer, agent, delegate, person acting for or on behalf of ASX Clear or contractor of ASX Clear; and
- (b) every Related Body Corporate of ASX Clear and every officer, person acting for or on behalf of that Related Body Corporate, agent, delegate or contractor of that Related Body Corporate,

as if a reference in that Rule to ASX Clear included a reference to each of them.

Introduced 11/03/04 Origin OCH 18.10A.1

### 1.11.2 Benefit held by ASX Clear on behalf of those persons

The benefit of any limitation, exclusion, release or indemnity in favour of any person other than ASX Clear under Rule 1.11.1 is held by ASX Clear for the benefit of those other persons and ASX Clear may enforce that benefit on their behalf.

Introduced 11/03/04 Origin OCH 18.10A.2

#### **Explanatory Note:**

The benefit granted under Rule 1.11 extends to every Related Body Corporate of ASX Clear, including ASX Clear (Futures) Pty Limited (ASX Clear (Futures)). ASX Clear may net any amount due by a Participant in Default to ASX Clear (including on account of the indemnity granted by the Participant in Default for costs incurred by ASX Clear (Futures) in connection with the Default) against any amount due by ASX Clear to the defaulting Participant (see Rule 15.2.1(r)). ASX Clear may apply and set off any monies or other property deposited with ASX Clear by the Participant in Default towards satisfaction of the net amount payable by the Participant in Default to ASX Clear (which would include the indemnified costs incurred by ASX Clear (Futures) in connection with the Default) (see Rule 15.2.1).

*Explanatory Note – Amended to include an explanatory note (similar to the explanatory note found in ASX Clear (Futures) Operating Rule 23) which explains how this benefit is intended to work.*



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## 1.19 DUTIES AND TAXES

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### 1.19.2 Recipient Created Tax Invoices ~~[Deleted]~~

~~This Rule constitutes a written agreement for the purposes of A New Tax System (Goods and Services Tax) Act 1999 Classes of Recipient Created Tax Invoice Determination (No 1) 2000, or any other legislation, regulations or Tax Office rulings in relation to Goods and Services Tax (“GST”), and applies to the issue of recipient created tax invoices (“RCTIs”) by ASX Clear (as recipient) to Participants (as suppliers) in relation to Deliverable Derivatives.~~

~~Each Participant and ASX Clear acknowledges and agrees that:~~

- ~~(a) ASX Clear may issue RCTIs to Participants in respect of a taxable supply of a commodity pursuant to Deliverable Derivatives;~~
- ~~(b) A Participant will not issue a tax invoice in respect of a taxable supply of a commodity pursuant to Deliverable Derivatives where ASX Clear issues an RCTI on behalf of that Participant;~~
- ~~(c) ASX Clear is registered for GST purposes and will notify each Participant if it ceases to be so registered;~~
- ~~(d) Each Participant on whose behalf an RCTI is issued is registered for GST purposes and will notify ASX Clear if it ceases to be so registered;~~
- ~~(e) The Participant indemnifies ASX Clear for any liability for GST or for any penalty arising from any denial of input tax credits arising from ASX Clear not being entitled to an input tax credit as a result of the Participant not being or ceasing to be registered for GST; and~~
- ~~(f) ASX Clear will not be liable to indemnify the Participant for any costs, expenses or other amounts incurred by the Participant in obtaining any reimbursement from the Australian Tax Office for any overstatement of GST payable on any supply for which ASX Clear issues an RCTI.~~

Introduced 11/03/04 Origin OCH 18.3.2

*Explanatory Note - Deleted on the basis that this relates only to Deliverable Derivatives (i.e. commodity futures) that ASX Clear no longer clears. A package of amendments effective 19 February 2024 removed other Futures related rules.*



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## 1.23 RISK CONSULTATIVE COMMITTEE

### 1.23.1 Establishment of Risk Consultative Committee

ASX Clear will invite ~~all selection of~~ Participants to participate in a Risk Consultative Committee subject to the procedures set out in the Procedures, for the purpose of consulting on:

- (a) ~~material~~ changes ~~to~~of the ~~financial~~ risk ~~management framework~~model of ASX Clear;
- (b) changes to the procedures on a Default set out in Section 15 – Default, of these Rules; or the total size, structure and composition of the amounts available under Rule 8.3;
- (c) proposed amendments to the Rules that have a material impact on the risk management processes set out in these Rules;
- (d) changes to the method to determine eligible ~~Cover margin~~ or the methods to determine haircuts (provided that ASX Clear will be entitled to make such changes without consultation of the Risk Consultative Committee in individual cases in the normal course of business);
- (e) changes to the required minimum capital;
- (f) policies of ASX Clear which relate to membership approvals, positions or liquidity limits of Participants, and any proposed changes to those policies; and
- (g) all other matters which may have an impact on the risk management of ASX Clear and its Participants.

ASX Clear ~~may~~will invite Clients to participate in the Risk Consultative Committee in accordance with the Procedures.

Proposals and recommendations of the Risk Consultative Committee will be disclosed to the Board. ASX Clear does not have any obligation to accept any proposal or recommendation made by, or take any action proposed by, the Risk Consultative Committee. However, it will provide reasons to the Risk Consultative Committee if it chooses not to follow any proposal or recommendation of the Risk Consultative Committee prior to taking, or not taking, any action.

*Explanatory Note - Minor amendments to clarify the scope of the Risk Consultative Committee mandate and to reflect the current participation model of Clearing Participants only.*

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## SECTION 2 DEFINITIONS AND INTERPRETATION

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### 2.2 WORDS AND EXPRESSIONS DEFINED IN THE CORPORATIONS ACT

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#### 2.2.2 Definition of “Transaction” for the purposes of the Corporations Regulations ~~[Deleted]~~

~~For the purposes of regulations 7.5.40 and 7.5.41 of the Corporations Regulations, “transactions of a kind or kinds specified in the operating rules” or “transactions (as defined in the operating rules)” are those transactions that are novated to ASX Clear and netted in accordance with Section 12 of these Rules.~~

Introduced 11/03/04

*Explanatory Note - Deleted because the relevant Regulations no longer exist and this provision is redundant.*

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### 2.7 CHANGE OF NAME

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#### 2.7.2 References to Australian Stock Exchange Limited ~~[Deleted]~~

~~All references to ‘Australian Stock Exchange Limited’ in the Rules, Procedures, appendices, schedules, guidance notes, circulars, notices, bulletins, explanatory memoranda and other communications issued or made by ASX Clear under the Rules are as and from 5 December 2006 taken to be references to ‘ASX Limited’.~~

Introduced 20/07/07

#### 2.7.3 Change of name of Rules ~~[Deleted]~~

~~As from the Effective Time (as defined in Rule 19.20), these Rules (formerly known as the ACH Clearing Rules) have been renamed the ASX Clear Operating Rules.~~

Introduced 01/08/10

*Explanatory Note - Deleted as part of the changes to contemporise the rulebook, noting that the Effective Time definition is also being deleted.*

### 2.10 DEFINITIONS AND INTERPRETATION

#### 2.10.1 Definitions used in the Rules

In these Rules and in the Procedures, unless the context otherwise requires:

~~“Accountant” means a member of the Australian Society of Certified Practising Accountants, the Institute of Chartered Accountants in Australia or other body approved by ASX Clear.~~

*Explanatory Note - Deleted on the basis that this term is only used in ASX Clear Rule 19.1.6 and it has been replaced in that rule with ‘independent expert’.*

**“Buyer”** means:

- (a) in relation to a Cash Market Transaction, the party who has an obligation to pay money under the terms of the transaction;
- (b) in relation to:
  - (i) a Cash CCP Transaction;
  - (ii) a CCP Net Batch Instruction;
  - (iii) a CCP Gross Batch Instruction;
  - (iv) a CCP RTGS Instruction,the Participant responsible to ASX Clear for performing the obligations of the buyer under the terms of the relevant Cash Market Transaction or Offsetting Transaction Arrangement;
- (c) in relation to a Direct ~~Settlement Batch~~ Instruction, the Participant who has an obligation to pay money under the terms of the relevant Cash Market Transaction;
- (d) in relation to a Derivatives Market Contract which is an Options Market Contract, the party with the exercisable rights under the terms of the contract;
- (e) in relation to a Derivatives CCP Contract, ~~which is being a Futures CCP Contract or~~ an Options CCP Contract, the Participant responsible to ASX Clear for performance of the obligations of the buyer under the terms of the relevant Derivatives Market Contract; and
- (f) ASX Clear where a specific Rule refers to ASX Clear as buyer.

Amended 28/04/14, 19/02/2024

*Explanatory Note - Amended to reflect that ASX Clear is no longer clearing Futures Contracts and to fix an incorrect reference.*

**“Clearing Loss”** means the amount ASX Clear determines to be its loss (in connection with its Clearing Obligations) arising in connection with a Participant’s event of default referred to in Rule 15.1 after ASX Clear takes action

under Rule 15.2 following the Participant's event of default referred to in Rule 15.1. It includes costs and expenses (including interest and reasonable legal fees) incurred in connection with the event of default. ASX Clear may in its absolute discretion determine the value of any Collateral or other securities, assets or property (other than cash or an irrevocable commitment to provide cash) provided to, or received by, ASX Clear for the purpose of determining its Clearing Loss if ASX Clear reasonably expects that that Collateral or other security, asset or property cannot be sold, realised, converted into cash or otherwise dealt with in a manner suitable to ASX Clear in accordance with Rule 15.2.

Amended 01/10/15

*Explanatory Note - Minor amendment to reflect the practice of global CCPs in explicitly providing for legal fees.*

“**Collateral**” means property, acceptable to ASX Clear from time to time, which is pledged, mortgaged, charged or otherwise secured by any person (including, without limitation, a Client) in favour of ASX Clear in respect of some or all of the obligations of a Participant to ASX Clear, and includes Cover as defined under the ASX Settlement Operating Rules and may include without limitation ~~bank guarantees, money market securities or~~ shares.

Amended 01/03/19

*Explanatory Note - Amended to reflect that ASX Clear no longer accepts bank guarantees as Collateral in accordance with the requirements of the RBA's FSS and does not have plans to accept money market securities (refer to the deletion of several clearing forms from Annexure 2 of the Procedures).*

~~“**Contribution Provider**” means a person who meets the Contribution Provider criteria in the Procedures, and provides a guarantee or other undertaking under Rule 8.2.2 in satisfaction of a Participant's requirement to make a Contribution.~~

*Explanatory Note - Deleted to reflect that Rule 8.2.2 no longer applies and that ASX Clear will not accept guarantees in accordance with the requirements of the RBA's FSS.*

“**Controlling Participant**” in relation to a CHESS Holding, means the Participant that has the capacity in CHESS to ~~either:~~

~~(a) Transfer or Convert Financial Products from the Holding; or~~

~~(b) Transfer in terms of Rule 13.19.2 of the ASX Settlement Operating Rules; or~~

~~(c) Transmute FDIs from the Holding~~

Amended 23/10/09

*Explanatory Note - Definition amended to reflect the decommissioning of the ASX World Link service after 2005.*

~~“Disciplinary Register” means the register maintained by ASX Clear under Rule 19.8.1.~~

*Explanatory Note - Deleted to reflect that Rule 19.8.1 no longer applies and that the Disciplinary Register is not otherwise referred to in the ASX Clear Operating Rules.*

~~“Family Company” means a corporation:~~

- ~~(a) — controlled by the person or the Immediate Family of the person; or~~
- ~~(b) — in respect of which the person is beneficially entitled to more than 50% of the issued capital.~~

~~“Family Trust” means a trust in which:~~

- ~~(a) — the person or the Immediate Family of the person is the sole or majority beneficiary; or~~
- ~~(b) — the person has the ability to remove the trustee of the trust and replace that trustee with his or her own nominee.~~

*Explanatory Note - Deleted to reflect that “Family Company” is a term that is not used in the ASX Clear Rules and that “Family Trust” is only used in Schedule 1 (Risk Based Capital Requirements) which includes its own definition.*

~~“Holder” means a person who is entitled to possession of the relevant Warehouse Receipt.~~

*Explanatory Note - In a separate package of amendments effective 19 February 2024 ASX Clear deleted Futures Contracts from the ASX Clear Rules. This definition will be deleted to align with that package.*

~~“Immediate Family” in relation to a person, means that person's spouse and any non-adult children.~~

*Explanatory Note - Deleted to reflect that “Immediate Family” is a term that is only used in “Family Company” and “Family Trust” which are being deleted from the Definitions. “Immediate Family” is separately defined in Schedule 1 (Risk Based Capital Requirements).*

~~“Implementation Date” in relation to these Rules means the date on which ASX Clear declares these Rules to come into effect.~~

*Explanatory Note - Deleted to reflect that the definition applied to transitional provisions that are being deleted as part of this package.*

“**NGF Amount**” means the sum of all amounts paid to ASX Clear out of the National Guarantee Fund under section 891A of the Corporations Act ~~2001~~ (Cwlth).

*Explanatory Note - Minor amendment to reflect that the Corporations Act is defined in the Definitions.*

“**Procedures**” means any document, electronic file or other information (recorded by any mode of representing words or reproducing words) approved by ASX Clear and given where applicable ~~to Regulated Persons and third party providers~~ Participants in accordance with Rule 1.3 and, without limitation, includes the ASX Clear Operating Rule Procedures and the ASX Recovery Handbook as amended from time to time.

Amended 18/12/06, 01/08/10, 01/10/15

*Explanatory Note - Amended to align with obligations in Rule 1.3.*

“**Recovery Assessments**” means the Recovery Assessments received by ASX Clear from one or more Participants in accordance with Schedule 1 of the Recovery Rules.

*Explanatory Note - Minor amendment to reflect that the term Recovery Assessments is not defined in the ASX Clear Rules even though it exists in the Recovery Rules.*

“**Seller**” means:

- (a) in relation to a Cash Market Transaction, the party who has an obligation to deliver a particular number and class of transferable Financial Products under the terms of the transaction;
- (b) in relation to:
  - (i) a Cash CCP Transaction;
  - (ii) a CCP Net Batch Instruction;
  - (iii) a CCP Gross Batch Instruction; and
  - (iv) a CCP RTGS Instruction,

the Participant responsible to ASX Clear for performing the obligations of the seller under the relevant Cash Market Transaction or Offsetting Transaction Arrangement;

- (c) in relation to a Direct ~~Settlement Batch~~ Instruction, the Participant who has an obligation to deliver a particular number and class of transferable Financial Products under the terms of the relevant Cash Market Transaction;
- (d) in relation to a Derivatives Market Contract which is an Options Market Contract, the party with the obligation to acquire or dispose of a specified quantity of an Underlying Financial Product or an Underlying Derivative, to pay an amount of money, or to enter into an Underlying Derivative under the terms of the contract;
- (e) in relation to a Derivatives CCP Contract, being ~~a Futures CCP Contract~~ ~~or~~ an Options CCP Contract, the Participant responsible to ASX Clear for performance of the obligations of the seller under the terms of the relevant Derivatives Market Contract; and
- (f) ASX Clear where a specific Rule refers to ASX Clear as seller.

Amended 19/08/09, 28/04/14, 19/02/2024

*Explanatory Note - Amended to reflect that ASX Clear is no longer clearing Futures Contracts and to amend an incorrect reference.*

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~~“Tender Documentation” means the documentation in the form set out in the Procedures for the purposes of Rule 21.2.1 or 21.8.1.~~

*Explanatory Note - Deleted to align with a separate package effective on 19 February 2024 that removes the Futures products and related rules.*

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~~“Termination Amount” is defined in Rule 17.4.1.~~

*Explanatory Note - Minor amendment to point to the existing definition of Termination Amount consistent with other definitions defined elsewhere in the Rules.*

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## SECTION 3 PARTICIPATION IN THE CLEARING FACILITY

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### 3.1.3A Admission as a Participant in ASX Clear's discretion

The decision as to whether to grant admission as a Participant is at the absolute discretion of ASX Clear. ~~ASX Clear may grant or refuse admission without giving any reasons.~~

Introduced 15/06/15

*Explanatory Note - Amended because this is inconsistent with the obligation on ASX Clear under Rule 3.9.*

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## SECTION 4 RIGHTS AND OBLIGATIONS OF PARTICIPANTS

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### 4.1 PARTICIPANTS ONGOING COMPLIANCE

#### 4.1.1 General compliance

A Participant must at all times:

- (a) continue to satisfy the applicable Admission Requirements;
- (b) comply with any conditions on admission imposed under Rule 3.1.4;
- (c) comply with any provisions of the Corporations Act governing:
  - (i) the provision of periodic reports or statements to the Participant's Clients in relation to the service provided by the Participant;
  - (ii) the treatment of money paid, or property given, to the Participant in connection with services provided to, or products held by, clients of the Participant in respect of their business. In addition to the client arrangements required under this Rule, ASX Clear may, having regard to Rule 1.15, prescribe additional client arrangements by way of Procedures, practices, directions or requirements;
- (d) not dispose, transfer, lease, assign or encumber any rights or obligations under these Rules, except:
  - (i) as expressly permitted under these Rules; or
  - (ii) with the prior written approval of ASX Clear.
- (e) ensure that it does not engage (by act or omission) in Unprofessional Conduct;
- (f) [deleted]

- (g) comply with the disaster recovery and business continuity requirements of this Section;

*Explanatory Note - The amendment brings a number of business continuity matters dealt with in Guidance Note 10 Business Continuity and Disaster Recovery into the Rules to ensure that Participants focus appropriately on their required business continuity arrangements.*

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## 4.2 DISASTER RECOVERY REQUIREMENTS

### 4.2.1 Participant to maintain disaster recovery and business continuity arrangements

The disaster recovery requirements of this Section are that a Participant must, at all times, having regard to the nature and extent of a Participant's operations, maintain adequate disaster recovery and business continuity arrangements to ensure the timely recovery of its usual operations. This includes addressing the matters specified in the Procedures or as advised by ASX Clear from time to time (including, but not limited to, in the relevant Guidance Notes). The matters including includewithout limitation but are not limited to, undertaking testing of a Participant's disaster recovery and business continuity arrangements at such times and in such a manner as prescribed by ASX Clear in the Procedures or as otherwise notified by ASX Clear.

*Explanatory Note - The amendment brings a number of business continuity matters dealt with in Guidance Note 10 Business Continuity and Disaster Recovery into the Rules to ensure that Participants focus appropriately on their required business continuity arrangements.*

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## 4.4 FINANCIAL RECORD REQUIREMENTS

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### 4.4.3 Financial statements

A Participant must prepare and deliver to ASX Clear by the time set out in the Procedures:

- (a) financial statements, in a form acceptable to ASX Clear, which gives a true and fair view of the financial position and performance of the business as at the end of the financial year and which are prepared in accordance with accounting standards and principles which are generally accepted in Australia, unless ASX Clear determines otherwise; and
- (b) an auditor's report in a form acceptable to ASX Clear.

~~If the financial year end of the Participant is other than 30 June, the Participant must notify ASX Clear of its financial year end.~~ Any change to a Participant's financial year end must be notified to ASX Clear within 10 Business Days of the change taking effect.

Introduced 11/03/04 Origin OCH 2.10.4 Amended, 15/06/15

*Explanatory Note - Amended because a Participant notifies ASX Clear of its financial year end as part of its admission process.*

...

## 4.7 NOTIFICATION REQUIREMENTS

### 4.7.1 General notification requirements

The notification requirements of this Section are that a Participant must notify ASX Clear in writing:

- (a) if the Participant changes its name, or the name under which the Participant carries on business as a Participant, before the change becomes effective;
- (b) if the Participant changes any address at which the Participant carries on business as a Participant, before the change becomes effective;
- (c) **within 28 days10 Business Days of the appointment, resignation or removal of a director;**
- (d) immediately if:
  - (i) a person who is not a Controller becomes a Controller or a person who is a Controller ceases to be a Controller;
  - (ii) there is any change to a licence or other authorisation affecting its activities as a Participant; or
  - (iii) there is any other material change in information concerning its business as a Participant from that previously provided to ASX Clear;
- (e) on or before the next Business Day, if the Participant is informed by the Commission or its delegates (or any other person authorised under the Corporations Act), an exchange, a market operator, a clearing and/or settlement facility or a regulatory body that action is being or may be taken against the Participant or any of its Employees that relates in any way to its activities as a Participant; and
- (f) as soon as reasonably practicable of information concerning any matters specified by ASX Clear in the Procedures.

The notice must include full details of the change, action or information as the case may be.

Note: Participants should also refer to Rule 19.1A for self-reporting requirements

**Explanatory Note - Amended to align with timing of ASIC notifications of changes to directors.**

...

## Section 5 RISK MANAGEMENT CAPITAL REQUIREMENTS

...

### 5.2 OTHER CAPITAL REGIMES

#### 5.2.1 ASX Clear may recognise other prudential supervision regimes

ASX Clear may, if requested in writing, exempt a Participant from the requirement to comply with the Risk Based Capital Requirements under Rule 5.1 if the Participant can satisfy ASX Clear that the Participant is subject to an appropriate level of prudential supervision (the "Other Capital Regime").

For the purposes of this Rule 5.2.1 the Participant must:

- (a) be an ADI; and
- (b) comply with such requirements as ASX Clear determines in the Procedures.

**Explanatory Note - Amended to include a reference to the Procedures which specify the relevant requirements for Rule 5.2.1(b).**

...

## SECTION 8 CLEARING FUND CONTRIBUTIONS AND PRIORITY OF APPLICATION OF CLEARING ASSETS

This Section enables ASX Clear to seek Contributions from Participants.

Any Contribution received by ASX Clear is to be held by ASX Clear as its absolute legal and beneficial property. ASX Clear is obliged to pay interest to Participants in accordance with the Procedures in respect of Contributions.

This Sections also sets out:

- (a) the form in which a Contribution is to be made;
- (b) how the amount of the Contribution is to be calculated and reviewed;
- (c) the consequences if a Participant does not provide a Contribution;
- (d) the circumstances in which a Participant's Contribution may be used; and
- (e) the priority in which various assets may be used if the Participant defaults.

*Note: the previous Section 8 introduced on 11 March 2004 entitled “Clearing Fund Contributions and Priority of Application of Clearing Assets” has been deleted and replaced with this Section 8. Origin references to former ACH Rules are references to the Section 8 Rules in force prior to 31 March 2005.*

*Explanatory Note - Note deleted given that historical arrangements are no longer relevant.*

...

#### 8.1.9 Transitional arrangements for the introduction of margining of Cash CCP Transactions ~~[Deleted]~~

~~Any Contribution held by ASX Clear under the Contributions Determination dated 8 March 2007 on the Implementation Date will be taken for all purposes under these Rules, on and from that date, to have been provided by the Participant instead as additional Cover called by ASX Clear under Rule 14.6.1.~~

~~For the purpose of this Rule 8.1.9, the Implementation Date means the date for commencement of margining of Cash CCP Transactions as determined by ASX Clear and notified to Participants as the Implementation Date.~~

Introduced 07/06/13

*Explanatory Note - Transitional arrangements deleted because they are now redundant.*

...

### 8.3 APPLICATION OF CLEARING ASSETS

#### 8.3.1 Priority of Application and Assets

If there is a Clearing Loss, ASX Clear must apply the following assets in the following order (starting from the assets in paragraph (a)) to enable ASX Clear to meet the Clearing Loss:

- (a) any Cover, ~~and any cash or bank guarantee~~ provided by the Clearing Loss Participant ~~under Rule 51.2.11~~, available to ASX Clear to discharge the obligations of the Clearing Loss Participant;
- (b) any asset of the Clearing Loss Participant which ASX Clear has a right under the Rules to apply to discharge the Clearing Loss Participant's obligations, which includes without limitation any amounts of Excess Cash, variation margin or other amounts which would otherwise be payable to the Clearing Loss Participant;
- (c) any Contributions of the Clearing Loss Participant;
- (d) any NGF Amount remaining;

- (e) ASX Clear's assets held in liquid form existing immediately before the Clearing Loss calculation starts, up to the amount prescribed in the Procedures;
- (f) ~~the proceeds of any insurance policies held by ASX Clear or~~ other financial backing available to ASX Clear (as designated for the purposes of this paragraph and set out in the Procedures) for the purpose of meeting its Clearing Obligations;
- (g) any Contributions of other Participants;
- (h) Recovery Assessments received from one or more Participants; and
- (i) ASX Clear's other assets which have been expressly prescribed in the Procedures for the purposes of this paragraph as being available for application up to the amount specified in the Procedures (but excluding any other assets of ASX Clear which have not been so prescribed).

A Contribution cannot be applied by ASX Clear to discharge, or to compensate ASX Clear for discharging, a Clearing Obligation incurred before ASX Clear makes its determination under Rule 8.1.1 to require the Contribution.

ASX Clear may apply the assets referred to in this Rule in or towards the satisfaction of the Clearing Loss irrespective of whether it has finally determined the amount of a Clearing Loss in respect of a Clearing Loss Participant or Clearing Loss Participants.

The application of any of the assets referred to in this Rule with respect to a Clearing Loss or Clearing Losses does not preclude the use of any remaining assets in any subsequent Clearing Loss or Clearing Losses.

Introduced 31/03/05 Origin OCH S3.5.2 and former ACH 8.5.4 Amended 28/11/08, 01/01/10, 01/10/15

*Explanatory Note - Updated to recognise that ASX Clear no longer: (i) permits participants to provide cash or guarantees as part of their core capital and that the reference to Schedule 1.2.11 is redundant; or (ii) holds an insurance policy supporting the default fund.*

...

## SECTION 10 ACCOUNTS

This Section deals with the establishment of Accounts for the registration of Derivatives Market Contracts and Cash Market Transactions and the recording of Cash Cover, Collateral and Excess Cash in respect of both Derivatives CCP Contracts and Cash CCP Transactions. It sets out:

- (a) a Participant's obligation to establish a Client Account and a House Account and the circumstances in which Derivatives Market Contracts are to be registered in these Accounts;

- (b) a Participant's obligation to instruct ASX Clear to establish a Cash Market Account and the circumstances in which Cash Market Transactions are to be registered in this Account;
- (c) the responsibility of Participant's for the performance of obligations which arise in respect of those Accounts;
- (d) the time at which the premium payable in respect of an Options CCP Contract will be debited or credited by ASX Clear to an Account;
- (e) the circumstances in which ASX Clear will record Cash Cover in respect of an Account, the value of Collateral attributed to each Account and the aggregate amount of Excess Cash credited in respect of Accounts;
- (f) the obligation of ASX Clear to pay Participants interest on Cash Cover and Excess Cash credited to that Participant; and
- (g) how ASX Clear may treat Cash Cover and Excess Cash relating to Client Accounts, House Accounts and Cash Market Accounts, Client Accounts for different Approved Market Operators and in the event of a Participant's insolvency.

*Explanatory Note - Amended to fix a grammatical error.*

## SECTION 12 REGISTRATION, NOVATION, NETTING AND SETTLEMENT

### 12.2 NOVATION

#### 12.2.2 Effect of novation

Upon novation of a Cash Market Transaction or a Derivatives Market Contract under Rule 12.2.1:

- (a) the Cash Market Transaction is discharged and replaced with two Cash CCP Transactions; and
- (b) the Derivatives Market Contract is discharged and replaced with two Derivatives CCP Contracts,

with the following effect, subject to these Rules:



- (c) the obligations owed by a Seller to a Buyer are replaced by obligations in the same terms owed by the Seller to ASX Clear, and by obligations owed by ASX Clear to the Buyer;
- (d) the obligations owed by a Buyer to a Seller are replaced by obligations in the same terms owed by the Buyer to ASX Clear, and by obligations owed by ASX Clear to the Seller.

ASX Clear and each Participant acknowledge that:

- (e) Cash CCP Transactions (excluding Cash CCP Transactions which are removed from novation pursuant to Rule 12.7.1 or 12.7.2 and not reinstated pursuant to Rule 12.7.5); and
- (f) Derivatives CCP Contracts,

are market netting contracts (as defined in the Payment Systems and Netting Act 1998) the terms of which incorporate any and all Rules which provide for or relate to the exercise of default rights, the netting, set-off or termination of obligations, the calculation or payment of termination values or net amounts and obligations to pay deposits or margin calls, or which otherwise affect the rights and obligations of the parties to the contracts, including, without limitation the Recovery Rules and:

- (g) in respect of Cash CCP Transactions, Rules 12.4.1, 12.6.1, 14 and 15; and
- (h) in respect of Derivatives CCP Contracts, Rules 12.16, 12.17, 13.2, 14 and 15.

Introduced 11/03/04 Origin OCH 5.4.4, SCH 7.8.1 Amended 18/12/06, 13/07/09, 19/08/09, 01/10/15

*Explanatory Note - Amended to expressly recognise Rule 14 under which Cash CCP Transactions are also margined.*

#### **12.2.2A Cash CCP Transactions that are transactions under Offsetting Transaction Arrangement**

ASX Clear and each Participant acknowledge that notwithstanding that a Cash CCP Transaction that arises under an Offsetting Transaction Arrangement does not arise from a novation of a Cash Market Transaction under Rule 12.2.1 but rather from the entry into of an Offsetting Transaction Arrangement directly between ASX Clear and the Participant, such Cash CCP Transaction will be treated in the same way as other Cash CCP Transactions (as appropriate), including:

- (a) being market netting contracts (as defined in the Payment Systems and Netting Act 1998) the terms of which incorporate any and all Rules which provide for or relate to the exercise of default rights, the netting, set-off or termination of obligations, the calculation or payment of termination values or net amounts and obligations to pay deposits or margin calls, or which otherwise affect the rights and obligations of the parties to the contracts, including, without limitation Rules 12.4.1, 12.6.1, 14 and 15; and

- (b) being subject to the provisions in this Section 12 of these Rules that relate to Cash CCP Transactions (as appropriate), including, without limitation, Rules 12.2.3, 12.2.4, 12.2.5, 12.2.6, 12.3, 12.4, 12.5, 12.6, 12.7, 12.8, 12.9, 12.10, 12.17, 12.18 and 12.19.

Introduced 28/04/14

*Explanatory Note – Amended to expressly recognise Rule 14 under which Cash CCP Transactions are also margined.*

...

## 12.8 PAYMENT OR DELIVERY FAILURE OF CASH CCP TRANSACTIONS

...

### 12.8.4 Failure an event of default

If ASX Clear makes a payment in respect of a Failure, or to avoid such Failure, under Rule 12.8.1, the Failure by the Participant to settle the Instruction or the making of such payment by ASX to avoid such Instructions being Failed (where it has reasonable grounds for suspecting such Instructions would otherwise be Failed) will constitute an event of default under Rule 15.1.1(b).

Introduced 11/03/04 Origin SCH 7.33.1 Amended 28/04/14

*Explanatory Note – Updated to correct a typographical error.*

...

## 12.17 DISCHARGE OF NET CLEARING OBLIGATIONS – DERIVATIVES CCP CONTRACTS AND CASH MARKET MARGIN OBLIGATIONS

...

### 12.17.5 Time for payment of amounts due to ASX Clear

A Participant must pay to ASX Clear all amounts due and payable in respect of an Account by the time specified in the Procedures or as otherwise notified by ASX Clear to that Participant and, if no time is specified, on demand.

Introduced 11/03/04 Origin OCH 4.3.7

*Explanatory Note – Amended to ensure that ASX Clear has discretion to prescribe a different time for payment in the event it makes a late cash market margin call. This amendment is consistent with ASX Clear Rule 12.17.1 that covers margin calls on ETOs.*

...

## SECTION 14 RISK MANAGEMENT

...

## 14.4 GENERAL – DERIVATIVES MARKET CONTRACTS AND DERIVATIVES CCP CONTRACTS

### 14.4.1 Failure to comply with direction

If a Participant fails to comply with:

- (a) a direction of ASX Clear under Rule 14.1 ~~or~~ Rule 14.2; or
- (b) a direction of the Approved Listing Market Operator in connection with position limits, exercise limits or exercise restrictions imposed under the operating rules of the Approved Listing Market Operator,

that failure is an event of default under Rule 15.1.

Introduced 11/03/04 Origin OCH 8.7.1 Amended 27/06/11

*Explanatory Note – Amended to fix a minor typographical error.*

...

## SECTION 15 DEFAULT

...

### 15.1 EVENTS OF DEFAULT

#### 15.1.1 Events of default by Participant

ASX Clear may regard any of the following events as an event of default by a Participant:

...

- (da) ~~the Participant has failed to comply with a determination made by an Old Tribunal (as defined in Rule 19.20) pursuant to the Old Australian Securities Exchange Disciplinary Processes and Appeals Rulebook (as defined in Rule 19.20);[deleted]~~

*Explanatory Note – Amended to delete arrangements that are now redundant.*

...

- (e) ~~without limiting Rules 15.1(b),(c), (d), (da) or (db), any failure by a Participant which is a Seller in respect of a Deliverable Derivatives CCP Contract to perform its settlement obligations on settlement of that contract or to take all steps required to put itself in the position to comply with its settlement obligations[deleted];~~

*Explanatory Note – Amended to delete an event of default relating to Futures Contracts, a product class that was removed as part of another package effective 19 February 2024.*

## 15.2 POWERS OF ASX CLEAR ON DEFAULT

### 15.2.1 ASX Clear may take action

If ASX Clear considers that an event of default under Rule 15.1 has occurred, or if Rule 15.3 applies, ASX Clear may take any or all of the following actions in respect of the Participant, in the name of (if appropriate) and at the expense of the Participant, in any order but subject to Rule 15.4, immediately or at any other time ASX Clear determines, and without the need for any prior notice to or consent of the Participant or any other person:

...

- (g) terminate all or any Cash CCP Transactions and Derivatives CCP Contracts registered in an Account of the Participant (including a Client Account) at a price determined by ASX Clear subject to these Rules. ASX Clear may, but is not required to, enter into independent transactions with one or more purchasers to establish new Cash CCP Transactions and/or Derivatives CCP Contracts (as applicable) which, taken as a whole are equivalent to all or some of:
  - (i) the terminated Cash CCP Transactions and Derivatives CCP Contracts; and
  - (ii) the Cash CCP Transactions and Derivatives CCP Contracts arising from ASX Clear hedging the portfolio of the Participant in accordance with Rule 15.2.1(c).each an Independent DM Transaction. ASX Clear shall determine in its absolute discretion the price at which any Independent DM Transaction is entered into. ASX Clear shall only establish one or more Independent DM Transactions with a Client under this paragraph if the Client's Participant consents;

*Explanatory Note – Amended to introduce a new express power allowing ASX Clear to sell a defaulter's portfolio in addition to the existing power to close it out. The termination of positions to crystallise losses and the opening of new positions upon the sale is consistent with the approach taken to the sale and auction of open contracts in the ASX Clear (Futures) Rules. The terminology of 'independent transactions' for such a sale is already used in the ASX Clear (Futures) OTC Rules and is used here for alignment between the ASX CCP rulebooks.*

...

- (j) subject to Sections 10 and 14, apply in or towards satisfaction of any amount due and payable to ASX Clear and in any order:
  - (i) any Cash Cover or Excess Cash held in respect of the Participant; and
  - (ii) the proceeds of demanding, calling in, selling, realising and converting into cash any Collateral provided by or on behalf of

the Participant after deducting all costs, commissions, duties and taxes payable in connection with any of those actions;

*Explanatory Note – ‘Excess Cash’ added for completeness and to align with ASX Clear’s existing rights to use Excess Cash to cover a Participant’s obligations to ASX Clear (refer rule 14.6.6 and 15.2.1(i)).*

...

- (n) ~~[deleted] where the event of default is a failure by the Buyer to pay the Settlement Amount in respect of a Deliverable Derivatives CCP Contract by the time for settlement (and without limiting any other powers ASX Clear may exercise under this Rule 15.2.1):~~
- ~~(i) — defer the settlement of the relevant Derivatives CCP Contract until it determines that settlement can occur at a later time in accordance with that Rule; or~~
  - ~~(ii) — terminate that contract and pursue any legal remedy available to ASX Clear in connection with that failure (including for example suing the Buyer to recover damages for breach of that Derivatives CCP Contract and these Rules) and resell or otherwise deal with any interest in the Underlying Commodity which the Buyer would have acquired under the rules governing the settlement of the contract, had settlement occurred;~~
- (o) ~~[deleted] where the event of default is a failure by the Seller of the type referred to in Rule 15.1.1(e) (and without limiting any other powers ASX Clear may exercise under this Rule 15.2.1):~~
- ~~(i) — defer the settlement of the relevant Derivatives CCP Contract until it determines that settlement can occur at a later time in accordance with that Rule; or~~
  - ~~(ii) — terminate that contract and pursue any legal remedy available to ASX Clear in connection with that default (including, for example, suing the Seller to recover damages for breach of that Derivatives CCP Contract and these Rules);~~

*Explanatory Note – Paragraphs (n) and (o) have been deleted on the basis that these powers are only relevant to deliverable commodity contracts which were removed as part of another amendment package effective 19 February 2024.*

...

## 15.8 INDEMNITY

### 15.8.1 Participants to indemnify ASX Clear

Each Participant indemnifies and will keep indemnified ASX Clear and its officers, representatives, agents and contractors against all actions, proceedings, claims, demands, damages, costs, expenses and any other amounts including any

transaction taxes, goods and services taxes or any other duties or taxes (extending to include any taxes payable by ASX Clear on a payment made under this indemnity) against or incurred by any of ASX Clear, its officers, representatives, agents or contractors arising out of or in connection with the occurrence of any of the events described in any event of default under Rule 15.1 in respect of the Participant, any circumstances under Rule 15.3 or any action taken by, or any inaction by, any of ASX Clear or its officers, representatives, agents or contractors under this ASX Clear Section 15, to the extent that it was not caused by the negligence, fraud or wilful default of ASX Clear.

Introduced 11/03/04 Origin OCH 12.8

*Explanatory Note – Amended to clarify that ASX Clear should not be required to have declared the Participant to be in default or for any particular action to be taken by ASX Clear before it seeks the benefit of the indemnity under this rule 15.8.1 in accordance with the terms of this rule.*

...

## 15.11 TERMINATION WITH RESPECT TO ASX CLEAR

### 15.11.1 Termination

If:

- (a) **(ASX Clear Payment Default)** all of the following occur:
  - (i) ASX Clear fails to make, when due, any payment in respect of a payment claim of a Participant against ASX Clear arising from a Derivatives CCP Contract or Cash CCP Transaction;
  - (ii) such Participant has notified ASX Clear of such failure;
  - (iii) such Participant notifies ASX Clear again of such failure after the expiry of a period of not less than five Business Days after the notification in (ii); and
  - (iv) ASX Clear's failure to make such payment to such Participant continues for a period of more than five Business Days after notification in (iii),

and for this purpose and without limitation, a payment will be considered to have been made by ASX Clear if a corresponding amount has been credited to the relevant account of the relevant Participant. Delays in effecting such credit for technical reasons will not lead to an ASX Clear Payment Default provided that funds were available to enable ASX Clear to make the credit; or

- (b) **(ASX Clear Insolvency Event)** ASX Clear is wound-up in insolvency under the Corporations Act or is subject to statutory management either instituted by it or against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in Australia,

then, at the election of either ASX Clear or any Participant (if a Participant makes this election then only its Derivatives CCP Contracts and its Cash CCP Transactions are affected):

- (I) the present and future obligations of ASX Clear and each Participant to make payments and deliveries under the terms of the Derivatives CCP Contracts and Cash CCP Transactions are terminated and are no longer required to be made;
- (II) ASX Clear is to calculate the termination value of those terminated obligations. The termination values are to take into account the amounts which would otherwise be debited or credited in respect of the daily revaluation of the Cash CCP Transactions and Derivatives CCP Contracts for margining purposes;
- (III) ASX Clear will net the termination values so calculated separately in respect of each Participant's (A) House Account(s) and Cash Market Account and (B) Client Account, so that only a net cash amount is payable in respect of each of (A) and (B) and between ASX Clear and each respective Participant. Each such net cash amount is to be payable by the party who is determined to owe it on the Business Day on which it is determined and notified to the Participant.

If ASX Clear is, for operational reasons, unable to make one or more calculations or determinations required to be made under this Rule then those particular calculations are to be made by the relevant Participant.

Introduced 23/06/14 Amended 01/10/15

#### 15.11.2 Netting for Client Accounts

If a Participant has more than one Client Account then the netting referred to in Rule 15.11.1(III) above is to be conducted separately in respect of each Client Account of that ~~Clearing~~ Participant. A net cash amount is to be payable in accordance with Rule 15.11.1(III) in respect of each separate netting which takes place.

*Explanatory Note – Amended to fix a typographical error.*

...

## SECTION 16 STATE OF EMERGENCY, UNDESIRABLE PRACTICES AND IMPOSSIBILITY OF PERFORMANCE



This Section sets out:

- (a) The wide powers of ASX Clear to deal with a State of Emergency in whatever way it considers necessary and identifies the effect of a State of Emergency, the duration of any State of Emergency Rules and the notice that must be given by ASX Clear to Participants in respect of any State of Emergency Rules or to Participants and others if ASX Clear is unable to perform any of its obligations;
- (b) The obligation on Participants to inform ASX Clear of any event or condition that may lead to a State of Emergency;
- (c) The powers of ASX Clear to deal with an event or series of events which, although not giving rise to a State of Emergency, nevertheless make it impossible or impracticable for the parties to a Derivatives CCP Contract to perform their obligations or exercise their rights, including the power to terminate those contracts; and
- (d) The powers of ASX Clear to address undesirable situations and practices.

## 16.1 STATE OF EMERGENCY

...

### 16.1.2 ASX Clear's additional powers

In addition to the powers that ASX Clear has under Rule 16.1.1 to deal with a State of Emergency, in relation to:

- (a) a Cash CCP Transaction, ASX Clear may transfer, under Rule 16.1.5, any Cash CCP Transaction; ~~and~~
- (b) a Derivatives CCP Contract, ASX Clear may transfer, under Rule 16.1.5, or terminate, under Rule 17, any Derivatives CCP Contract registered in an Account of a Participant; ~~and~~
- (c) ~~a Deliverable Derivatives CCP Contract, ASX Clear may extend the places at or from which delivery may be made or permit delivery of the Underlying Commodity which does not meet the Approved Listing Market Operator's contract specifications, or both, subject to payment of compensation to persons specified by ASX Clear.~~

Introduced 11/03/04 Origin OCH 13.3 Amended 10/06/04, 27/06/11

*Explanatory Note – Paragraph (c) has been deleted on the basis that this power is only relevant to deliverable commodity contracts which were removed as part of another amendment package effective 19 February 2024.*

...

### 16.1.9 Participants must inform of potential State of Emergency

A Participant ~~or other Regulated Person~~ that becomes aware of any event or condition that may lead to a State of Emergency must immediately inform ASX Clear.

Introduced 11/03/04 Origin SCH 1.6.5 Corresponds to ASX Settlement ~~Rule~~ 1.3.5

*Explanatory Note – This has been amended on the basis that ‘Regulated Person’ is no longer a defined term in the ASX Clear Rules.*

...

## 16.2 UNDESIRABLE SITUATIONS AND PRACTICES

### 16.2.1 Action by ASX Clear

If ASX Clear determines that an undesirable situation or practice is developing or has developed (including in a Market, an Underlying Market or an Underlying Instrument) which is contrary to:

- (a) the maintenance of a fair, orderly and transparent Market; or
- (b) the operation of a fair and effective Clearing and Settlement Facility; or
- (c) the reduction of systemic risk in the Australian financial system,

ASX Clear may take, or refrain from taking, or direct a Participant to take, or refrain from taking, any action which ASX Clear considers is appropriate having regard to Rule 1.15 and in the interests of:

- (d) in the case of Rule 16.2.1(a), maintaining a fair, orderly and transparent Market; or
- (e) in the case of Rule 16.2.1(b), operating a fair and effective Clearing and Settlement Facility; or
- (f) in the case of Rule 16.2.1(c), reducing systemic risk in the Australian financial system.

For the purposes of this Rule 16.2.1:

‘Clearing and Settlement Facility’ means a clearing and settlement facility operated by ASX Clear or an Approved Settlement Facility.

‘Market’ means a market of an Approved Market Operator.

‘Underlying Instrument’ means any underlying instrument, asset, or other point of reference for the purpose of determining the value of any financial products novated to and registered by ASX Clear for any Market.

‘Underlying Market’ is defined in Rule 2.10.1.

### 16.2.2 Giving effect to action or direction

In giving effect to an action or a direction referred to in Rule 16.2.1 ASX Clear shall be entitled to apply the Rules as varied or modified so far as necessary to give effect to the relevant action or direction.

Introduced 11/03/04 Origin OCH 13.1 Amended 18/12/06

*Explanatory Note – Amended to recognise that ASX Clear may need to take action if an undesirable situation or practice develops that is contrary to the operation of a fair and effective CS facility or the reduction of systemic risk (potentially in contravention of s821A(aa) and (a) of the Corporations Act). This change aligns with the existing powers that the market licensees have that recognise their obligation to maintain a fair, orderly and transparent market and is also reflected in the operating rules of other global CCPs. ASX is proposing to make the same amendment to the ASX Clear (Futures) Rules.*

...

## 16.5 IMPOSSIBILITY OR IMPRACTICABILITY OF PERFORMANCE OF DERIVATIVES CCP CONTRACTS

### 16.5.1 Action by ASX Clear

If:

- (a) an event or series of events (whether related or not) occurs which is not determined by ASX Clear to be a State of Emergency but ASX Clear considers that it is impossible or impracticable for the parties to a Derivatives CCP Contract to perform their obligations or exercise their rights; and
- (b) ASX Clear considers that termination of those Derivatives CCP Contracts is appropriate having regard to Section 1.15,

ASX Clear may after consultation with the Approved Listing Market Operator, terminate those Derivatives CCP Contracts under Rule 17. ~~Where the Derivatives CCP Contract is Deliverable, ASX Clear may, alternatively, exercise one or more of the following powers:~~

- ~~(c) — defer the settlement of the Derivatives CCP Contracts until it determines that settlement can occur at a later time in accordance with the settlement process in these Rules;~~
- ~~(d) — determine that settlement of the Derivatives CCP Contracts should be effected in a manner other than that specified in these Rules;~~
- ~~(e) — direct Participants to close-out the Derivatives CCP Contracts; or~~
- ~~(f) — take any other action ASX Clear considers appropriate having regard to Rule 1.15.~~

Introduced 11/03/04 Origin OCH 13.2 Amended 27/06/11

*Explanatory Note – Amended on the basis that paras (c)-(f) are only relevant to deliverable commodity contracts which were removed as part of another amendment package effective 19 February 2024.*

...

## SECTION 19 COMPLIANCE, ENFORCEMENT ACTIONS AND APPEALS

...

### 19.1.5 Provision of independent expert report or certification

ASX Clear may by notice to a Participant require the Participant to provide a:

- (a) report, in a form acceptable to ASX Clear, from a suitably qualified independent expert approved by ASX Clear expressing an opinion as to:
- (ia) the performance by the Participant of its obligations (including its ability to perform its obligations in future) under the Rules;
  - (iib) the Participant's capacity to continue to meet the requirements for admission as a Participant; and
  - (iiie) any other matter which in the opinion of ASX Clear is necessary to assist ASX Clear in the discharge of its functions under these Rules or as ASX Clear otherwise considers appropriate having regard to Rule 1.15; or

.(b) certification from a suitably qualified independent expert approved by ASX Clear as to compliance by the Participant with the technical and performance requirements of Section 3.

in a form acceptable to ASX Clear.

Introduced 11/03/04 Origin OCH 16.1.6 Amended 02/08/13

### 19.1.5A Time by which report or certification is required

If ASX Clear gives notice to a Participant requiring that Participant to provide a report or certification under Rule 19.1.5.

- (a) ASX Clear must specify in that notice the date and time by which the Participant is to provide the report or certification; and
- (b) the Participant must provide that report or certification to ASX Clear within the time specified in the notice.

### 19.1.5B Further investigation warranted

If ASX Clear considers that the information contained in the report or certification warrants further investigation it may direct the Participant to do one or both of the following:

- (a) give to ASX Clear or the independent expert further information which ASX Clear considers appropriate having regard to Rule 1.15.1; and
- (b) require the Participant to cause the independent expert to submit a further report or certification covering further matters specified by ASX Clear by a date and time specified by ASX Clear.

**19.1.6 ASX Clear may appoint independent expert~~Accountant~~**

If a Participant fails to comply with a direction by ASX Clear under Rule 19.1.5, 19.1.5A or 19.15B, ASX Clear may appoint an independent expert~~Accountant~~ to investigate the Participant and prepare a report or certification in a form and within a time determined by ASX Clear. The Participant must give all necessary assistance required by the independent expert~~Accountant~~ to prepare the report and must at the request of the independent expert~~Accountant~~ direct third parties to make available all information the independent expert~~Accountant~~ requires.

Introduced 11/03/04 Origin OCH 16.1.7 Amended 15/06/15

**19.1.7 Authority of independent expert~~Accountant~~ appointed by ASX Clear**

An independent expert~~Accountant~~ appointed by ASX Clear under Rule 19.1.6 is taken to be the Participant's attorney for the purpose of obtaining any information or documents from third parties which in the opinion of the independent expert~~Accountant~~ or ASX Clear are necessary for the independent expert~~Accountant~~ to prepare the report or certification~~further report~~.

Introduced 11/03/04 Origin OCH 16.1.8 Amended 15/06/15

**19.1.8 Cost of independent expert~~Accountant~~**

Unless ASX Clear otherwise determines, the Participant must pay the cost of the report of an independent expert~~the Accountant~~ prepared under this Rule 19.1.

Introduced 11/03/04 Origin OCH 16.1.9 Amended 15/06/15

*Explanatory Note – Amended to ensure that ASX Clear may appoint an independent expert (not only an accountant) for the purpose of establishing a participant's compliance with the ASX Clear Operating Rules or technical and performance requirements. All independent expert reports and certifications are to be paid for by the relevant Participant. These changes align the framework more closely with the rules of the ASX market operators.*

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**19.4 IMMEDIATE ACTION WHERE EVENT OF DEFAULT**

**19.4.1 Action pursuant to Section 15**

ASX Clear may exercise its powers under Section 15 to suspend or terminate a Participant's authority to clear all or any category of Market Transaction notwithstanding without following the procedures set out in Section 19.3. Action by ASX Clear under Rule 15 does not prevent ASX Clear from taking enforcement action under Rule 19.3 in connection with the circumstances giving rise to that action or from taking any other action under Section 15.

Introduced 11/03/04 Origin OCH 16.3.1 Amended 01/08/10

#### 19.4.2 Notice of suspension or termination

ASX Clear will, as soon as practicable, notify the Participant of action taken by ASX Clear under Section 15 to suspend or terminate the Participant, and its reasons for taking that action.

Introduced 11/03/04 Origin OCH 16.3.2

*Explanatory Note – Rule 19.4.1 has been amended to reflect that the procedures previously set out in Section 19.3 have been moved to the ASX Enforcement and Appeals Rulebook.*

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### 19.9 CONSOLIDATION OF INVESTIGATIONS ~~– RELATED BODIES CORPORATE~~

#### 19.9.1 ASX Clear may consolidate investigation

Subject to Rule 19.9.4, if:

- (a) ASX Clear is entitled to exercise its powers against a Participant under Rule 19.3 in respect of particular circumstances; and
- (b) a Related Body Corporate of ASX Clear has similar powers under its operating rules and is entitled to exercise those powers against the same Participant in respect of the same or similar circumstances,

ASX Clear need not exercise those powers separately but may exercise those powers together with the exercise by the Related Body Corporate of its powers.

Introduced 11/03/04 Origin OCH 16.7.1 Amended 15/06/15

*Explanatory Note – Title amended to avoid confusion.*

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### 19.20 TRANSITIONAL PROVISIONS ~~[Deleted]~~

#### 19.20.1 Transitional Provision Definitions ~~[Deleted]~~

~~For the purposes of this Rule 19.20:~~

~~"Commence" means:~~

- ~~(a) in relation to disciplinary proceedings relating to conduct or a failure prior to the Effective Time, the provision of a contravention notice by ASX Clear to the Participant pursuant to Rule 2.1 of the Old Australian Securities Exchange Disciplinary Processes and Appeals Rulebook; and~~
- ~~(b) in relation to appeal proceedings relating to conduct or a failure prior to the Effective Time, the provision of notice of appeal by the relevant person pursuant to Rule 3.1 of the Old Australian Securities Exchange Disciplinary Processes and Appeals Rulebook.~~

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

~~"Old ACH Rules" means the ACH Clearing Rules in force before the Effective Time.~~

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

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

~~"Relevant Person" or "Participant" means a Participant or an Affiliate Based CP or a person applying to ASX Clear for admission as a Participant pursuant to Rule 3.1 of the Rules.~~

Introduced 01/08/10 Amended 15/06/15

19.20.2

**Sanctions ~~[Deleted]~~**

~~Following the Effective Time:~~

~~(a) ASX Clear will have jurisdiction pursuant to Rule 19.3.1 and the ASX Enforcement and Appeals Rulebook and may take any action under that rule or rulebook in respect of a Relevant Person concerning any conduct or failure under:~~

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

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

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

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

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

~~(i) these Rules and the Old ACH Rules, where the relevant conduct or failure the subject of the proceedings spans both prior to and following the Effective Time,~~



- ~~— irrespective of when ASX Clear became aware of, or should have become aware of, that conduct or failure;~~
- ~~(e) ASX Clear will continue to have jurisdiction pursuant to Rule 19.3.1 of the Old ACH Rules and the Old Australian Securities Exchange Disciplinary Processes and Appeals Rulebook and may take disciplinary action under that rule or rulebook after the Effective Time in respect of a Participant concerning any conduct under or any failure to comply with, or any engagement in Unprofessional Conduct under, the Old ACH Rules, where that conduct or failure occurred prior to the Effective Time, irrespective of when ASX Clear became aware of, or should have become aware of, that conduct or failure;~~
- ~~(d) the Old Tribunal shall continue to have jurisdiction to conduct disciplinary proceedings (including any appeal proceedings from those disciplinary proceedings) or appeal proceedings (as the case may be) in accordance with, and pursuant to its jurisdiction under, the provisions of the Old Australian Securities Exchange Disciplinary Processes and Appeal Rulebook in respect of a Participant concerning any conduct under, any failure to comply with, or any engagement in Unprofessional Conduct under, the Old ACH Rules, where that conduct or failure occurred prior to the Effective Time, irrespective of whether disciplinary or appeal proceedings have Commenced prior to the Effective Time or when ASX Clear became aware of, or should have become aware of, that conduct or failure;~~
- ~~(e) for the purposes of paragraphs (c) and (d) above:~~
  - ~~(i) the maximum penalty that may be imposed on a Participant shall be the maximum penalty that would have been imposed for the relevant conduct or failure under the rules in existence at the time that the relevant conduct or failure occurred, irrespective of whether the disciplinary proceedings or appeal proceedings (as the case may be) were Commenced before or after the Effective Time;~~
  - ~~(ii) ASX Clear and the Old Tribunal shall take disciplinary action and conduct the disciplinary proceedings or appeal proceedings (as the case may be) with due regard to the relevant rules that were in force at the time that they were alleged to be contravened;~~
- ~~(f) the Old ACH Rules and the Old Australian Securities Exchange Disciplinary Processes and Appeals Rulebook continue to apply in respect of the Participant to the extent required to give effect to the paragraphs above;~~
- ~~(g) Nothing in this Rule 19.20.2 limits the continued operation of rule 19.19 of the Old ACH Rules where disciplinary proceedings or appeal proceedings have Commenced (as defined in the Old ACH Rules) prior to the Effective Time (as defined in the Old ACH Rules).~~

**19.20.3 Conduct spanning pre and post Effective Time ~~[Deleted]~~**

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

~~(a) ASX Clear and the Appeal Tribunal will have the jurisdiction and may take action or conduct appeal proceedings as referred to in Rules 19.20.2(a) & (b) above;~~

~~(b) Rules 19.20.2(c), (d) and (e) do not apply to such conduct or failure.~~

Introduced 01/08/10

*Explanatory Note – Amendment to delete transitional arrangements that are now redundant.*

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## **SECTION 20 SETTLEMENT OF DERIVATIVES CCP CONTRACTS**

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### **20.1 EXERCISE OF OPTIONS CCP CONTRACTS**

#### **20.1.1 Exercise of Options CCP Contract by Buyer**

Subject to the Rules, the Buyer of an Options CCP Contract may exercise the Options CCP Contract by submitting an Exercise Notice to ASX Clear:

- (a) by the time and in the manner determined by ASX Clear and set out in the Procedures; and
- (b) in accordance with the terms of the Options CCP Contract.

ASX Clear may reject an Exercise Notice which does not comply with this Rule 20.1.1.

Introduced 11/03/04 Origin OCH S2.2.1

*Explanatory Note – Amended to correct typographical error.*

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## **SCHEDULE 1 RISK BASED CAPITAL REQUIREMENTS**

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### **S1.1**

#### **S1.1.1 Definitions and Interpretation**

In Rule S1, unless the context otherwise requires:

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**“Approved Subordinated Loan Deed”** means, in respect of a subordination arrangement, a deed which:

- (a) is executed:
  - (i) by the lender ~~and ASX Clear under seal or~~ by such equivalent method expressly recognised under the Corporations Act or such other method acceptable to ASX Clear ~~(or in the case of ASX Clear, on behalf of ASX Clear by its attorney, delegate or sub-delegate); and~~
  - (ii) by ASX Clear, by such method expressly recognised under the Corporations Act (or on behalf of ASX Clear by its attorney, delegate or sub-delegate); and
  - (iii) ~~in the case of a Participant which is a company,~~ by the Participant ~~under seal or~~ by such equivalent method expressly recognised under the Corporations Act or such other method acceptable to ASX Clear;
- (b) sets out details of the terms governing any subordinated debt regulated by the subordination arrangement or identifies the document which does so;
- (c) contains those provisions required by ASX Clear including without limitation, provisions to the effect that:
  - (i) alterations to the subordinated loan deed or the terms or details of any subordinated debt regulated by the subordination arrangement cannot be made unless the agreement of all parties is obtained and the variation is executed in the manner required under paragraph (a);
  - (ii) ASX Clear must be satisfied that the Participant has made adequate arrangements to ensure that Rule S1 will be complied with and will continue to be complied with upon the maturity date of any loan for a fixed term;
  - (iii) ASX Clear must be given full particulars of any debt to be regulated by the subordination arrangement under the subordinated loan deed prior to such debt being created; and
  - (iv) prior to the Bankruptcy of the Participant, repayment of any subordinated debt regulated by the subordination arrangement can only occur in accordance with Rule S1.2.4(6) and (7); and
- (d) contains specific acknowledgment by the lender of the matters set out in Rule S1.2.4(2)(a) and (b).

Amended 15/06/15

“Bankruptcy” means in respect of an entity:

- (a) the entity becomes ~~an a Chapter 5 body corporate externally administered body corporate~~ within the meaning of the Corporations Act;
- (b) the entity becomes an individual who is an insolvent under administration within the meaning of the Corporations Act;
- (c) if the entity is a partnership, the entity is wound up or dissolved or a liquidator is appointed to it;
- (d) a person takes control of the entity’s property for the benefit of the entity’s creditors because the entity is, or is likely to become, insolvent;
- (e) the entity enters into an arrangement, composition or compromise with, or assignment for the benefit of, all of its creditors or any class of them; or
- (f) anything analogous to, or having a substantially similar effect to the events specified in paragraphs (a) to (e) happens under the laws of any applicable jurisdiction.

*Explanatory Note – Amendment to reflect updated definition in the Corporations Act.*

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## SCHEDULE 1 – ANNEXURES

### ANNEXURE 1 COUNTERPARTY RISK REQUIREMENT

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#### 2 NON-MARGINED FINANCIAL INSTRUMENTS METHOD

- (a) For unsettled trades in Financial Instruments which are not margined and not covered by one of the other methods in this Annexure, and for unsettled trades in margined Equities, Debt Instruments and warrants, the counterparty risk amount is 3% of the Client Balance, where this balance does not include trades which remain unsettled with the Counterparty for greater than 10 Business Days following the transaction date.  
  
A Participant may reduce the Client Balance by the amount of Financial Instruments held by the Participant on behalf of the Counterparty if they specifically relate to the sale trades pending settlement with the market or by the amount of collateral held by the Participant on behalf of the specific Counterparty if the collateral is Liquid, valued at the mark to market value and the collateral arrangement is evidenced in writing between the Participant and the Counterparty.
- (b) For unsettled trades in Financial Instruments which are not margined and not covered by one of the other methods in this Annexure, and for unsettled trades in margined Equities, Debt Instruments and warrants, the

counterparty risk amount for trades remaining unsettled for greater than 10 Business Days following the transaction date is at the choice of the Participant:

- (i) either:
  - A. 3% of the contract value; or
  - B. the excess of:
    - I. the contract value over the market value of each Financial Instrument in the case of a client purchase; and
    - II. the market value of each Financial Instrument over the contract value in the case of a client sale,

— whichever is the greater; or
- (ii) 100% of the contract value for a client purchase or 100% of the market value for a client sale.

A Participant may reduce the contract values and the excesses by the amount of collateral held by the Participant on behalf of the Counterparty if the collateral is Liquid, valued at the mark to market value or another value approved by ASX Clear and the collateral arrangement is evidenced in writing between the Participant and Counterparty.

- (c) A Participant need not include credit amounts included in a Client Balance where such amounts represent an amount of cash held in the Participant's trust and/or segregated account.
- (d) This method does not apply to OTC Derivatives but does apply to warrants which also may be covered by the method in clause 6.

*Explanatory Note – Amended to fix formatting error*

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## ASX CLEAR OPERATING RULES PROCEDURES

...

### SECTION 1 INTRODUCTION AND GENERAL RULES

#### PROCEDURE 1.6.5 REGISTER OF RELIEF

For the purposes of Rule 1.6.5:

- (a) The register will set out:
  - (i) the date that the relief takes effect;
  - (ii) the person or class of person relieved from the obligation;
  - (iii) the provisions to which the relief applies;
  - (iv) brief reasons for the relief; and
  - (v) any conditions that apply to the relief.
- (b) A copy of the information set out in (a) above will be made available on [www.asx.com.au](http://www.asx.com.au).

*Explanatory Note – ASX is taking steps to align common elements across the rules of the ASX CS facilities to promote consistency. This amendment aligns the waiver powers across the various rule books.*

...

#### PROCEDURE 1.7.2 METHODS OF GIVING NOTICE IN WRITING

Unless otherwise specified in correspondence with a Participant, documents addressed to ASX Clear should be addressed as follows for matters relating to:

<u>Cash Market</u>	<u>Options</u>
General Manager, <u>Securities and Payments Clearing and Settlement</u> Operations	<u>General Manager, Market Operations</u>
ASX Clear Pty Limited Exchange Centre 20 Bridge Street SYDNEY NSW 2000	<u>ASX Clear Pty Limited</u> <u>Exchange Centre</u> <u>20 Bridge Street</u> <u>SYDNEY NSW 2000</u>
Telephone: 1800 814 051 <u>Fax: 02-9227-0265</u>	<u>Telephone: 1800 240 033 or +612 8298 8479</u>

[Email: chesshelp@asx.com.au](mailto:chesshelp@asx.com.au)

[Email: clearing@asx.com.au](mailto:clearing@asx.com.au)

Notice to ASX Clear may be given by:

1. Delivering it personally to the person specified above or otherwise specified in correspondence with the Participant;
2. Leaving it at or by sending by courier or post to the address specified in correspondence with the Participant;
3. ~~[deleted] Sending it by facsimile to the facsimile number specified above or otherwise in correspondence with the Participant;~~
4. Updating the Participant's corporate details on ASX Online where applicable, unless otherwise directed by ASX Clear;
5. Submitting it via the participant forms facility on the web-based system interface known as ASX Online where applicable unless otherwise directed by ASX Clear; or
6. Specific email by any method which identifies an ASX Clear department or an ASX Clear employee's name or title as addressee and no notice of non-delivery has been received.

Where a Participant is also a participant in another market or clearing and settlement facility operated by ASX Clear or a Related Body Corporate of ASX Clear and the notice being provided relates to both participations, a notice given to ASX Clear or a Related Body Corporate of ASX Clear in accordance with the operating rules of that other market or facility is taken to be given to ASX Clear in accordance with these Rules.

ASX Clear may give notice to any person, firm or corporation by any of the following methods:

1. Delivering it to the recipient personally;
2. Leaving it at or by sending it by courier or post to the address of the recipient last notified to ASX Clear;
3. Sending it by facsimile to the recipient's facsimile number last notified to ASX Clear;
4. A circular or bulletin addressed to a class of persons and delivered or communicated by any means permitted under this Procedure;
5. Specific email by any method which identifies a person or person's title as addressee and no notice of non-delivery has been received;
6. Broadcast email by any method which identifies the addressee and which, having regard to all the relevant circumstances at the time, was as reliable as appropriate for the purposes for which the information was communicated; or
7. Sending it via ASX Online.



Introduced 11/03/04 Amended 21/06/05, 09/07/08, 02/02/09, 19/02/10, 07/06/13, 15/06/15, 10/01/19

*Explanatory Note – Amended to reflect ASX’s refreshed operating model which divides the post-trade operations function for ASX Clear between the Markets business (ETOs and OTC Options (FlexClear)) and the Securities and Payments Business (cash market).*

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## PROCEDURE 1.23.1 PROCEDURES FOR THE RISK CONSULTATIVE COMMITTEE

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### 2.1 Risk Consultative Committee Members

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#### (b) Client Representatives

ASX Clear ~~may~~**will** invite a number of Clients to nominate a representative to participate in the Risk Consultative Committee, providing the Client:

- (a) is a Wholesale Client of one of the participant members;
- (b) has been operating a derivatives segregated client account for a minimum of 6 months;
- (c) at the time of selection, has a minimum margin requirement of greater than AUD \$2 million;
- (d) is not a Related Body Corporate of a Participant.

However, a person may not be nominated unless that person:

- (e) has appropriate expertise and experience in relation to the matters to be considered by the Risk Consultative Committee; and
- (f) is acceptable to ASX Clear in its reasonable discretion.

Clients that meet the above criteria ~~may~~**will** be entitled to representation on the Risk Consultative Committee provided that the number of Client representatives cannot exceed 50% of Participant representatives). If the number of Clients that meet the above criteria exceeds the maximum, Clients will be selected based on a 50/50 weighting of volume and initial margin, for a maximum of two years (~~aligned to the Participants membership period~~) at which time the above criteria will be re-applied.

*Explanatory Note – Minor amendments to reflect the current participation model of the Risk Consultative Committee which is Clearing Participants only.*

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### PROCEDURE 3.4.1 BUSINESS INTEGRITY REQUIREMENTS

In order to satisfy ASX Clear that it meets the business integrity requirements, an applicant must provide to ASX Clear one of the following:

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- (b) If the applicant holds an Australian financial services licence which authorises it to carry on business as a Participant, ~~that~~ the applicant must confirm to ASX Clear that it has in place measures to ensure its responsible managers are fit and proper persons, as required in the ASIC Regulatory Guides 105 and 2, which are also applied to any of its directors who are not responsible managers.

The applicant must be able to provide evidence of those measures to ASX Clear upon request at any time.

*Explanatory Note – Minor amendment to fix a typographical error.*

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### PROCEDURE 3.5.1 ORGANISATIONAL REQUIREMENTS

In order to satisfy ASX Clear that it meets the organisational requirements, an applicant must provide to ASX Clear on or before its admission as a Participant a certification in the form prescribed by ASX Clear from time to time that the applicant has the resources and processes in place to comply with its obligations under the Rules.

For these purposes, “resources” and “processes” have the same meaning as in Rule 3.5.1. In providing this certification to ASX Clear the applicant must have regard to:

- the Rules;
- ASX Clear Operating Rules Guidance Note 1 *Admission as a Participant*;
- ASX Clear Operating Rules Guidance Note 9 *Offshoring and Outsourcing*;
- ASX Clear Operating Rules Guidance Note 10 *Business Continuity and Disaster Recovery*;
- ASX Clear Operating Rules Guidance Note 12 *Trust Accounts*;
- ASX Clear Operating Rules Guidance Note 13 *Managing Liquidity Requirements*;
- the standards expected of financial services licensees set out in ASIC Regulatory Guide 104 *AFS Licensing: Meeting the general obligations* and ASIC Regulatory Guide 105 *AFS Licensing: Organisational competence* (this applies even if the applicant does not hold an Australian Financial Services Licence);
- ISO 37301:2021 - Compliance management systems;
- ISO 31000:2018 – Risk management;
- ISO 22301:2019 - Security and resilience — Business continuity management systems; and
- any other matters specified in the form prescribed by ASX Clear for these purposes.

For the purpose of satisfying the requirement in Rule 3.5.1 that an applicant have adequate “Financial resources”, the applicant must at a minimum satisfy the minimum liquidity management arrangements set out in Guidance Note 13. The arrangements include, but are not limited to, the requirement that a participant have a nominated officer responsible for liquidity management.

If required by ASX Clear, the applicant must be able to demonstrate to the satisfaction of ASX Clear, at any time, the basis on which the certification is or was provided.

Introduced 11/03/04 Amended 23/01/09, 01/01/12, 15/06/15, 24/01/22, 02/02/22

*Explanatory Note – The amendments bring a number of matters dealt with in Guidance Note 10 Business Continuity and Disaster Recovery and Guidance Note 13 Managing Liquidity Requirements into the Procedures to ensure that Clearing Participants focus appropriately on their required business continuity arrangements and minimum liquidity management arrangements.*

Additional compliance, risk management, and security and resilience standards have been included to clarify ASX's expectations in relation to Participant processes.

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#### **PROCEDURE 4.2.1 PARTICIPANT TO MAINTAIN DISASTER RECOVERY AND BUSINESS CONTINUITY ARRANGEMENTS**

Unless notified otherwise in writing by ASX Clear, a Participant must test its disaster recovery and business continuity arrangements at least once annually. A Participant must also test its disaster recovery and business continuity arrangements as soon as practicable following material changes to the Participant's business or material changes to its disaster recovery and business continuity arrangements.

A Participant must have a nominated officer responsible for its disaster recovery and business continuity arrangements.

Introduced 11/03/04 Amended 27/06/11

*Explanatory Note – The amendments bring a number of business continuity matters dealt with in Guidance Note 10 Business Continuity and Disaster Recovery into the Procedures to ensure that Clearing Participants focus appropriately on their required business continuity and disaster recovery arrangements.*

...

#### **PROCEDURE 4.7.1 NOTIFICATION REQUIREMENTS**

For the purposes of Rule 4.7.1(f), a Participant must notify ASX Clear in writing as soon as reasonably practicable, if it becomes aware of any fact or matter or intends to take any action that will or may affect its capacity to communicate reliably with CHES or the Derivatives Clearing System including (without limitation) any change to its interface with CHES or the Derivatives Clearing System.

For the purposes of Rule 4.7.1(f), where a Direct Participant clears for a Wholly-Owned Group Entity the Direct Participant must:

- (a) annually on the anniversary of having commenced to clear for a Wholly-Owned Group Entity, provide to ASX Clear a certification, in a form satisfactory to ASX Clear,

that the body corporate continues to satisfy the definition of Wholly-Owned Group Entity; and

- (b) notify ASX Clear as far as practicable in advance if at any time the Wholly-Owned Group Entity ceases or will cease to satisfy the definition of Wholly-Owned Group Entity.

For the purposes of Rule 4.7.1(f), a Participant must notify ASX Clear in writing (via ASXOnline) within 28 days~~10 Business Days~~ of:

- (a) the name and contact details of the Participant's primary and secondary contacts responsible for their compliance with requirements under the Recovery Rules; and
- (b) any changes to those contacts or their details.

ASX Clear may contact the Participant by way of the persons notified (or another communication channel) in the event that ASX Clear exercises its powers under the Recovery Rules.

For the purposes of Rule 4.7.1(f), a Participant must notify ASX Clear in writing (via ASXOnline), within 28 days~~10 Business Days~~ of the change taking effect, of the appointment and any subsequent departure of its nominated business continuity officer and any other primary business continuity contact.

For the purposes of Rule 4.7.1(f), a Participant must notify ASX Clear in writing of the appointment and any subsequent departure of its nominated liquidity officer, within 28 days~~10 Business Days~~ of the change taking effect. Notifications are to be made via email to [CRAteam@asx.com.au](mailto:CRAteam@asx.com.au).

Introduced 27/06/11 Amended 02/08/13

*Explanatory Note – The amendments introduce a new requirement for clearing participants to notify ASX Clear of the contact details of their primary and secondary contacts responsible for their compliance with requirements under the Recovery Rules and any changes to those details. This is required so that the ASX CCPs have current contacts in the event that they need to call Recovery Assessments from clearing participants on an urgent basis.*

*The amendments also bring notification requirements as to a number of business continuity arrangements and minimum liquidity management matters dealt with in Guidance Note 10 Business Continuity and Disaster Recovery and Guidance Note 13 Managing Liquidity Requirements into the Procedures.*

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## PROCEDURE 4.23.8 POLICIES AND PROCEDURES

For the purposes of Rule 4.23.8, the Participant should have regard to ASX Clear Operating Rules Guidance Note 12 *Trust ~~and Client Segregated~~ Accounts*.

Introduced 16/08/21

**Explanatory note – Amended to reflect the updated name of Guidance Note 12**

## PROCEDURE 4.24.1 ACCESSING TRUST ACCOUNT MONEY

For the purposes of ~~Clearing~~ Rule 4.24.1, the Participant (or if the Participant appoints a Settlement Participant as its agent, that Settlement Participant) must take all steps required to be taken by it (including Transmitting to ASX Settlement a Valid Originating Message that initiates a CHESS to Issuer Sponsored Demand Transfer or Conversion in accordance with Rule 9.7.1 of the ASX Settlement Operating Rules or a Demand Transfer or Conversion or a Settlement Transfer to a CHESS Holding in accordance with Rule 8.8.1 of the ASX Settlement Operating Rules (as applicable)) in order for the relevant number of Financial Products acquired under the Cash Market Transaction to be recorded in:

- (a) the Issuer Sponsored Subregister against an Issuer Sponsored Holding; or
- (b) the CHESS Subregister against a CHESS Holding,

in the name of the client, or if the client has instructed the Financial Products be registered in the name of another person, then in the name of that other person.

In the case of a Cash Market Transaction that is settled through the transfer of CDIs ~~or FDIs~~, the steps to be taken by the Participant (or if the Participant appoints a Settlement Participant as its agent, that Settlement Participant) are those required to be taken by it in order for the relevant number of CDIs ~~or FDIs~~ acquired under the Cash Market Transaction to be recorded in a Holding on the Principal Register or the CDI Register in the name of the client, or if the client has instructed the CDIs ~~or FDIs~~ be in the name of another person, then in the name of that other person.

Introduced 28/04/14 Amended 25/05/15

**Explanatory Note – references to FDIs have been deleted to reflect the decommissioning of the ASX World Link service after 2005.**

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## PROCEDURE 5.2 OTHER CAPITAL REGIMES

### 5.2.1 ASX Clear may recognise other prudential supervision regimes

For the purpose of Rule 5.2.1(b), ASX Clear determines that the Participant must satisfy the following requirements:

- (a) be listed by the Australian Prudential Regulation Authority (APRA) under one of the categories "Australian-owned ~~Banks~~authorised deposit-taking institutions", "~~f~~Foreign ~~s~~Subsidiary ~~b~~Banks" or "~~b~~Branches of ~~f~~Foreign ~~b~~Banks";

(b) not be listed as a “Building Society” or “Credit Union” in the Banking (restricted word or expression) consent No.1 of 2018; and

(c) not be a “mutual entity” under section 51M(1) of the Corporations Act.

Introduced 02/08/13 Amended 04/03/15

*Explanatory note - Amended to confirm that only banks (and not any other type of ADIs) are eligible to be admitted as ASX Clear participants.*

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## SECTION 6 COMMUNICATIONS WITH ASX CLEAR

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### PROCEDURE 6.9 ASX CLEAR EMERGENCY ASSISTANCE

If a Participant is no longer able to transmit Clearing Messages, the Participant may request ~~the~~ ASX Clear to provide emergency assistance on a reasonable endeavours basis by following the following procedure.

An Authorised Signatory of the Participant should immediately contact ASX Clearing Operations.

~~Unless otherwise determined by ASX Clear, t~~The Authorised Signatory of the Participant must provide ASX Clear with its request for emergency assistance in writing (in the form set out below) as soon as possible, including identifying the specific actions the Participant requests that ASX Clear take.

~~A letter signed by the Authorised Signatory of the Participant in the form set out below must also be provided as soon as possible.~~

By making the request for emergency assistance, the Authorised Signatory acknowledges, on behalf of the Participant, that:

- (a) for the purpose of Rule 6.12, the Participant indemnifies ASX Clear and its officers, employees, agents and contractors against all actions, proceedings, claims, demands, damages, costs, expenses and any other amounts against or incurred by ASX Clear, or its officers, employees, agents or contractors arising out of or in connection with any action taken by or any inaction by any of ASX Clear, or its officers, employees, agents or contractors under the ASX Clear Rules in relation to the emergency assistance; and
- (b) for the purpose of Rule 6.11.1, ASX Clear accepts no liability for activities it undertakes on behalf of a Participant or a Participant's use of its other emergency facilities ASX Clear makes available in relation to the emergency assistance.

The written request for emergency assistance ~~and letter are~~is to be sent by email to: [deriv.clearing@asx.com.au](mailto:deriv.clearing@asx.com.au) (if the request relates to Options) and [cheshelp@asx.com.au](mailto:cheshelp@asx.com.au) (if the request relates to the Cash Market).

ASX Clear may require that such written request for emergency assistance ~~and letter~~is received by ASX Clear before it provides the emergency assistance on a reasonable endeavours basis.



[Participant **letterhead** form of written confirmation]

By email to: [deriv.clearing@asx.com.au](mailto:deriv.clearing@asx.com.au)

{date}

ASX Clearing Operations  
ASX Clear Pty Limited

**Request for emergency assistance**

I confirm that:

1. I am an Authorised Signatory of the Participant as notified to ASX Clear under Rule 4.12.1;
2. I warrant that I have the authority to request and bind the Participant to the terms of the request for emergency assistance and to the ASX Clear's Rules, Procedures and practices (as amended from time to time);
3. I, on behalf of the Participant, acknowledge that ASX Clear accepts no responsibility or liability for activities undertaken as a result of the Participant's request; and
4. I, on behalf of the Participant, indemnifies ASX Clear and its officers, employees, agents and contractors against all actions, proceedings, claims, demands, damages, costs, expenses and any other amounts against or incurred by ASX Clear, or its officers, employees, agents or contractors arising out of or in connection with any action taken by or any inaction by any of ASX Clear, or its officers, employees, agents or contractors under the ASX Clear Rules in relation to the emergency assistance.

[Insert: identify the specific actions the Participant requests that ASX Clear take].

Introduced 11/03/04 Amended 21/06/05, 07/06/13, 02/02/15

*Explanatory Note – Amended to remove an unnecessary step in the process for requesting ASX Clear emergency assistance. The changes also reflect ASX's refreshed operating model which divides the post-trade operations function for ASX Clear between the Markets business (ETOs and OTC Options (FlexClear)) and the Securities and Payments Business (cash market).*

**SECTION 11 DERIVATIVES MARKET CONTRACT –  
ALLOCATION, PRICE AVERAGING AND  
DESIGNATION**

**PROCEDURE 11.1.1 PARTICIPANT MAY ALLOCATE DERIVATIVES MARKET  
CONTRACTS**

- (1) Subject to (2), for the purposes of Rule 11.1.1, an allocation of a Derivatives Market Contract by a Participant (the "First Participant") to another Participant (the "Second Participant") is effected only if made on the day on which the Derivatives Market



Contract is entered (trade day) and the allocation is made in accordance with the following:

- (a) the First Participant provides the details of the Derivatives Market Contract by 5.345 pm (Sydney time) on the trade day (unless it is also the Expiry Date in which case the relevant time is 6.20pm (Sydney time)); and
- (b) the Second Participant, in accordance with Rule 11.1.6 and these Procedures, either:
  - (i) accepts the allocated Derivatives Market Contract and on-allocates it by 5.345 pm (Sydney time) to another Participant (unless it is the Expiry Date in which case the relevant time is 6.20pm (Sydney time)); or
  - (ii) accepts the allocated Derivatives Market Contract by 5.650 pm (Sydney time) and does not on-allocate it in accordance with paragraph (i) (unless it is the Expiry Date in which case the relevant time is 6.30pm (Sydney time)).

Note, subject to Rule 1.20.2 ASX may extend the above times on request by the Participants concerned.

*Explanatory Note – Procedure 11.1.1 has been amended to reflect current practice.*

## SECTION 12 REGISTRATION, NOVATION, NETTING AND SETTLEMENT

### PROCEDURE 12.1.5 TIMING OF REGISTRATION

#### Cash Market Transactions:

Registration of a Cash Market Contract will occur immediately upon novation of the Cash Market Transaction under Rule 12.2.1, or in the case of an Offsetting Transaction Arrangement, registration of a transaction under the second leg of the Offsetting Transaction Arrangement will occur immediately upon the entry into of the Offsetting Transaction Arrangement.

#### Derivatives Market Transactions:

#### ~~TIME OF REGISTRATION OF MARKET CONTRACTS~~

Unless ASX Clear notifies Participants of another time, registration of a Derivatives Market Transaction will occur when the Derivatives Market Contract has been properly designated to Accounts of **both** Participants in whose names the Derivatives CCP Contracts will be registered.

Introduced 11/03/04 Amended 28/04/14

*Explanatory Note – Amended to delete an unnecessary heading.*

## PROCEDURE 12.17.2      PAYMENT OF NET AMOUNT BY ASX CLEAR

Subject to the completion of Batch Settlement (as defined in the operating rules of the Approved Settlement Facility) by the scheduled time, ASX Clear must pay to a Participant a net amount notified under Rule 12.16 through Austraclear by 12.30pm Sydney time (i.e. the Austraclear payments must be at “Matched” state or “Settled” state by 12.30pm Sydney time) on the day on which the payment is due, as specified by ASX Clear. In the event that the completion of Batch Settlement is delayed, ASX Clear may make a payment at a later time.

Introduced 11/03/04 Amended 10/05/04, 11/12/06, 27/07/07, 01/07/08, 01/02/10, 07/03/16

*Explanatory Note – Amended to reflect the current practice that ASX Clear may make a payment to a Participant at a later time if Batch Settlement is delayed.*

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

### PROCEDURE 13.1.1 TRANSFER BETWEEN PARTICIPANTS

ASX Clear will only transfer Derivatives CCP Contracts from a transferring Participant to a receiving Participant if the requirements for the transfer have been met under Rule 13.1.1 and the transfer is for one of the reasons outlined below.

#### Approved reasons for transferring Derivatives CCP Contracts

The circumstances in which ASX Clear will consent to requests from Participants to transfer Derivatives CCP Contracts, either between Participants (under Rule 13.1.1) or between accounts within a single Participant (under Rule 13.1.4) are:

- (a) Where there has been an error in the designation of the Derivatives Market Contract which gave rise to the Derivatives CCP Contract (i.e. a booking error) and Rule 12.23 is satisfied – refer to Rule 13.1.4
- (b) Same name registration
- (c) House to House account
- (d) No change in beneficial ownership.

Requests to transfer for reasons other than listed above will be rejected by ASX Clear because a Derivatives CCP Contract transfer under Rule 13.1 is not a transfer to which Part 7.11 (Div 3 or Div 4) of the Corporations Act applies. Reasons for this include that:

- (a) ASX Derivatives CCP Contracts are not Division 3 securities (to which Part 7.11 Div 3 of the Corporations Act applies) or Division 4 Financial Products (to which Part 7.11 Div 3 of the Corporations Act applies); and

(b) The transfer by ASX Clear of Derivatives CCP Contracts under Rule 13.1 is not a transfer effected by a prescribed Clearing and Settlement facility (i.e. ASX Settlement) and therefore Part 7.11 Div 4 does not apply.

Accordingly, the statutory warranties and indemnities contained in the regulations made for the purposes of Part 7.11 (Div 3 or Div 4) of the Corporations Act do not apply to a transfer by ASX Clear of a Derivatives CCP Contracts under Rule 13.1.

### **Procedures for transferring derivative contracts**

Where the account names are identical, approval from ASX Clear will be automatic provided the receiving Participant has entered the details of the Derivatives CCP Contract by 5.45pm (Sydney time) on the day the transfer is intended to take place.

Where the account names are not identical, ASX Clear will use its best endeavours to facilitate the transfer provided the transferring and receiving Participants have both entered the details of the Derivatives CCP Contract by 4.00pm (Sydney time) on the day the transfer is intended to take place.

If a Participant wants to request ASX Clear to transfer a Derivatives CCP Contract to another Participant, the transferring Participant must send a Clearing Message via DCS by 5.30 pm (Sydney time) on the day the transfer is intended to take place.

Introduced 11/03/04

*Explanatory Note – Procedure 13.1.1 has been amended for transparency and clarity to reflect ASX Clear's current practice that is set out in a market notice issued on 5 September 2012.*

## **PROCEDURE 13.1.4 TRANSFERS BETWEEN ACCOUNTS WITHIN A SINGLE PARTICIPANT**

See Procedures in relation to 13.1.1

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## **PROCEDURE 13.2.4 REINSTATEMENT FOLLOWING CLOSE OUT**

The time for notifying and requesting (in writing) ASX Clear reinstate Derivatives CCP Contracts closed out in error is by ~~5.00pm~~ **9.30am** on the next Business Day after the close out in error occurred or such other time notified by ASX Clear.

Introduced 11/03/04 Amended 08/02/08

*Explanatory Note – Amended to reflect current practice.*

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## SECTION 14 RISK MANAGEMENT

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### PROCEDURE 14.6.1 PARTICIPANT TO PROVIDE COVER (INCLUDING ADDITIONAL COVER)

A Participant must provide to, and maintain with, ASX Clear Cover for its margin, settlement to market and other obligations as follows:

#### Settlement to market obligations

Daily settlement to market obligations can only be covered by cash.

#### Margin

Derivatives CCP Contracts – Margin obligations can be covered by:

- (a) Cash;
- (b) Approved Financial Products;
- ~~(c) Bank guarantees.~~

Cash CCP Transactions – Margin obligations can be covered by:

- (a) Cash;
- (b) Approved Financial Products.

The manner of payment of cash will be the same as described under the Procedures for Rule 12.17. However, any cash payments to cover margin and settlement to market obligations calculated and called intraday (as opposed to following Trading Close) must be ~~settled~~<sup>executed</sup> via Austraclear's Exigo system. The required time for payment will be advised to impacted ~~Clearing~~ Participants at the time the call is made.

Details of ~~acceptable bank guarantees and~~ Approved Financial Products set out above, and the forms and Procedures for providing such Cover to ASX Clear are set out in Annexure 1 of these Procedures.

*Explanatory Note – Updated to reflect ASX Clear's long standing practice of not accepting bank guarantees as collateral. This practice reflects the requirements of the RBA's Financial Stability Standards.*

#### Lodging Approved Financial Products on a Cash Market Account

1. A Participant may lodge Approved Financial Products to satisfy margin obligations in respect of its Cash Market Account if the following conditions are satisfied:

- (a) the Approved Financial Products are acceptable Collateral for the purpose of Rule 14.6.1;
  - (b) the Approved Financial Products are and remain for the period of lodgement with ASX Clear unencumbered in accordance with Rule 14.6.3;
  - (c) the Approved Financial Products are lodged from a Direct Holding (as defined in the ASX Settlement Operating Rules) established and maintained by the Participant in its capacity as a Controlling Participant and notified to ASX Clear on a “Cash Market Account HIN” form; and
  - (d) the Participant is (and remains) the beneficial owner of the Approved Financial Products.
2. A Participant is permitted to:
  - (a) Register new Direct Holdings specifically for covering margins in respect of Cash Market Accounts; or
  - (b) Use existing Direct Holdings that cover margins in respect of Derivatives CCP Contracts,where the Direct Holding satisfies the conditions in 1 above.
3. A Participant with multiple PIDs may only nominate the Direct Holdings of one of those PIDs for the purpose of lodging Approved Financial Products on a Cash Market Account.

Procedures for providing Cover are set out in Annexure 1 of these Procedures.

*Note: Any unutilised collateral lodged in respect of a Cash Market Account cannot be used to cover margin obligations for an Account on the derivatives market and vice versa. However, this does not limit how collateral may be applied in the event of a Participant default.*

#### **Lodging Approved Financial Products on a House Account**

1. A Participant may lodge Approved Financial Products to satisfy margin obligations in respect of its House Account if the following conditions are satisfied:
  - (a) the Approved Financial Products are acceptable Collateral for the purpose of Rule 14.6.1;
  - (b) the Approved Financial Products are and remain for the period of lodgement with ASX Clear unencumbered in accordance with Rule 14.6.3;
  - (c) the Approved Financial Products are lodged from a Direct Holding (as defined in the ASX Settlement Operating Rules) established and maintained by the Participant in its capacity as a Controlling Participant and notified to ASX Clear on a “House Account HIN” form; and
  - (d) the Participant is (and remains) the beneficial owner of the Approved Financial Products.

2. A Participant is permitted to:
  - (a) Register new Direct Holdings specifically for covering margins in respect of House Accounts; or
  - (b) Use existing Direct Holdings that cover margins in respect of Cash CCP Transactions,

where the Direct Holding satisfies the conditions in 1 above.

3. A Participant with multiple PIDs may only nominate the Direct Holdings of one of those PIDs for the purpose of lodging Approved Financial Products on a House Account.

Procedures for providing Cover are set out in Annexure 1 of these Procedures.

*Note: Any unutilised collateral lodged in respect of a House Account cannot be used to cover margin obligations for a Client Account on the derivatives market or a Cash Market Account on the cash market and vice versa. However, this does not limit how collateral may be applied in the event of a Participant default.*

### **Additional Cover**

ASX Clear will require ~~Clearing~~ Participants to provide additional Cover in the form, manner and amount specified below.

#### **1. Form of additional Cover**

Additional Cover can only be covered by:

- (a) Cash; ~~and~~
- ~~(b) Unutilised Collateral as of close of business the previous business day which has not been flagged for withdrawal.~~

*Explanatory Note – Amended to reflect ASX Clear’s existing practices.*

#### **2. Settlement of additional Cover**

##### **a. Notice to ~~Clearing~~ Participants**

ASX Clear will notify ~~Clearing~~ Participants by email of any requirement to provide additional Cover, or receive a return of additional Cover, as soon as practical after ASX Clear has performed the calculations outlined below on each Business Day.

##### **b. Cash settlement facility**

All additional Cover provided in cash must be ~~settled~~executed via Austraclear’s Exigo system.

~~Clearing~~ Participants must advise ASX Clear of their Exigo and account details in the manner and form prescribed by ASX Clear from time to time.

~~Clearing~~ Participants that are not Austraclear Participants will be required to arrange for an Austraclear Participant (such as a Related Entity or its Payments Provider (as defined in the ASX Settlement Operating Rules)) (“Austraclear Agent”) to transfer funds on their behalf via Exigo and advise ASX Clear of the Exigo details in the manner and form prescribed by ASX Clear from time to time.

~~Clearing~~ Participants are responsible for promptly alerting their Austraclear Agent of an ASX Clear notification to pay/receive funds. Further, ~~Clearing~~ Participants are responsible for liaising with their Austraclear Agent to ensure that their cash limits are adequate to cover their payment obligations and that the deadlines for payments and receipts specified above are met by their Austraclear Agent.

**c. Time within which cash additional Cover must be transferred**

Additional Cover payments by ~~Clearing~~ Participants to ASX Clear ~~should~~**must** be “Matched” in Exigo within thirty minutes of receiving notification from ASX Clear as set out at 2.a above, and **must be** “Settled” in Exigo within two hours of receiving notification from ASX Clear as set out at 2.a above. Additional Cover may be settled as part of a Participant’s Cash Market Account daily margin settlement.

~~Payments by ASX Clear to Clearing Participants (by way of a return of additional Cover funds) must be “Matched” in Exigo within thirty minutes of receiving notification from ASX Clear as set out at 2.a above.~~

*Explanatory Note – Amended to reflect ASX Clear’s existing practice.*

**3. Calculation of additional Cover amount**

The following paragraphs describe the calculation of additional Cover for three additional Cover call types:

(A) Capital Based Position Limit additional Initial Margin (“CBPL AIMS”) – to protect ASX Clear against a ~~Clearing~~ Participant running large position exposures relative to the size of the organisation;

(B) ~~Credit~~**Capital** Stress Test additional Initial Margin; (“STEL AIMS”) – a protection to mitigate the risk of loss to ASX Clear in the event of a ~~Clearing~~ Participant default under stressed market conditions;

(C) “General requirement additional Initial Margin” – to mitigate against a risk to ASX Clear arising from circumstances, events or incidents negatively impacting a ~~Clearing~~ Participant.

**(A) CBPL additional Initial Margin**

**a. Basis of initial calculation**

ASX Clear will calculate the amount of CBPL additional Initial Margin required from each ~~Clearing~~ Participant on each Business Day according to the formulae specified below:

**(i) Calculate Account CBPL Initial Margin**

Account CBPL Initial Margin is calculated for each Account based on Initial Margin and premium margin values calculated as at close of business the prior day as follows:



Account CBPL Initial Margin = Zero IF Account premium margin < Zero\*  
AND absolute Account premium margin >= Account Initial Margin

Otherwise

Account CBPL Initial Margin = Account Initial Margin

\* An Account with credit premium margin

(ii) Calculate ~~Clearing~~ Participant CBPL Initial Margin

~~Clearing~~ Participant CBPL Initial Margin is calculated for each ~~Clearing~~ Participant based on their Account CBPL Initial Margins as follows:

CBPL Initial Margin = Sum [Account CBPL Initial Margin ~~Clearing~~ Participant] + Cash Market Margining Risk Margin

(iii) Calculate ~~Clearing~~ Participant CBPL Usage

~~Clearing~~ Participant CBPL Usage is calculated for each ~~Clearing~~ Participant based on their ~~Clearing~~ Participant CBPL Initial Margin and reported Liquid Capital in accordance with ASX Clear Risk Based Capital Requirements, or NTA, as each of those terms is defined in Schedules 1 and 2 respectively of the ASX Clear Operating Rules (collectively referred to below as Capital) as follows:

CBPL Usage = CBPL Initial Margin / Capital

where Capital is:

- Liquid Capital if the Participant is subject to the Risk Based Capital Requirements; or
- If the Participant is not subject to the Risk Based Capital Requirements:
  - Tier 1 capital if the Participant discloses this on a single entity basis; or
  - 50% of Tier 1 capital if the Participant discloses this on a consolidated group basis.

(iv) Calculate CBPL additional Initial Margin Obligation

ASX Clear requires ~~Clearing~~ Participants to maintain CBPL Usage below a “CBPL Usage Threshold” of 32.0, or as amended from time to time and advised to ~~Clearing~~ Participants by ASX Clear Notice or separate advice to a ~~Clearing~~ Participant.

A ~~Clearing~~ Participant in breach of the CBPL Usage Threshold will be required to meet a CBPL additional Cover Obligation calculated as follows:

CBPL additional Initial Margin Cover Obligation = CBPL Initial Margin  
– (Capital x CBPL Usage Threshold x CF%)

Where CF% is a correction factor advised by ASX Clear at the time of the call.

The correction factor is intended to reduce CBPL Usage to a level below the threshold to avoid the need for frequent top- ups.

*Explanatory Note – Amended to reflect ASX Clear’s existing practice.*

**b. Daily review**

**(i) Calculate ~~Clearing~~ Participant Adjusted CBPL Usage**

Following an initial lodgement of CBPL additional Initial Margin Cover by a ~~Clearing~~ Participant, ASX Clear will calculate CBPL Usage adjusted for CBPL additional Cover held (“Adjusted CBPL Usage”) on a daily basis as follows:

Adjusted CBPL Usage = (CBPL Initial Margin – CBPL additional Initial Margin Cover) / Capital

**(ii) Adjustments to CBPL additional Initial Margin Cover**

ASX Clear will monitor ~~Clearing~~ Participant CBPL Usage and Adjusted CBPL Usage on a daily basis.

Any adjustment to a ~~Clearing~~ Participant’s CBPL additional Initial Margin Cover obligation will be determined at ASX Clear’s discretion and notified to the ~~Clearing~~ Participant as detailed at 2a above.

**(iii) Full return of CBPL additional Initial Margin Cover**

CBPL additional Initial Margin Cover will be returned to a ~~Clearing~~ Participant in full at such time as ASX Clear is satisfied that CBPL Usage can be maintained below the CBPL Usage Threshold in the medium term as demonstrated by:

- an increase in Capital (including through drawdown of Approved Subordinated Debt), or
- a reduction in CBPL Initial Margin resulting from a sustained reduction in open positions.

**(B) CST additional Initial Margin (“STEL AIMS”)**

**a. Basis of calculation**

ASX Clear will calculate the amount of CST additional Initial Margin required from each ~~Clearing~~ Participant on each Business Day (“STEL AIMS Obligation”) according to the formulae specified below:

**(i) Calculate ~~Clearing~~ Participant CST**

~~Clearing~~ Participant CST (“CST<sub>Total</sub>”) is calculated by ASX Clear in respect of each ~~Clearing~~ Participant on each Business Day using the ~~Credit~~apital Stress Test (CST) Model, which estimates ASX Clear’s potential loss in the event of the ~~Clearing~~ Participant’s default in extreme but plausible market conditions.<sup>1</sup> ~~(for further details refer to Participant Notices 022/07 and 046/08).~~

<sup>1</sup> The principle purpose of the CST Model is to assess the sufficiency of ASX Clear’s financial resources to meet its obligations under its clearing and settlement facility licence and the RBA’s Financial Stability Standards for Central Counterparties. The model estimates the potential financial losses in managing a Participant default across a range of extreme but plausible market, sector and stock specific stress scenarios.

CST<sub>Total</sub> is the sum of stress losses calculated by ASX Clear, using the CST Model, in respect of the ~~Clearing~~ Participant's cash market clearing obligations ("CST<sub>Cash</sub>") and derivatives market clearing obligations ("CST<sub>Derivatives</sub>").

(ii) Calculate ~~Clearing~~ Participant additional Initial Margin Obligation

The quantum of the ~~Clearing~~ Participant's obligation on a Business Day to make a CST additional Initial Margin call ("STEL AIMS Obligation") is calculated as the greater of:

- (A) CST<sub>Total</sub> on that Business Day minus the Stress Test Exposure Limit ("STEL"); and
- (B) zero.

Each ~~Clearing~~ Participant will be assigned a STEL to be used as the call threshold in the calculation of the ~~Clearing~~ Participant's STEL AIMS Obligation. The STEL is ~~a limit~~ the lower of the following limits:

- (A) A limit based on ASX Clear's internal credit assessment of each Participant; and
- (B) A limit based on the level of volatility of each Participant's CST exposure.

~~based on ASX Clear's internal credit assessment of each Clearing Participant.~~

ASX Clear will advise each ~~Clearing~~ Participant of its initial STEL, and any subsequent changes to its STEL, in writing. ASX Clear may change its internal credit assessment and STEL in respect of a ~~Clearing~~ Participant at any time in its absolute discretion and without prior notice to the ~~Clearing~~ Participant.

ASX Clear may apply, in its absolute discretion, a discount to the STEL AIMS Obligation for highly rated ~~Clearing~~ Participants under normal market conditions. Relevant ~~Clearing~~ Participants will be notified of their eligibility for discounts in their STEL Advice.

For ~~Clearing~~ Participants subject to a limit on the value of parent/associated entity equity Collateral lodgements ("Associated Collateral") (refer Annexure 1, 2.2.1), the STEL in respect of ~~Clearing~~ Participants referenced at (A) will be reduced by the haircut value of Associated Collateral held by ASX Clear at close of business on the business day preceding the call.

~~If both a CPBL and STEL AIMS Obligation is required, the larger of the two AIMS values will be called. For example, STEL AIMS > CBPL AIMS = STEL AIMS~~

~~Any STEL AIMS Obligation will be reduced by the value of any non-CST additional Initial Margin already lodged at the time of the STEL AIMS call.~~

(iii) Calculate ~~Clearing~~ Participant CST Cash Obligation

The ~~Clearing~~ Participant's CST Cash Obligation on a Business Day is calculated as a proportion of its STEL AIMS Obligation on that Business Day, as follows:

$$\text{CST Cash Obligation} = \text{CST}_{\text{Cash}} / \text{CST}_{\text{Total}} \times \text{STEL AIMS Obligation}$$

(iv) **Calculate ~~Clearing~~ Participant CST Derivatives Obligation**

The ~~Clearing~~ Participant's CST Derivatives Obligation on a Business Day is calculated as a proportion of its STEL AIMS Obligation on that Business Day, as follows:

$$\text{CST Additional Cover Obligation} = \text{CST}_{\text{Derivatives}} / \text{CST}_{\text{Total}} \times \text{STEL AIMS Obligation}$$

The STEL AIMS amounts calculated in accordance with (i) to (iv) above will be rounded to the nearest hundred thousand dollars, with values less than fifty thousand dollars rounded down, and values equal to or greater than fifty thousand dollars rounded up.

**b. Daily review/recalculation**

- (i) Each ~~Clearing~~ Participant's STEL AIMS Obligation will be reviewed and recalculated by ASX Clear and, if greater than zero, notified to the ~~Clearing~~ Participant each Business Day.
- (ii) Subject to paragraph 3(B)b.(iii), if the STEL AIMS Obligation for a ~~Clearing~~ Participant, re calculated in accordance with paragraphs (B)a.(i) to (iv) above, is greater than or less than the STEL AIMS Obligation calculated for that ~~Clearing~~ Participant on the immediately preceding Business Day, then the ~~Clearing~~ Participant must lodge further STEL AIMS Cover, or ASX Clear will return funds previously lodged by the ~~Clearing~~ Participant as STEL AIMS Cover, as the case may be, to the extent necessary to ensure that the ~~Clearing~~ Participant's aggregate STEL AIMS Cover, following the lodgement of further STEL AIMS Cover or return of funds, is maintained at the re-calculated level of its STEL AIMS Cover Obligation. Any such lodgement of further STEL AIMS Cover or return of funds must be made in accordance with this section (B).
- (iii) By transferring funds to ASX Clear as STEL AIMS Cover in fulfilment of its STEL AIMS Obligation, a ~~Clearing~~ Participant is taken to have authorised ASX Clear to allocate from time to time such proportion (0 – 100%) of those funds, to the extent they are not then required to meet the ~~Clearing~~ Participant's CST Derivatives Obligation to the ~~Clearing~~ Participant's CST Cash Obligation, as re calculated in accordance with paragraph (B)(b)(i), and to hold such cash for the duration of such allocation as the absolute legal and beneficial property of ASX Clear in accordance with Rule 10.3.1.

**(C) General requirement**

Any obligation to lodge additional Cover under this paragraph (C) will be separately discussed with and communicated to the ~~Clearing~~ Participant concerned, including details of lodgement times and subsequent adjustments and review of the obligation.

**4. Interest**

**a. Interest rate and administration fee on additional Cover cash STEL AIMS Cover**

The interest rate paid on cash STEL AIMS and CBPL AIMS Cover will be in accordance with the fee schedules published by ASX Clear from time to time.

## b. Payment of interest

Interest will be credited to ~~Clearing~~ Participants monthly in arrears on the first<sup>1<sup>st</sup></sup> Business Day of the month. ~~Interest on additional Cover attributed to a Participant's Cash Market Account will be credited monthly in arrears on the second Business Day of the month.~~

ASX Clear will notify ~~Clearing~~ Participants by email of interest payments (if applicable) as soon as practical after the interest has been credited to ~~Clearing~~ Participants.

All interest transfers will be ~~settled~~executed via Austraclear's Exigo system.

Interest payments by ASX Clear to ~~Clearing~~ Participants must be matched in Exigo by ~~Clearing~~ Participants within thirty minutes of receiving notification of that payment from ASX Clear.

Introduced 11/03/04 Amended 30/04/04, 31/07/07, 10/12/07, 20/10/08, 02/02/09, 30/09/09, 19/04/10, 23/08/10, 11/04/11, 10/12/12, 07/06/13, 15/06/15, 08/02/17

*Explanatory Note – Amended to reflect current practice. Terminology amended to refer to Participants (rather than Clearing Participants) given the defined term.*

*Further updates have been made to reflect changes to STELs which were effective 1 November 2024.*

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## PROCEDURE 14.6.4 ATTRIBUTING COVER

### General Attribution

Derivatives CCP Contracts Cover (with the exception of STEL AIMS ~~Cover~~, CBPL AIMS and other additional Cover (as defined in Procedure 14.6.1)) will be attributed in the manner determined by the Clearing System.

The clearing system will attribute Cover in the following order:

- Specific Cover;
- Other Collateral; and then
- Cash.

Where a Cover Group has been established:

- Specific Cover lodged in regard of any individual account in the Group;
- Other Collateral lodged in regard of any individual account in the Group;
- Group Cover; and then
- Cash.

Note – the process of Group Cover application is carried out in alpha/numeric order across the individual accounts within the Group.

Cash CCP Transactions Cover will be attributed in the following order:

- Collateral;
- Cash.

ASX Clear does not currently allow Participants to change any of the attribution of any Cover or Collateral.

STEL AIMS, CBPL AIMS and other additional Cover (as defined in Procedure 14.6.1) will be attributed to the ~~Clearing~~ Participant's Cash Market Account, or as otherwise advised by ASX Clear at the time the call is made.

Introduced 11/03/04 Amended 30/04/04, 10/12/07, 07/06/13

*Explanatory Note – Amended to reflect existing practice.*

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## SECTION 20 SETTLEMENT OF DERIVATIVES CCP CONTRACTS

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### PROCEDURE 20.6.1 PARTICIPANT MAY REQUEST ASSISTANCE TO CORRECT ERROR IN EXERCISE

For the purposes of Rule 20.6.1, the requesting Participant may notify ASX Clear of the Participant exercise error by contacting ASX Clearing Operations by 9:00am on the Business Day following the Expiry Date (or where the Participant exercise error relates to a non-exercise or an exercise of an Options CCP Contract on a date other than the Expiry Date, then by 9:00am on the Business Day following the date of the non-exercise or exercise of the Options CCP Contract) and request that ASX Clear contact counterparty Participants to inform them of the Participant exercise error and ask them if they are prepared to address the Participant exercise error.

The request must be made by an authorised signatory of the requesting Participant and must include the following information:

- the affected Options CCP Contracts, including the relevant Series and number of contracts affected by the Participant exercise error and the Account(s) in which they were registered;
- whether as a result of the Participant exercise error there was:
  - o a non-exercise of the affected Options CCP Contracts; or
  - o an exercise of the affected Options CCP Contracts.

Unless otherwise determined by ASX Clear, the authorised signatory of the requesting Participant must also provide ASX Clear with the request in writing as soon as possible, in the form as may be specified by ASX from time to time, by email to ASX Clearing Operations at: [deriv.clearing@asx.com.au](mailto:deriv.clearing@asx.com.au). ASX Clear may at its discretion take the action referred to below prior to receiving the request in writing.

Where ASX Clear has received such a request from a requesting Participant by the time specified above, ASX Clear will, to the extent reasonably practicable, contact prior to 9:30am on that Business Day the relevant Participants who were Sellers of Options CCP Contracts in



the same Series and who have been allocated or not allocated an Exercise Notice (as applicable) in the circumstances identified by the requesting Participant (**‘counterparty Participants’**) and ask them if they are prepared to address the Participant exercise error.

ASX Clear may disclose the identity of the requesting Participant to the counterparty Participants (which the requesting Participant will be deemed to have consented to when it contacts ASX Clear to seek ASX Clear’s assistance to address the Participant exercise error).

ASX Clear will not provide the details of a counterparty Participant to the requesting Participant unless the counterparty Participant indicates it is prepared to address the error or otherwise consents to its details being provided.

If a counterparty Participant indicates it is prepared to address the Participant exercise error or otherwise consents to its details being provided, ASX Clear will notify the requesting Participant of the identity and contact details of that counterparty Participant, and if it has not already done so, ASX will notify the counterparty Participant of the identity and contact details of the requesting Participant.

It is then a matter for the requesting Participant and the counterparty Participant to contact each other and to negotiate between themselves as to whether they agree to take action to address the Participant exercise error and as to the terms of any such agreement. It is at the absolute discretion of the relevant counterparty Participant as to whether they agree to address the Participant exercise error.

Other than where ASX Clear agrees to take steps under Procedure 20.6.2 to give effect to action to address a Participant exercise error on a date other than the Expiry Date, any action agreed to by the requesting Participant and counterparty Participant to address the Participant exercise error is to be effected directly between those Participants outside of the exercise and allocation process undertaken by ASX Clear (which occurs automatically post the relevant exercise cut-off time based on exercise information at that time).

Introduced 02/02/15

*Explanatory Note – Amended to update email address.*

#### **PROCEDURE 20.6.2 ASX CLEAR ASSISTANCE TO GIVE EFFECT TO ACTION AGREED BY PARTICIPANTS TO ADDRESS PARTICIPANT EXERCISE ERROR ON DATE OTHER THAN EXPIRY DATE**

Where the Participant exercise error relates to a non-exercise or exercise of an Options CCP Contract on a date other than the Expiry Date for that Options CCP Contract, ASX Clear may, at its discretion following a request in writing by the requesting Participant and counterparty Participant, take any of the following steps to give effect to action agreed to by the requesting Participant and counterparty Participant to address the Participant exercise error:

- in the case of a Participant exercise error in exercising an Options CCP Contract:
  - o facilitate in conjunction with the relevant Underlying Market, the cancellation of the Cash Market Transaction and Cash CCP Transaction that has arisen from the exercise of the Options CCP Contract;



- o reinstate the registration of the affected Options CCP Contracts in the name of the Buyer and Seller in the same Accounts in which they were previously registered;
- o in relation to the reinstatement of the registration of the affected Options CCP Contracts, apply a credit for exercise fees;
- o any other steps that ASX Clear considers appropriate having regard to Rule 1.15 to give effect to action agreed to by the requesting Participant and counterparty Participant to address the Participant exercise error;
- in the case of a Participant exercise error in not exercising an Options CCP Contract:
  - o consent under Rule 13.1 to the transfer of the affected Options CCP Contract in the name of the Buyer to the Seller into the same Account in which the affected Options CCP Contract in the name of the Seller is held and provide for the close-out of that Options CCP Contract under Rule 13.2 by ensuring that the relevant Account is set to “auto matchout”;
  - o facilitate in conjunction with the relevant Underlying Market, the reporting to the relevant Underlying Market of the Cash Market Transaction that has arisen from the exercise of the Options CCP Contract;
  - o in relation to the exercise of the Options CCP Contract, manually apply the exercise fees which would ordinarily be applicable to such exercise;
  - o any other steps that ASX Clear considers appropriate having regard to Rule 1.15 to give effect to action agreed to by the requesting Participant and counterparty Participant to address the Participant exercise error.

The request in writing by the requesting Participant and counterparty Participant must be provided by an Authorised Signatory of the relevant Participant and be sent by email to: [deriv.clearing@asx.com.au](mailto:deriv.clearing@asx.com.au). The request must set out:

- the affected Options CCP Contracts, including the relevant Series and number of contracts affected by the Participant exercise error and the Account in which they were registered;
- the action agreed to by the requesting Participant and counterparty Participant to address the Participant exercise error, including in the case of a Participant exercise error relating to the exercise of an Options CCP Contract over Underlying Financial Products as to whether the resulting Cash Market Transaction and Cash CCP Transaction that has arisen from the exercise of the Options CCP Contract is to be cancelled; and
- the assistance requested from ASX Clear (including the specific steps that it is sought that ASX Clear take) to give effect to action agreed to by the requesting Participant and counterparty Participant to address the Participant exercise error.

Introduced 02/02/15

<i>Explanatory Note – Amended to update email address.</i>
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## ANNEXURE 1 COLLATERAL PROCEDURES

### 2.1 Single Account/Cover Group Collateral

Collateral may relate to a single Account or to more than one Account (i.e., a Cover Group). If more than one Account is specified in the Registered Holder Collateral Cover Authorisation for Client Account form or Linking Information provided by a Participant in accordance with section 3 of this Annexure 1, ASX Clear will, for the purpose only of determining the value of Cover provided in relation to the specified Accounts, apportion the value of the Cover between the specified Accounts.

This apportionment is purely administrative and does not affect the right of ASX Clear to apply the Cover as authorised under Rule 14.6.4.

An account cannot belong to more than one Cover Group. Cover Groups cannot contain Cash Market Accounts or both House and Client Accounts in the same group.

Participants must notify House and Client Cover Groups to ASX Clear by email to [deriv.clearing@asx.com.au](mailto:deriv.clearing@asx.com.au) containing the following details:

- name of Cover Group; and
- Accounts constituting the Cover Group.

In addition, Registered Holder Collateral Cover Authorisation forms or Linking Information which relate to Client Accounts that are part of a Cover Group must specify all Accounts constituting the Cover Group.

Introduced 11/03/04 Amended 02/02/09, 07/06/13, 01/03/19

### 2.2.2 Bank Guarantees ~~[Deleted]~~

~~*Note: In general bank guarantees are not acceptable collateral under the Reserve Bank's Financial Stability Standards for Central Counterparties (FSS).*~~

#### ~~*House Accounts and Client Accounts*~~

~~ASX Clear may, in its absolute discretion, allow a Participant to lodge a bank guarantee from an approved bank in the form approved by ASX Clear as Collateral in respect of a House Account or Client Account.~~

#### ~~**Approved Banks**~~

~~ASX Clear accepts guarantees from Authorised Deposit-taking Institutions (banks only) with an S&P short term credit rating of A-1+ with the following exception:~~

- ~~Participant issued or Parent/associated entity issued bank guarantees are not accepted as Collateral.~~

~~Participants wishing to lodge bank guarantees must first satisfy themselves that the issuer meets the acceptability criteria before requesting lodgement of the guarantee. If a bank guarantee ceases to satisfy the criteria, the relevant Clearing Participant(s) will be notified and provided sufficient time for replacement collateral to be lodged.~~

~~Each day, ASX Clear assigns a value for margin purposes to all Collateral held or provided. ASX Clear will value bank guarantees at face value.~~

### **Form of Guarantee**

~~There are three forms of acceptable bank guarantee:~~

~~(a) The Bank Guarantee – House Account that allows only ASX Clear to demand payment from the bank. This guarantee may only be used for House Accounts.~~

~~— The Bank Guarantee – House Account is included at Annexure 2.~~

~~(b) The Bank Guarantee – Standard for Client Account that allows only ASX Clear to demand payment from the bank. This guarantee may only be used for Client Accounts.~~

~~— The Bank Guarantee – Standard for Client Account is included at Annexure 2.~~

~~(c) The Bank Guarantee – Dual Beneficiary for Client Account that allows either ASX Clear or the Participant to demand payment from the bank. This guarantee may only be used for Client Accounts.~~

~~— The Bank Guarantee – Dual Beneficiary for Client Account is included at Annexure 2.~~

~~No amendments or alterations to the bank guarantees are acceptable.~~

~~Where a Participant lodges a Bank Guarantee – House Account the Participant must notify ASX Clear of those House Accounts (Derivatives) which the Guarantee is intended to cover for margining purposes by email to [deriv.clearing@asx.com.au](mailto:deriv.clearing@asx.com.au). Attribution in accordance with the Participant's notification and Procedure 14.6.4 is purely administrative and does not affect the right of ASX Clear to apply the proceeds of the Guarantee under Rule 14.6.4.~~

~~Amended 31/07/07, 02/02/09, 07/06/13, 28/04/14, 08/02/17~~

*Explanatory Note – Updated to reflect ASX Clear's long standing practice of not accepting bank guarantees as collateral. This practice reflects the requirements of the RBA's Financial Stability Standards.*

## **3. FINANCIAL PRODUCTS MOVEMENTS**

### **3.1 Prerequisites to lodgement of Approved Financial Products**

#### Client Accounts

Client Accounts may qualify to participate in the paperless lodgement scheme where:-

- (a) the Account name in DCS matches the Registered Holder name in CHESS, the ASX Clear Participant is the ASX Settlement Participant that controls the Registered Holding and a completed original *Addendum to Derivatives Client Agreement Form* has been lodged with ASX Clear prior to 28 February 2005; or
- (b) a completed *Registered Holder Collateral Cover Authorisation* form has been lodged for the Client Accounts with ASX Clear prior to 1 March 2019; or
- (c) a Participant has lodged with ASX Clear a document in a form approved by ASX Clear, that identifies a Holder Identification Number (HIN) on the CHESS Subregister against that Client Account ("**Linking Information**").

Client Accounts for which these requirements have not been completed must lodge other forms of Cover, i.e. cash ~~or bank guarantees~~.

With effect from 1 November 2011, where a Participant lodges a copy of the *Registered Holder Collateral Cover Authorisation* form, it must retain the original of the form and be able to produce it for ASX Clear on request for a period of 7 years from the date on which the Participant ceases to be the relevant client's Controlling Participant.

#### House Accounts

Prior to lodging Approved Financial Products on a House Account a completed *House Account HIN* form must be lodged with ASX Clear.

The *House Account HIN* form is included at Annexure 2.

House Accounts for which these requirements have not been completed must lodge other forms of Cover, i.e. cash ~~or bank guarantees~~.

#### Cash Market Accounts

Prior to lodging Approved Financial Products on a Cash Market Account a completed *Cash Market Account HIN* form must be lodged with ASX Clear.

The *Cash Market Account HIN* form is included at Annexure 2.

Cash Market Accounts for which these requirements have not been completed must lodge cash as Cover.

Introduced 11/03/04 Amended 10/12/04, 20/05/05, 02/02/09, 01/11/11, 07/06/13, 08/02/17, 01/03/19

*Explanatory Note – Updated to reflect ASX Clear's long standing practice of not accepting bank guarantees as collateral. This practice reflects the requirements of the RBA's Financial Stability Standards.*

3.3

### Lodgement of Approved Financial Products as Specific Cover

Specific Cover lodgements may be established at the Financial Product level within an Account or at the Account level as follows:

#### a. Financial Product Level

A Participant may classify any Financial Product level within an Account as specific Cover.

ASX Clear will only accept lodgements of Financial Products which are CHESs sponsored. Participants can arrange for an ASX Settlement participant to lodge Collateral electronically by sending a CHESs 027- *Options Cover Creation Request* message to CHESs specifying specific Cover lodgement. CHESs then forwards this message to ASX Clear as a 610 - *Options Cover Notification* CHESs message.

If ASX Clear rejects the lodgement, the ASX Settlement Participant will receive from CHESs an 030 - *Reduced Options Cover* CHESs message.

Once it has been processed by ASX Clear, the Participant will be sent confirmation via DCS.

#### b. Account Level

A Participant may classify any Account as specific Cover.

When an Account has been classified as specific Cover, any future Financial Product lodgements in the Account will be automatically classified as specific Cover and will only be applied against written Call Option positions with the same underlying lodged in the Account (see 2.2.1(ii)).

However, if a Participant requires existing Financial Product lodgements in a specific Cover Account to be classified as specific Cover, the Participant must submit a request to ASX Clear via email to [deriv-clearing@asx.com.au](mailto:deriv-clearing@asx.com.au).

Introduced 02/02/09 Amended 07/06/13

3.4

### Withdrawal of Approved Financial Products or Cash Lodged as Cover Against Margin Obligations

In the event that a Participant wishes to exchange Collateral or replace one form of Cover (Collateral or Cash Cover) with another form of Cover in respect of margin obligations, the replacement Cover must be received by ASX Clear before ASX Clear will release the Cover to be exchanged or replaced (as the case may be). Three alternative approaches are outlined below.

#### a. 'Exchanging' Collateral

Collateral may be replaced by other Collateral at any time between 8.00 am and 5.00 pm on any Business Day. Where a Participant wishes to replace Collateral with other Collateral, ASX Clear will release the

Collateral that is to be replaced upon receipt of the replacement Collateral.

**b. Replacement of Collateral with Cash Cover**

Where a Participant wishes to replace Collateral with Cash Cover, ASX Clear will release the Collateral that is to be replaced upon receipt of the replacement Cash Cover. There is no mechanism available to effect the replacement of Collateral with Cash Cover intra-business day.

Participants are required to transmit withdrawal requests by 5.00 pm on the business day before release of the Collateral is required. ASX Clear will remove the Collateral from the account(s) and release it back to the Participant after the scheduled (CHES or Austraclear) settlement *has completed* on the required day of release.

**c. Replacement of Cash Cover with Collateral**

Where a Participant wishes to replace Cash Cover with Collateral, ASX Clear will release the Cash Cover that is to be replaced following receipt of the replacement Collateral. Participants will be required to lodge the replacement Collateral with ASX Clear by 5.00 pm on the business day before the Cash Cover is required to be released. ASX Clear will undertake the resulting payment to the ~~Clearing~~ Participant on the following day in the normal daily scheduled CHES/ Austraclear settlement.

**It is important that Participants ensure these timings are taken into account in planning all movements of Cover and that the monitoring tools available in collateral management are utilised.**

In all cases, Participants are required to contact Clearing ~~and Settlements~~ (phone ~~1800 814 051~~, email [deriv.clearing@asx.com.au](mailto:deriv.clearing@asx.com.au)) to request the replacement of Cover.

Amended 16/07/07, 02/02/09, 07/06/13

*Explanatory Note – Amended to update contact details and referencing error.  
Terminology amended to refer to Participants (rather than Clearing Participants) given the defined term.*

**4. BANK GUARANTEES ~~[Deleted]~~**

**4.1 Lodgement of Bank Guarantees ~~[Deleted]~~**

~~To lodge a Bank Guarantee with ASX Clear the completed Bank Guarantee – House Account or Guarantee – Standard for Client Account or Bank Guarantee – Dual Beneficiary for Client Account must be sent to ASX Clear.~~

~~An incomplete or incorrect Bank Guarantee will be returned to the Participant.~~

~~A bank guarantee may not have any annexures. If there is insufficient space on the bank guarantee for account names, additional bank guarantee forms must be completed.~~

~~A bank guarantee can not be lodged with an expiry date being a non Business Day.~~

~~Once ASX Clear has processed the lodgement of a bank guarantee, the Participant will be sent confirmation via reports available through DCS.~~

Amended 30/04/04, 08/02/08, 02/02/09, 07/06/13, 08/02/17

#### 4.2 **Withdrawal of Bank Guarantees** ~~[Deleted]~~

~~To withdraw a bank guarantee lodged as Collateral, an authorised signatory of the Participant must fax ASX Clear on 1300 300 577 or e-mail ASX Clear at [deriv.clearing@asx.com.au](mailto:deriv.clearing@asx.com.au) requesting removal.~~

~~A bank guarantee can only be withdrawn in full. No alterations or Account allocations can be made once a bank guarantee has been lodged at ASX Clear. If any alterations or allocations are required, a new bank guarantee will be required.~~

~~ASX Clear will retain a withdrawn bank guarantee until any margin obligation for the associated account(s) has been met by the Clearing Participant the following business day unless alternate Cover has been lodged.~~

~~A bank guarantee must be withdrawn at least one business day prior to specified expiry date.~~

Amended 30/04/04, 08/02/08, 02/02/09

#### 4.3 **Transfer of Bank Guarantee Not Allowed** ~~[Deleted]~~

~~A bank guarantee cannot be transferred from one Participant to be treated as Collateral for another Participant. It must be withdrawn and a new bank guarantee lodged by the new Participant.~~

Introduced 11/03/04 Amended 30/04/04, 02/02/09

*Explanatory Note – Updated to reflect ASX Clear's long standing practice of not accepting bank guarantees as collateral. This practice reflects the requirements of the RBA's Financial Stability Standards.*

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## ANNEXURE 2 CLEARING FORMS

### Collateral Forms

5.1 Form C3 – Transfer of Collateral between Participants

5.2 Bank Guarantee – House Account – ~~[Deleted]~~



- 5.3 Bank Guarantee – Standard for Client Account - ~~[Deleted]~~
- 5.4 Bank Guarantee – Dual Beneficiary for Client Account - ~~[Deleted]~~
- 5.5 ASX Clear Austraclear Pledged Securities – Lodgement - ~~[Deleted]~~
- 5.6 Cash Market Account HIN Form
- 5.7 House Account HIN Form

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### **~~BANK GUARANTEE – HOUSE ACCOUNT LODGEMENT~~**

TO: ASX CLEAR PTY LIMITED ABN 48001 314 503 \_\_\_\_\_ ("Principal")

⊕ GUARANTEE ON ACCOUNT OF \_\_\_\_\_ ("Customer")

⊗ IN RESPECT OF \_\_\_\_\_ ("Participant")

⊕ \_\_\_\_\_ ABN \_\_\_\_\_ ("the Bank") at the request of the Customer hereby undertakes unconditionally to pay on demand to the Principal any amount or amounts not exceeding in total A\$ \_\_\_\_\_ ⊕ ( \_\_\_\_\_ Australian dollars) ("the total amount") which may from time to time be demanded in writing by the Principal in respect of the obligations of the Participant to the Principal for premiums, margins or other moneys payable in connection with any and all Accounts opened by the Participant in accordance with the ASX Clear Operating Rules and Procedures (as amended from time to time).

Payment of the total amount or any part or parts thereof will be made by the Bank to the Principal at the place and in the manner specified by the Principal, without reference by the Bank to the Customer and without enquiry as to the nature, existence or extent of the Participant's obligations to the Principal and notwithstanding any notice to the Bank by the Customer not to pay any moneys under this Guarantee.

This Guarantee continues in force until the first of the following events occurs:-

- (a) the Principal notifies the Bank in writing that this Guarantee is no longer required by the Principal;
- (b) the Bank pays to the Principal the total amount or the balance thereof remaining after any part payment or payments;
- ⊕ (c) 4.00 pm on the \_\_\_\_\_ day of \_\_\_\_\_.

The Bank may at any time (without being required by the Principal to do so) terminate this Guarantee by paying to the Principal the total amount or the balance thereof remaining after any part payment or payments.

⊕ Any demand under this Guarantee may be made by facsimile transmission to fax number: ( - )

The Principal cannot assign or transfer its rights under this Guarantee.

This Guarantee is governed by and is construed in accordance with the laws of New South Wales.

⊕ DATED at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_

~~Ⓢ-EXECUTED for and on behalf of~~

~~(name of Bank)  
by its attorney/s~~

~~(print full name/s)  
in the presence of:  
(or execute under common seal)~~

~~Ⓢ- Any demand or correspondence in relation to this Guarantee should be addressed to:  
The Manager,  
(name of Bank),  
(Branch),  
(address),  
fax no (–)~~

### **EXPLANATION OF BANK GUARANTEE – HOUSE ACCOUNT LODGEMENT**

- ~~1. \_\_\_\_\_ Customer's name~~
- ~~2. \_\_\_\_\_ Participant's name~~
- ~~3. \_\_\_\_\_ Name of the bank~~
- ~~4. \_\_\_\_\_ Amount of the bank guarantee in numbers and words~~
- ~~5. \_\_\_\_\_ Date of expiry, if any~~
- ~~6. \_\_\_\_\_ Facsimile number of bank issuing the bank guarantee~~
- ~~7. \_\_\_\_\_ Place and Date of bank guarantee~~
- ~~8. \_\_\_\_\_ This section to be executed by the bank~~
- ~~9. \_\_\_\_\_ Name and address of bank~~

~~Introduced 07/06/13~~

*Explanatory Note – Removed to reflect ASX Clear's long standing practice of not accepting bank guarantees as collateral. This practice reflects the requirements of the RBA's Financial Stability Standards.*

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### **BANK GUARANTEE – STANDARD FOR CLIENT ACCOUNT (NOT FOR HOUSE ACCOUNT)**

TO: ASX CLEAR PTY LIMITED ABN 48001 314 503 \_\_\_\_\_ ("Principal")

⊕ GUARANTEE ON ACCOUNT OF \_\_\_\_\_ ("Customer")

⊗ IN RESPECT OF \_\_\_\_\_ ("Participant")

⊕ \_\_\_\_\_ ABN \_\_\_\_\_ ("the Bank") at the request of the Customer hereby undertakes unconditionally to pay on demand to the Principal any amount or amounts not exceeding in total A\$ \_\_\_\_\_ ⊕ ( \_\_\_\_\_ Australian dollars) ("the total amount") which may from time to time be demanded in writing by the Principal in respect of the obligations of the Participant to the Principal for premiums, margins or other moneys payable in connection with the following Accounts:-

⊕ Full Account name and number

- 1-
- 2-
- 3-
- 4-

Payment of the total amount or any part or parts thereof will be made by the Bank to the Principal at the place and in the manner specified by the Principal, without reference by the Bank to the Customer and without enquiry as to the nature, existence or extent of the Participant's obligations to the Principal and notwithstanding any notice to the Bank by the Customer not to pay any moneys under this Guarantee.

This Guarantee continues in force until the first of the following events occurs:-

- (a) the Principal notifies the Bank in writing that this Guarantee is no longer required by the Principal;
- (b) the Bank pays to the Principal the total amount or the balance thereof remaining after any part payment or payments;
- ⊕ (c) 4.00 pm on the \_\_\_\_\_ day of \_\_\_\_\_.

The Bank may at any time (without being required by the Principal to do so) terminate this Guarantee by paying to the Principal the total amount or the balance thereof remaining after any part payment or payments.

⊗ Any demand under this Guarantee may be made by facsimile transmission to fax number: ( - )

The Principal cannot assign or transfer its rights under this Guarantee.

This Guarantee is governed by and is construed in accordance with the laws of New South Wales.

⊕ DATED at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_

⊕ EXECUTED for and on behalf of

(name of Bank)  
by its attorney/s

(print full name/s)  
in the presence of:  
(or execute under common seal)

⊕ Any demand or correspondence in relation to this Guarantee should be addressed to:

The Manager,  
(name of Bank),  
(Branch),  
(address),  
fax no ( - )

**EXPLANATION  
OF  
BANK GUARANTEE – STANDARD  
FOR CLIENT ACCOUNT (NOT FOR HOUSE ACCOUNT)**

1. \_\_\_\_\_ The bank's customer's name
2. \_\_\_\_\_ Participant's name
3. \_\_\_\_\_ Name of the bank
4. \_\_\_\_\_ Amount of the bank guarantee in numbers and words
5. \_\_\_\_\_ Account names which the bank guarantee will cover
6. \_\_\_\_\_ Date of expiry, if any
7. \_\_\_\_\_ Facsimile number of bank issuing the bank guarantee
8. \_\_\_\_\_ Place and Date of bank guarantee
9. \_\_\_\_\_ This section to be executed by the bank
10. \_\_\_\_\_ Name and address of bank

Introduced 11/03/04 Amended 30/04/04, 07/06/13

*Explanatory Note – Removed to reflect ASX Clear's long standing practice of not accepting bank guarantees as collateral. This practice reflects the requirements of the RBA's Financial Stability Standards.*

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**BANK GUARANTEE – DUAL BENEFICIARY  
FOR CLIENT ACCOUNT (NOT FOR HOUSE ACCOUNT)**

TO: \_\_\_\_\_ ASX CLEAR PTY LIMITED ABN 48001 314 503 \_\_\_\_\_ ("ASX Clear")

AND TO: ① \_\_\_\_\_ ("Participant")

GUARANTEE ON ACCOUNT OF ② \_\_\_\_\_ ("Customer")

IN RESPECT OF THE FOLLOWING CLIENT/S OF THE PARTICIPANT: \_\_\_\_\_ ("Participant's Client/s")

\_\_\_\_\_ ③ Full Account Names and Numbers

- 1.
- 2.
- 3.
- 4.

④ \_\_\_\_\_ ABN \_\_\_\_\_ ("the Bank") at the request of the Customer hereby undertakes unconditionally to pay on demand any amount or amounts not exceeding in total ⑤ As\$ \_\_\_\_\_

( ..... Australian dollars) ("the total amount") which may be demanded from time to time in writing by either of:

- A. \_\_\_\_\_ ASX Clear, in respect of the obligations of the Participant to ASX Clear for premiums, margins or other moneys payable to ASX Clear in connection with an Account of the Participant held with ASX Clear in the name of any of the Participant's Client/s; or
- B. \_\_\_\_\_ the Participant, in respect of the obligations of any of the Participant's Client/s to the Participant for moneys payable to the Participant in connection with an Account of the Participant held with ASX Clear in the name of any of the Participant's Client/s.

Payment of the total amount or any part or parts thereof will be made by the Bank to the party making demand at the place and in the manner specified in the demand, without reference by the Bank to the Customer and without enquiry as to the nature, existence or extent of the obligations of the Participant to ASX Clear or the obligations of the Participant's Client/s to the Participant and notwithstanding any notice to the Bank by the Customer not to pay any moneys under this Guarantee.

Ⓢ A demand by ASX Clear may be made by facsimile transmission to fax no. ( — ) ..... A demand made by facsimile must be accompanied by a copy of this Guarantee. Any other demand must be accompanied by this Guarantee.

A demand by the Participant must be accompanied by this Guarantee which must bear an endorsement signed on behalf of ASX Clear by the Manager or Acting Manager of ASX Clear in the following terms: "This Guarantee is no longer required by ASX Clear and has been released to the Participant". The Bank is entitled to rely conclusively on an endorsement in that form.

This Guarantee continues in force until the first of the following events occurs:-

- (a) \_\_\_\_\_ ASX Clear or the Participant returns this Guarantee (which must bear an endorsement on behalf of ASX Clear as above in the case of return by the Participant) to the Bank and notifies the Bank in writing that this Guarantee is no longer required;
- (b) \_\_\_\_\_ the Bank has paid the total amount to ASX Clear or to the Participant, whether separately or collectively;
- (c) \_\_\_\_\_ ⑦ 4.00 pm on the ..... day of .....

The Bank may at any time terminate this Guarantee by paying to ASX Clear, or, with the prior written consent of ASX Clear (which consent will not be withheld if ASX Clear has released this Guarantee to the Participant) to the Participant, the total amount or the balance thereof remaining after any part payment or payments.

Except where ASX Clear releases this Guarantee to the Participant, neither ASX Clear nor the Participant may assign or transfer their rights under this Guarantee.

This Guarantee is governed by and is accrued in accordance with the laws of New South Wales.

Ⓢ DATED at ..... this ..... day of .....

Ⓢ EXECUTED for and on behalf of  
(name of Bank)  
by its attorney/s

(print full name/s)  
in the presence of:

Ⓢ Any demand or correspondence in relation to this Guarantee should be addressed to:

The Manager,  
(name of Bank),  
(Branch),  
(address),  
fax no ( — )

**EXPLANATION  
OF  
BANK GUARANTEE – DUAL BENEFICIARY  
FOR CLIENT ACCOUNT (NOT FOR HOUSE ACCOUNT)**

1. \_\_\_\_\_ Name of Participant

2. \_\_\_\_\_ Bank's Customer's name

3. ~~Client Account names which the bank guarantee will cover.~~

4. ~~Name of bank and ABN~~

5. ~~Amount of bank guarantee in numbers and words~~

6. ~~Bank's facsimile number~~

7. ~~Expiry date, if any~~

8. ~~Place and Date of bank guarantee~~

9. ~~This section to be executed by the bank~~

10. ~~Name and address of bank~~

Introduced 11/03/04 Amended 30/04/04, 07/06/13

*Explanatory Note – Removed to reflect ASX Clear's long standing practice of not accepting bank guarantees as collateral. This practice reflects the requirements of the RBA's Financial Stability Standards.*

...

## AUSTRACLEAR PLEDGED SECURITIES – LODGEMENT ~~[Deleted]~~

TO: ~~ASX CLEAR PTY LIMITED ABN 48 001 314 503 ("ASX Clear")~~

~~This form to be completed by Clearing Participant in conjunction with third party Austraclear Member who is pledging Securities on behalf of Clearing Participant ("Third Party Pledgor").~~

### **PARTICIPANT DETAILS**

PARTICIPANT NAME: ..... BROKER ID: .....  
CONTACT NAME: ..... CONTACT PHONE #: .....

### **THIRD PARTY PLEDGOR DETAILS**

AUSTRACLEAR MEMBER NAME: ..... ACLR CODE: .....  
CONTACT NAME: ..... CONTACT PHONE #: .....

### **LODGEMENT DETAILS**

ASX CLEAR CLIENT ACCOUNT #: ..... LODGEMENT DATE: .....  
AUSTRACLEAR SECURITY TYPE: .....  
ISSUER VALUE: .....  
FACE VALUE: .....  
MATURITY DATE: .....  
YEILD / COUPON / RATE: .....

### **ACKNOWLEDGEMENT AND AGREEMENT**

1. ~~The Third Party Pledgor acknowledges and agrees that Securities Pledged in favour of ASX Clear ("Collateral") will be subject to a fixed charge in favour of ASX Clear ("Charge") from the time the Collateral is Pledged in accordance with the operating rules of the Austraclear System (as amended from time to time) ("Austraclear Rules").~~

~~2. The Collateral will remain subject to the Charge until ASX Clear releases the Collateral in accordance with the ASX Clear Operating Rules and Procedures (as amended from time to time).~~

~~3. The Third Party Pledgor acknowledges that the Charge secures all amounts and obligations owing by the ASX Clear Participant to ASX Clear in connection with the Client Accounts nominated above opened by the ASX Clear Participant named above “ASX Clear Participant” in accordance with the ASX Clear Operating Rules and Procedures (as amended from time to time).~~

~~4. The Third Party Pledgor confirms that it has read and understood and will observe the ASX Clear Operating Rules and Procedures (as amended from time to time), in so far as those rules and procedures relate to the Collateral and the Charge, including but not limited to:~~

~~(a) ASX Clear’s power to deal with the Collateral on default by the ASX Clear Participant; and~~

~~(b) in particular, ASX Clear’s power of sale in relation to the Collateral without any notice to the Third~~

~~Party.~~

~~5. The Third Party Pledgor represents and warrants to ASX Clear that the Collateral is not and will not become subject to any other security interest, other than a security interest permitted under the ASX Clear Operating Rules and Procedures (as amended from time to time).~~

~~6. If the ASX Clear Participant is unable to insert the Account Numbers above at the time the Third Party Pledgor signs this form the Third Party Pledgor irrevocably authorises the ASX Clear Participant to insert the Account Numbers on this document on the Third Party’s behalf, prior to lodging this document with ASX Clear.~~

~~7. Unless specifically defined in this Acknowledgement, capitalised terms have the meanings given to them (or cognate terms) in the Austraclear Rules.~~

Signed on behalf of the Third Party by its duly authorised signatory/ies:

.....  
Print name(s): \_\_\_\_\_ Dated: \_\_\_\_\_

Introduced 29/02/08

*Explanatory Note – Removed to reflect that ASX Clear only accepts equities as non-cash collateral and has no plans to accept debt securities deposited in Austraclear.*



## ANNEXURE 8 BANK GUARANTEE – STANDARD ~~[Deleted]~~

TO: ASX CLEAR PTY LIMITED ABN 48001 314 503 \_\_\_\_\_ ("Principal")

Ⓢ GUARANTEE ON ACCOUNT OF \_\_\_\_\_ ("Customer")

Ⓢ IN RESPECT OF \_\_\_\_\_ ("Participant")

Ⓢ ("the Bank") at the request of the Customer hereby undertakes unconditionally to pay on demand to the Principal any amount or amounts not exceeding in total A\$ \_\_\_\_\_ Ⓢ (Australian dollars) ("the total amount") which may from time to time be demanded in writing by the Principal in respect of:

- ~~(a) the obligations of the Participant to make Contributions (as defined in the ASX Clear Operating Rules) to the Principal; or~~
- ~~(b) the obligations of the Participant to ASX Clear in connection with any Derivatives Market Contracts or Derivatives CCP Contracts (each as defined in the ASX Clear Operating Rules).~~

Payment of the total amount or any part or parts thereof will be made by the Bank to the Principal at the place and in the manner specified by the Principal, without reference by the Bank to the Customer and without enquiry as to the nature, existence or extent of the Participant's obligations to the Principal and notwithstanding any notice to the Bank by the Customer not to pay any moneys under this Guarantee.

This Guarantee continues in force until the first of the following events occurs:-

- ~~— (a) the Principal notifies the Bank in writing that this Guarantee is no longer required by the Principal;~~
- ~~— (b) the Bank pays to the Principal the total amount or the balance thereof remaining after any part payment or payments;~~
- Ⓢ ~~(c) 4.00 pm on the \_\_\_\_\_ day of \_\_\_\_\_.~~

The Bank may at any time (without being required by the Principal to do so) terminate this Guarantee by paying to the Principal the total amount or the balance thereof remaining after any part payment or payments.

Ⓢ ~~Any demand under this Guarantee may be made by facsimile transmission to fax number: (—)~~

The Principal cannot assign or transfer its rights under this Guarantee.

This Guarantee is governed by and is construed in accordance with the laws of New South Wales.

Ⓢ DATED at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_

Ⓢ EXECUTED for and on behalf of

(name of Bank)  
by its attorney/s

(print full name/s)  
in the presence of:  
(or execute under common seal)

Ⓢ Any demand or correspondence in relation to this Guarantee should be addressed to:  
The Manager,

~~(name of Bank),  
(Branch),  
(address),  
fax no (–)~~

### **EXPLANATION OF BANK GUARANTEE – STANDARD**

- ~~1. \_\_\_\_\_ The bank's customer's name~~
- ~~2. \_\_\_\_\_ Participant's name~~
- ~~3. \_\_\_\_\_ Name of the bank~~
- ~~4. \_\_\_\_\_ Amount of the bank guarantee in numbers and words~~
- ~~5. \_\_\_\_\_ Account names which the bank guarantee will cover~~
- ~~6. \_\_\_\_\_ Date of expiry, if any~~
- ~~7. \_\_\_\_\_ Facsimile number of bank issuing the bank guarantee~~
- ~~8. \_\_\_\_\_ Place and Date of bank guarantee~~
- ~~9. \_\_\_\_\_ This section to be executed by the bank~~
- ~~10. \_\_\_\_\_ Name and address of bank.~~

*Explanatory Note – Removed to reflect ASX Clear's long standing practice of not accepting bank guarantees. This practice reflects the requirements of the RBA's Financial Stability Standards.*