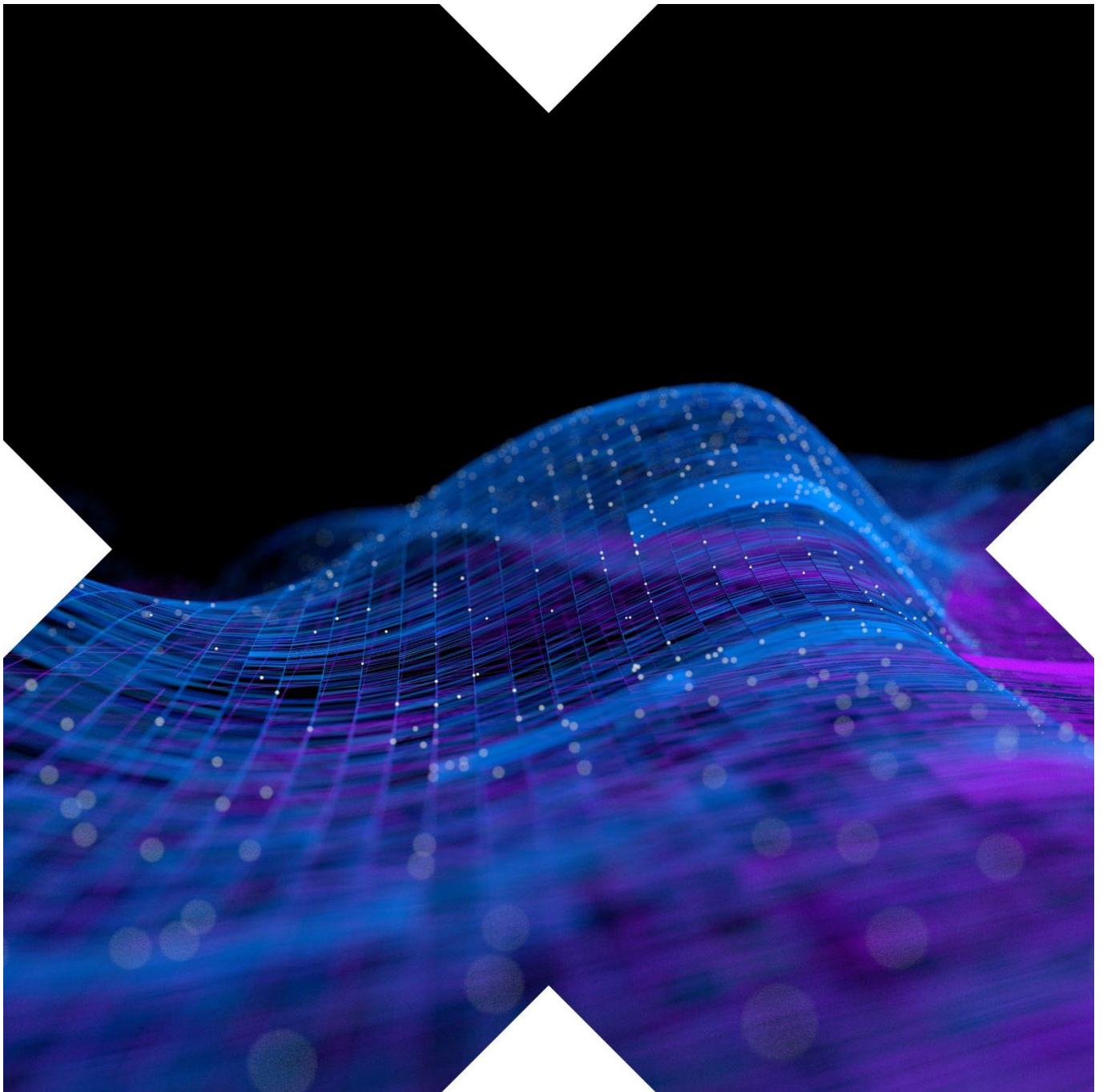


CHES Project

Consultation on Release 1 (Clearing Services) – Amendments to Rules and Procedures



3 March 2025





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Executive Summary

To facilitate the implementation of Release 1 (Clearing Services) of the Clearing House Electronic Subregister System (CHES) replacement system, ASX is required to amend the:

- (i) ASX Clear Operating Rules (ASX COR);
- (ii) ASX Clear Operating Rules Procedures; and
- (iii) ASX Operating Rules Procedures,

collectively referred to as the Rules and Procedures.

The proposed amendments to the Rules and Procedures are required to support Release 1 of the system that will replace the current CHES system and reflects the solution design for new or changed functionality. A separate consultation paper is targeted for release in July – December 2026 in respect of proposed rule and procedure amendments for Release 2 (Settlement and Subregister).

The Release 1 business requirements have been subject to a consultation process with industry, and stakeholder feedback from these processes has been taken into account in the evolution of the business requirements and solution design for Release 1.

Proposed Release 1 Rules and Procedures changes

The changes proposed to the Rules and Procedures are limited in both number and substance, noting that Release 1 relates to replacing the CHES clearing component (on a backwards compatible basis) and the introduction of industry-standard Financial Information eXchange (FIX) messaging for Approved Market Operators (AMOs). The proposed amendments are being made to:

- reflect the implementation of a new FIX Gateway and FIX messaging for AMOs (in accordance with the 'AMO User Technical Documentation' (FIX specification)), including minor amendments to the content of certain messages and the terminology used to refer to the new FIX message types; and
- decommission a limited subset of the existing CHES functionality, including the ability for Clearing Participants to remove trades from novation and set-off, and exclude trades from set-off, in certain circumstances.

No changes are proposed to be made to the Rules or Procedures in respect of core clearing functionality, including registration, novation, netting and risk-management.

Consultation Process for Rule Amendments

ASX is seeking feedback on the proposed Release 1 Rules and Procedures amendments by **14 April 2025**.

Given the comprehensive nature of the consultation on the functionality of Release 1 undertaken already, the objective of this consultation is to seek feedback on the operation of the proposed Rules and Procedures amendments and any unintended consequences.

ASX will share all material changes to the amendments proposed in this paper in response to stakeholder feedback in a consultation paper response, targeted to be published in July–September 2025.

The amendments to the Rules and Procedures, including any changes made through the public consultation process, will be subject to regulatory clearance processes.

ASX plans to release the final Release 1 Rules and Procedures in October–December 2025, three to six months prior to Release 1 go-live. The final form of the amendments will become effective at the time of Release 1 go-live, targeted for March–April 2026.

We look forward to receiving industry feedback on the proposed changes to the Rules and Procedures.

Background



1. Background

On 14 March 2024, ASX released [CHES Replacement: Consultation paper on the Staged Implementation Approach and Implementation of Release 1 \(Clearing Services\)](#) (the 'Release 1 Consultation Paper'). In response to feedback received through both the Release 1 Consultation Paper and through other consultation processes (outlined in section 1.1 below), ASX issued a [Response to Consultation Feedback](#), confirming our plans to replace the clearing component. Among other things, the Response to Consultation Feedback also confirmed:

- the replacement of the clearing component is being implemented in a way which is backwards compatible to existing CHES for Clearing and Settlement (CS) Participants. CS Participants will continue to receive CHES External Interface Specification (EIS) messages as they currently do, although these messages will be generated by the new Clearing system. Accordingly, CS Participants and other CHES users are expected to experience minimal disruption as a result of Release 1; and
- the introduction of FIX messaging for AMOs will result in AMOs sending messages to the new clearing component in accordance with the new AMO User Technical Documentation (rather than the existing EIS or other data gateway) for all messages, including trade registration, cancellation and end-of-day price reporting.

This Consultation Paper outlines the proposed changes to the Rules and Procedures that are necessary to implement the changes outlined above, as well as a number of changes that are necessary to reflect changed functionality resulting from the adoption of the new clearing component.

ASX acknowledges this Consultation Paper follows the consultation on the Rules and Procedures amendments conducted during the previous iteration of the CHES replacement project, and the considerable time and effort required to review both sets of proposed changes. We would like to thank all stakeholders for their ongoing engagement in the Rules and Procedures amendments process.

1.1. Market Engagement and Consultation Processes on Release 1 Solution Design

The key market engagement and consultation processes undertaken to date to elicit industry feedback on the business requirements and solution design for Release 1 of CHES replacement include:

- publishing the Release 1 Consultation Paper and Response to Consultation Feedback;
- convening regular CHES Replacement Technical Committee meetings since 2023, which included consideration of Release 1 requirements and design;
- convening regular AMO Working Group meetings since February 2024, which included consideration of Release 1 requirements and design (including the AMO User Technical Documentation (previously referred to as the FIX Specification) for AMOs); and
- convening regular Implementation and Transition Working Groups (ITWG) meetings since December 2023, which included consideration of Release 1 implementation and transition arrangements.

Release 1 – Amendments to Rules and Procedures



2. Release 1 – Amendments to Rules and Procedures

2.1. Overview of Release 1 Rules and Procedures Amendments

The purpose of this consultation is to obtain feedback on proposed amendments to the Rules and Procedures that relate to:

- the implementation of a new FIX Gateway and FIX messaging for AMOs;
- decommissioning some existing CHES functionality relating to the ability of Clearing Participants to cancel trades in certain circumstances; and
- consequential minor amendments.

A table summarising the proposed amendments to the Rules and Procedures is provided in Appendix A to this paper.

The proposed amendments to the Rules and Procedures are outlined below and provided in mark-up in Appendix B to this paper.

2.2. Implementation of the FIX Gateway and FIX Messaging for AMOs

As part of Release 1 and in connection with the functionality of the new clearing component, a new FIX Gateway and FIX messaging for AMOs will be implemented for (amongst other things) trade registration, cancellation and end-of-day price reporting, representing a significant shift from the current use of EIS messaging and data feeds by AMOs.

The implementation of the new FIX Gateway and FIX messaging is resulting in a number of proposed amendments to the Rules and Procedures to reflect that:

- it will no longer be mandatory for a Clearing Participant's Participant ID (PID) to be included in particulars of Cash Market Transactions notified to ASX by AMOs, as the new clearing component of the CHES system can derive the PID from information provided by AMOs to ASX Clear (see item 3 of Appendix A);
- a range of new terms will be introduced to reflect the replacement of the EIS with the new AMO User Technical Documentation (e.g. a 'trade registration request' is being replaced by the 'trade capture report') (see items 15–16 of Appendix A); and
- the maximum number of basis of quotation (BOQ) that can be provided on a trade report is being reduced from five to three (see item 22 of Appendix A). ASX understands that in practice this change will have no impact on either Trading or Clearing Participants on the basis that the maximum number of BOQ recorded by AMOs is two only, and that there is no use case for recording more than three.

The changes specified above are of particular relevance to AMOs (including ASX Limited, who will be subject to the Rules and Procedures and the AMO Contractual Terms) and should be read in conjunction with the consultation paper on the proposed amendments to the AMO Contractual Terms titled '[CHES Project, Consultation on Release 1 \(Clearing Services\) – Amendments to AMO Contractual Terms](#)'.

These proposed amendments do not impact AMOs who are Approved Listing Market Operators (as defined under the ASX Settlement Operating Rules) who receive relevant settlement arrangements under the Settlement Facilitation Service or Clearing Participants (other than by way of information).

These proposed amendments reflect similar changes made in the last iteration of the CHES replacement project and were included in the 'CHES Replacement Tranche 1 Rule Amendments' consultation paper published in November 2019.

2.3. Decommissioning Clearing Participant's Ability to Cancel Trades

The ability for Clearing Participants to request that Cash Central Counterparty (CCP) Transactions:

- (i) be removed from novation and set-off (see item 5 of Appendix A); and
- (ii) be excluded from set off (see item 6 of Appendix A),

are proposed to be decommissioned in the CHES replacement system.

The proposed amendments are being made to reflect the functionality of the new clearing component, and on the basis this functionality is not currently being used by Clearing Participants. Clearing Participants who wish to request a Cash CCP Transaction be removed from novation and set off or excluded from set off on Trade Date, will continue to have the option of requesting their AMO cancel the Cash Market Transaction on their behalf.

A number of consequential amendments are proposed to be made to the ASX COR and Procedures, including removing the ability for ASX Clear to take certain actions where it receives a request from a Clearing Participant to remove a Cash CCP Transaction from novation and/or set off, as well the ability for a Clearing Participant to cancel a request for a transaction to be removed from novation and/or set off (see items 4, 7-14 and 17-21 of Appendix A).

The proposed amendments reflect similar amendments proposed in the last iteration of the CHES replacement project, which were included in the 'CHES Replacement Tranche 3 Rule Amendments' consultation paper published in August 2021.

Feedback Requested



3. Feedback Requested

The amendments to the Rules and Procedures proposed in this Consultation Paper give effect to the solution design for Release 1.

ASX invites feedback from CHESS Users and other stakeholders on the operation of the draft rule amendments, including any unintended consequences and associated impacts.

ASX is seeking submissions in response to this Consultation Paper by **14 April 2025**.

Submissions should be sent to CHESSReplacement@asx.com.au.

If you would like your submission, or any part of it, to be treated as confidential, please indicate this clearly in your submission. ASX will publish all non-confidential submissions. Where a submission, or any part of it, is marked confidential, ASX may publish the content of the submission on a summarised and anonymised basis only. ASX will disclose all submissions (confidential and non-confidential) to ASIC, RBA, ACCC and to its assurers. ASX will not otherwise disclose confidential submissions to any other third party unless we are required to do so by law, or you consent to the disclosure.

ASX is available to meet with interested parties for bilateral discussions. Please email CHESSReplacement@asx.com.au to arrange a bilateral discussion.

Appendix A – Proposed Release 1 Rules and Procedures Amendments – Change Locations and Explanatory Notes

ASX Clear Operating Rules

The following table summarises the proposed changes to the ASX Clear Operating Rules.

Item	Rule	Explanatory note
Section 2 – Definitions and interpretation		
1.	Rule 2.10 – CCP Gross Batch Instruction	Amended to reflect deletion of rule 12.7.3 (see below)
Section 12 – Registration, novation, netting and settlement		
2.	Introduction – Paragraph 3	Amended to reflect deletion of rules 12.7.2 – 12.7.5 (see below)
3.	Rule 12.2.1 – Novation of Cash Market Transactions	Amended to remove the requirement that both a Delivering Participant ID and Receiving Participant ID are included in the particulars of a Cash Market Transaction submitted to ASX Clear by an Approved Market Operator. This change reflects that the new clearing component is capable of deriving the Clearing Participant's PID based on the relationship between the Trading and Clearing Participant This change was consulted on in the previous iteration of the CHES replacement project
4.	Rule 12.2.2(e) – Effect of novation	Amended to reflect deletion of rule 12.7.2 (see below)
5.	Rule 12.7.2 – Buyer and Seller may request Cash CCP Transactions be removed from novation and set off	Deleted on the basis this functionality is no longer being supported in the CHES replacement system and is not functionality currently being used by Clearing Participants
6.	Rule 12.7.3 – Buyer and Seller may request Cash CCP Transactions be excluded from set off	Deleted on the basis this functionality is no longer being supported in the CHES replacement system and is not functionality currently being used by Clearing Participants
7.	Rule 12.7.4 – Action by ASX Clear where Buyer and Seller request Cash CCP Transaction be excluded from set off	Deleted on the basis this functionality is no longer being supported in the CHES replacement system. The deletion of this rule is consequential to the deletion of rule 12.7.3

8.	Rule 12.7.5 – Buyer and Seller may cancel request	Deleted on the basis this functionality is no longer being supported in the CHES replacement system. The deletion of this rule is consequential to the deletion of rules 12.7.2 and 12.7.3
9.	Rule 12.7.6 – Effect of removal of Cash CCP Transaction	Amended to reflect deletion of rule 12.7.2 (see above)
10.	Rule 12.7.7 – Request by Buyer or Seller where counterparty not known	Deleted on the basis this functionality is no longer being supported in the CHES replacement system. The deletion of this rule is consequential to the deletion of rules 12.7.2 and 12.7.3 (see above)
11.	Rule 12.7.8 – ASX Clear action where asked to facilitate a request	Deleted on the basis this functionality is no longer being supported in the CHES replacement system. The deletion of this rule is consequential to the deletion of rule 12.7.7 (see above)
12.	Rule 12.7.9(b) – Obligations under second leg of Offsetting Transaction Arrangement relating to Failed CCP Gross Batch Instruction	Amended to reflect deletion of rule 12.7.4 (see above)
13.	Rule 12.8.1(a),(b),(c) – Failure causing an increase in ASX Clear’s payment obligation	Amended to reflect deletion of rule 12.7.4 (see above)
14.	Rule 12.8.5(a),(b),(c) – Application of Standard Settlement Price by ASX Clear	Amended to reflect deletion of rule 12.7.4 (see above)

ASX Clear Operating Rules Procedures

The following table summarises the proposed changes to the ASX Clear Operating Rules Procedures.

Item	Rule / Procedure	Explanatory note
Section 1 – Introduction and General Rules		
15.	Procedure 1.17.1 – Intellectual Property – Grant of CHES licence	Amended to specify that the new AMO User Technical Documentation is a ‘Procedure’ (as defined in rule 2.10.1 – Definitions and Interpretation) for the purposes of the rule 1.3 (Procedures) and is subject to the rules relating to intellectual property in rule 1.17.1 – 1.17.3
Section 3 – Participation in the Clearing Facility		

16.	Procedure 3.2.3 – Additional requirements for Participants clearing market transactions effected through multiple Approved Market Operators	Amended to replace the reference to ‘trade registration request’ with ‘trade capture report’. This change reflects the new FIX message type terminology
Section 12 – Registration, Novation, Netting and Settlement		
17.	Procedure 12.7.2 – Buyer and Seller may request Cash Market Transactions be removed from novation and set off	Deleted to reflect deletion of rule 12.7.2 (see above)
18.	Procedure 12.7.3 – Buyer and Seller may request Cash CCP Transactions be excluded from set off	Deleted to reflect deletion of rule 12.7.3 (see above)
19.	Procedure 12.7.4 – Action by ASX Clear where Buyer and Seller request Cash CCP Transaction be excluded from set off	Deleted to reflect deletion of rule 12.7.4 (see above)
20.	Procedure 12.7.5 – Buyer and Seller may cancel request	Deleted to reflect deletion of rule 12.7.5 (see above)
21.	Procedure 12.7.7 – Request by Buyer or Seller where counterparty not known	Deleted to reflect deletion of rule 12.7.7 (see above)

ASX Operating Rules Procedures

The following table summarises the proposed changes to the ASX Operating Rules Procedures.

Item	Rule / Procedure	Explanatory note
Section 2 – Products (Cash Market Products)		
22.	Procedure 2110 – Quotation	Amended to reflect that the new clearing component is capable of processing three basis of quotation (BOQ) only To the extent AMOs own rules do not contain a similar requirement, they may wish to consider whether such an amendment is necessary and/or appropriate

Appendix B – Proposed Release 1 Rules and Procedures Amendments – Consultation Draft

The proposed amendments to the Rules and Procedures are outlined below in mark-up. Text in red is proposed to be added, and text in red strike-through is proposed to be deleted.

Proposed Amendments to ASX Clear Operating Rules

2.10 DEFINITIONS AND INTERPRETATION

2.10.1 Definitions used in the Rules

“CCP Gross Batch Instruction” means an instruction generated by ASX Clear for notification to the Approved Settlement Facility ~~and which contains details of payment and delivery obligations in relation to a Cash CCP Transaction that has been excluded from netting in accordance with Rule 12.7.3~~ and includes an instruction which contains payment and delivery obligations under an Offsetting Transaction Arrangement entered into in respect of a Failed CCP Gross Batch Instruction.

Explanatory note

The above definition is being amended to reflect the deletion of rule 12.7.3.

...

SECTION 12 REGISTRATION, NOVATION, NETTING AND SETTLEMENT

This Section deals with the novation, netting and settlement of transactions.

Market Transactions are either Cash Market Transactions or Derivatives Market Transactions. A Derivatives Market Transaction may be an Option Market Transaction. A Derivatives Market Transaction comprises the number of Derivatives Market Contracts entered into on the market of an Approved Market Operator, or over the counter in the case of OTC Options Market Transactions. Market Transactions are notified to ASX Clear by an Approved Market Operator, or by the relevant Participant in the case of OTC Options Market Transactions, and will either be accepted by ASX Clear for registration or accepted for reporting but not registration. In the case of Derivatives Market Transactions, ASX Clear will register each of the Derivatives Market Contracts (Options Market Contracts or OTC Options Market Transactions) comprising the Derivatives Market Transaction.

If a Market Transaction is accepted by ASX Clear for registration and meets the requirements for novation set out in Rule 12.2.1, it will be novated to ASX Clear. Once novated, a Cash Market Transaction is discharged and replaced with two Cash CCP Transactions, a Derivatives Market Contract is discharged and replaced with two Derivatives CCP Contracts and an Options Market Contract is discharged and replaced with two Options CCP Contracts.

Cash CCP Transactions and Derivatives CCP Contracts may then be subject to set off and the netting of delivery obligations and payment obligations. ~~In general terms, in relation to a Cash CCP Transaction both Participants together may, prior to netting and set off, choose to take a transaction out of the Clearing Facility and settle it directly or in an Alternative Settlement Facility.~~ ASX Clear ~~also~~ has power, in certain circumstances to remove a transaction.

...

Explanatory note

The above introduction to Section 12 is being amended to reflect the deletion of rule 12.7.3 – 12.7.4.

12.2 NOVATION**12.2.1 ASX Clear to novate Cash Market Transactions and Derivatives Market Contracts**

ASX Clear will novate a Cash Market Transaction which is registered in accordance with Rule 12.1.1 if and only if the delivering PID and the receiving PID ~~specified in the particulars of~~ for the Cash Market Transaction submitted to ASX Clear by the Approved Market Operator relate to two different legal entities.

If the delivering PID and the receiving PID relate to the same legal entity, ASX Clear will, unless instructed otherwise in accordance with the Procedures, register the Cash Market Transaction and notify the relevant Participant that the Cash Market Transaction has been registered for information only.

ASX Clear will novate a Cash Market Transaction subject to and in accordance with this Rule 12.2.1 with effect from:

- (a) if the Cash Market Transaction is the result of the matching of bids and offers on the market of the Approved Market Operator, immediately after the matching of those bids and offers; or
- (b) If the Cash Market Transaction is the result of a transaction being recorded by the Approved Market Operator, immediately after the transaction is recorded.

ASX Clear will novate a Derivatives Market Contract, if the Derivatives Market Transaction to which it relates has been registered under Rules 12.1.1 or 12.1.1A, at the time of registration.

Note: A Cash Market Transaction which is submitted by an Approved Market Operator to ASX Clear for registration must be validated by ASX Clear in accordance with the Terms of Trade Acceptance Service in order to confirm that the Cash Market Transaction is registrable under Rule 12.1.1. If the Cash Market Transaction is determined by ASX Clear to be registrable and if it meets the requirements for novation in this Rule 12.2.1, then it is novated with effect from the point in time specified by Rule 12.2.1.

For the avoidance of doubt, Derivatives Market Contract includes an Options Market Contract executed on the over the counter market and a Derivatives Market Transaction includes an OTC Options Market Transaction.

Introduced 11/03/04 Origin OCH 5.4.4, SCH 7.7 Amended 27/06/11, 28/05/12, 07/06/13, 03/12/18, [xxx]

Explanatory note

The above rule is being amended to remove the requirement that both a Delivering Participant ID and Receiving Participant ID are included in the particulars of a Cash Market Transaction submitted to ASX Clear by an Approved Market Operator. This change reflects that the new clearing component is capable of deriving the Clearing Participant's PID based on the relationship between the trading and Clearing Participant.

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, 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, [xxx]

Explanatory note

The above rule is being amended to reflect the deletion of rule 12.7.2.

12.7.2 Buyer and Seller may request Cash CCP Transactions be removed from novation and set off - ~~[Deleted]~~
~~If before the time specified in the Procedures, the Buyer and Seller to a Cash Market Transaction request ASX Clear to remove the transaction from novation under Rule 12.2.1 and set off under Rule 12.6.1, in order, for example, to remove the transaction to an Alternative Settlement Facility, ASX Clear will:~~

- ~~(a) remove the corresponding Cash CCP Transactions from set off; and~~
 - ~~(b) notify the Buyer and Seller accordingly,~~
- ~~and Rule 12.7.6 will have effect.~~

~~If the Buyer and Seller request it, ASX Clear will send to an Approved Settlement Facility a corresponding Direct Batch Instruction.~~

~~Introduced 11/03/04 Origin SCH 7.13.1~~

Explanatory note

The above rule is being deleted on the basis this functionality is no longer being supported in the CHES replacement system and is not functionality currently being used by Clearing Participants.

12.7.3 Buyer and Seller may request Cash CCP Transactions be excluded from set off - ~~[Deleted]~~

~~If before the time specified in the Procedures a Buyer and Seller to a Cash Market Transaction:~~

- ~~(a) request ASX Clear to remove the corresponding Cash CCP Transactions from set off under Rule 12.6.1; or~~
- ~~(b) request ASX Clear to remove the corresponding Cash CCP Transactions from set off under Rule 12.6.1 for the purpose of settlement in Real Time Cross Settlement;~~

~~ASX Clear will remove the Cash CCP Transactions from set off.~~

~~Introduced 11/03/04 – Origin SCH 7.12~~

Explanatory note

The above rule is being deleted on the basis this functionality is no longer being supported in the CHES replacement system and is not functionality currently being used by Clearing Participants.

12.7.4 Action by ASX Clear where Buyer and Seller request Cash CCP Transaction be excluded from set off – ~~[Deleted]~~

~~Subject to Rule 12.7.9, where ASX Clear accepts a request under Rule 12.7.3 to exclude a transaction from set off, ASX Clear will, within the time specified in the Procedures, send to the Approved Settlement Facility corresponding:~~

~~(a) CCP Gross Batch Instructions; or~~

~~(b) CCP RTGS Instructions;~~

~~as the case requires and notify the Buyer and Seller accordingly.~~

~~Introduced 11/03/04 – Origin SCH 7.12, 28/04/14~~

Explanatory note

The above rule is being deleted on the basis this functionality is no longer being supported in the CHES replacement system. The deletion of this rule is consequential to the deletion of rule 12.7.3.

12.7.5 Buyer and Seller may cancel request – ~~[Deleted]~~

~~If before the time specified in the Procedures, the Buyer and Seller to a transaction cancel a request made to ASX Clear to:~~

~~(a) remove the transaction from novation and set off under Rule 12.7.2; or~~

~~(b) remove the transaction from set off under Rule 12.7.3;~~

~~and ASX Clear accepts the request for cancellation, ASX Clear will reinstate the transaction to novation and set off or set off as the case requires.~~

~~Introduced 11/03/04 – Origin SCH 7.1.4A, 7.12, 7.12A, 7.13~~

Explanatory note

The above rule is being deleted on the basis this functionality is no longer being supported in the CHES replacement system. The deletion of this rule is consequential to the deletion of rules 12.7.2 and 12.7.3.

12.7.6 Effect of removal of Cash CCP Transaction

If ASX Clear removes Cash CCP Transactions under Rules ~~12.7.1 or 12.7.2:~~

(a) the Seller and the Buyer are, and are taken from the time the original Cash Market Transaction was entered into, to be in direct contractual relationship with each other on the terms of that transaction; and

(b) ASX Clear has no obligation in relation to those transactions.

Introduced 11/03/04 Origin SCH 7.5A.2, 7.13.3, [xxx]

Explanatory note

The above rule is being amended to reflect deletion of rule 12.7.2.

12.7.7 Request by Buyer or Seller where counterparty not known - [Deleted]

~~Where a Buyer or Seller (as the case may be) is not aware of the identity of its counterparty for the purpose of making a request to ASX Clear for the removal of a transaction under either Rule 12.7.2 or Rule 12.7.3, the Buyer or Seller may ask ASX Clear, by the time and in the manner set out in the Procedures, to facilitate such a request.~~

~~Introduced 28/11/05~~

Explanatory note

The above rule is being deleted on the basis this functionality is no longer being supported in the CHES replacement system. The deletion of this rule is consequential to the deletion of rules 12.7.2 and 12.7.3.

12.7.8 ASX Clear action where asked to facilitate a request - [Deleted]

~~Upon being asked under Rule 12.7.7 to facilitate a request, ASX Clear will use reasonable endeavours to contact the counterparty to ascertain whether the counterparty is agreeable or otherwise to a request to remove the transaction. ASX Clear will notify the Buyer or Seller as soon as reasonably practicable whether the counterparty is agreeable to the request.~~

~~Introduced 28/11/05~~

Explanatory note

The above rule is being deleted on the basis this functionality is no longer being supported in the CHES replacement system. The deletion of this rule is consequential to the deletion of rule 12.7.7.

12.7.9 Obligations under second leg of Offsetting Transaction Arrangement relating to Failed CCP Gross Batch Instruction

Where the Approved Settlement Facility notifies ASX Clear of Failed CCP Gross Batch Instructions under Rule 12.8A and pursuant to that Rule ASX Clear enters into an Offsetting Transaction Arrangement with the Participant that has obligations or entitlements under the Failed CCP Gross Batch Instruction, then:

- (a) obligations and entitlements under the first leg of an Offsetting Transaction Arrangement entered into in respect of each such Failed CCP Gross Batch Instruction will be set-off against and discharged by equal but opposite obligations and entitlements under the Failed CCP Gross Batch Instruction in the manner set out in Rule 12.8A;
- (b) CCP Gross Batch Instructions due for settlement on a Business Day in respect of that Participant will, ~~in addition to the CCP Gross Batch Instructions notified under Rule 12.7.4,~~ also include separate CCP Gross Batch Instructions containing details of delivery and payment obligations and entitlements (as applicable) of the Participant under the second leg of each Offsetting Transaction Arrangement entered into in respect of a CCP Gross Batch Instruction (and representing equivalent delivery and payment obligations and entitlements of the Participant (as applicable) as under the CCP Gross Batch Instruction) Failed on the previous Business Day relating to that PID; and
- (c) an instruction will be deemed to have been generated by ASX Clear and sent to the Approved Settlement Facility which contains the details referred to in (b) above.

Introduced 28/04/14, Amended [xxx]

Explanatory note

The above rule is being amended to reflect the deletion of rule 12.7.4.

12.8 PAYMENT OR DELIVERY FAILURE OF CASH CCP TRANSACTIONS**12.8.1 Failure causing an increase in ASX Clear's payment obligations**

If an Approved Settlement Facility Fails:

- (a) a CCP Net Batch Instruction generated by ASX Clear under Rule 12.6.2 or 12.6.2A; or
- (b) a CCP Gross Batch Instruction generated by ASX Clear under Rule ~~12.7.4 or 12.7.9; or~~
- ~~(c) a CCP RTGS Instruction generated by ASX Clear under Rule 12.7.4,~~

and as a result of the Failure there is an increase in ASX Clear's obligation to make payment, ASX Clear may make arrangements to meet its increased obligation. Where ASX Clear considers that a Participant's default would trigger a Failure in respect of an Instruction referred to in this Rule 12.8.1, ASX Clear may also make arrangements to make payments to avoid such Instructions being Failed.

Introduced 11/03/04 Origin SCH 7.26.1 Amended 28/04/14, [xxx]

Explanatory note

The above rule is being amended to reflect the deletion of rule 12.7.4.

12.8.5 Application of Standard Settlement Price by ASX Clear

If an Approved Settlement Facility Fails in full or in part:

- (a) a CCP Net Batch Instruction generated by ASX Clear under Rule 12.6.2 or 12.6.2A; or
- (b) a CCP Gross Batch Instruction generated by ASX Clear under Rule ~~12.7.4 or 12.7.9; or~~
- ~~(c) a CCP RTGS Instruction generated by ASX Clear under Rule 12.7.4,~~

and ASX Clear requests the Approved Settlement Facility to reschedule the Instruction to the next Business Day, ASX Clear will apply a Standard Settlement Price to determine a Revised Settlement Amount for each Instruction or part of Instruction that ASX Clear requests the Approved Settlement Facility to reschedule for settlement and:

- (d) if ASX Clear has an entitlement to receive under a rescheduled Instruction and:
 - (i) if the Revised Settlement Amount is greater than the Settlement Amount of the Instruction that has Failed, the delivering Participant must pay ASX Clear the difference between the two amounts; or
 - (ii) if the Revised Settlement Amount is less than the Settlement Amount of the Instruction that has Failed, ASX Clear must pay to the delivering Participant the difference between the two amounts;
- (e) if ASX Clear has an obligation to deliver under a rescheduled Instruction and:
 - (i) if the Revised Settlement Amount is less than the Settlement Amount of the Settlement Instruction that has Failed, the receiving Participant must pay ASX Clear the difference between the two amounts; and
 - (ii) if the Revised Settlement Amount is greater than the Settlement Amount of the Instruction that has Failed, ASX Clear must pay the receiving Participant the difference between the two amounts; and
- (f) ASX Clear will apply the Revised Settlement Amount to each rescheduled Instruction.

Introduced 11/03/04 Origin SCH 7.28.2 Amended 28/04/14, [xxx]

Explanatory note

The above rule is being amended to reflect the deletion of rule 12.7.4.

Proposed Amendments to ASX Clear Operating Rules Procedures

PROCEDURE 1.17.1 GRANT OF CHESS LICENCE

The Procedures referred to in this Rule are contained in the ASX Settlement Participant Guidelines (APG), the **AMO User Technical Documentation (AMO UTD)**, and the External Interface Specification (EIS).

Introduced 11/03/04 Amended 21/06/05, [xxx]

Explanatory note

Amended to specify that the new AMO User Technical Documentation is a 'Procedure' (as defined in rule 2.10.1 – Definitions and Interpretation) for the purposes of the rule 1.3 (Procedures) and is subject to the rules relating to intellectual property in rule 1.17.1 – 1.17.3.

...

PROCEDURE 3.2.3 ADDITIONAL REQUIREMENTS FOR PARTICIPANTS CLEARING MARKET TRANSACTIONS EFFECTED THROUGH MULTIPLE APPROVED MARKET OPERATORS

ASX Clear Operating Rule 3.2.3 provides that if an applicant for admission, or an existing Participant, wishes to clear Market Transactions effected through two or more Approved Market Operators, the applicant or Participant must, in addition to complying with Rule 3.2.1, comply with any requirements specified by ASX Clear in the Procedures. The following additional requirements are specified for Participants proposing to clear Market Transactions effected through two or more Approved Market Operators.

When an applicant or Participant proposes to clear Market Transactions effected through two or more Approved Market Operators, the applicant or Participant acknowledges that it will be taken to have agreed to clear every Market Transaction submitted by an Approved Market Operator for registration in the Participant's name, notwithstanding that the Participant has been incorrectly identified in the Approved Market Operator's ~~trade registration request~~ **trade capture report** message as a clearing counterparty to the trade (see ASX Clear Operating Rule 12.1.4) and that if it does not meet those Clearing Obligations, it may breach the ASX Clear Operating Rules.

Introduced 27/06/11 Amended 15/06/15, [xxx]

Explanatory note

The above Procedure is being amended to replace the reference to 'trade registration request' with 'trade capture report'. This change reflects the new FIX message type terminology.

...

PROCEDURE 12.7.2 BUYER AND SELLER MAY REQUEST CASH MARKET TRANSACTION BE REMOVED FROM NOVATION AND SET OFF - **[Deleted]**

~~The Buyer and Seller must notify ASX Clear of their request to remove a Cash Market Transaction from novation and set off before netting for scheduled settlement, i.e. before End of Day on the second Business Day before the Settlement Date.~~

~~Introduced 11/03/04 Amended 27/06/11, 07/03/16~~

Explanatory note

The above Procedure is being deleted to reflect the deletion of ASX COR 12.7.2.

PROCEDURE 12.7.3 BUYER AND SELLER MAY REQUEST CASH CCP TRANSACTIONS BE EXCLUDED FROM SET OFF - [Deleted]

~~The Buyer and Seller must notify ASX Clear of their request to exclude a Cash Market Transaction from set off before End of Day on the second Business Day before the Settlement Date.~~

~~The Buyer and Seller must notify ASX Clear of their request to settle a Cash Market Transaction in Real Time Gross Settlement before End of Day on the second Business Day before the Settlement Date.~~

~~Introduced 11/03/04 Amended 27/06/11, 07/03/16~~

Explanatory note

The above Procedure is being deleted to reflect the deletion of ASX COR 12.7.3.

PROCEDURE 12.7.4 ACTION BY ASX CLEAR WHERE BUYER AND SELLER REQUEST CASH CCP TRANSACTION BE EXCLUDED FROM SET OFF - [Deleted]

Requests relating to CCP Gross Batch Instructions:

~~The time by which ASX Clear will generate and forward CCP Gross Batch Instructions to the Approved Settlement Facility is by Start of Day on the Business Day before the Settlement Date of the Cash CCP Transaction.~~

Requests relating to CCP RTGS Instructions:

~~The time by which ASX Clear will generate and forward CCP RTGS Instructions to the Approved Settlement Facility is by Start of Day on the Business Day before the Settlement Date.~~

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

Explanatory note

The above Procedure is being deleted to reflect the deletion of ASX COR 12.7.4.

PROCEDURE 12.7.5 BUYER AND SELLER MAY CANCEL REQUEST - [Deleted]

~~The Buyer and Seller must notify ASX Clear of their cancellation of a request to:~~

~~(a) exclude the Cash CCP Transaction from novation and set off (under Rule 12.7.2);~~

~~(b) exclude the Cash CCP Transaction from set off (under Rule 12.7.3);~~

~~before End of Day on the second Business Day before the Settlement Date.~~

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

Explanatory note

The above Procedure is being deleted to reflect the deletion of ASX COR 12.7.5.

PROCEDURE 12.7.7 REQUEST BY BUYER OR SELLER WHERE COUNTERPARTY NOT KNOWN - [Deleted]

~~A Clearing Participant must notify ASX Clear if it wishes to make a request under either Rule 12.7.2 or Rule 12.7.3, in the following manner:~~

~~By email or telephone to the Help Desk during the operating hours of 8.00 am (Sydney time) to 5.00 pm (Sydney time), prior to the netting process.~~

and must include the following information:

- ~~(a) the ASX security code~~
- ~~(b) the settlement amount~~
- ~~(c) the unit quantity~~
- ~~(d) the CHESST transaction id from the CHESST 164 (Notified Trade)~~
- ~~(e) the settlement date~~

~~Introduced 28/11/05~~

Explanatory note

The above Procedure is being deleted to reflect the deletion of ASX COR 12.7.7.

Proposed Amendments to ASX Operating Rules Procedures

CASH MARKET PRODUCTS

Quotation

Procedure 2110

ASX will adjust the basis of quotation for Cash Market Products to reflect corporate actions upon the instruments and advise the market of such changes on the morning of the day that the corporate action takes effect or as soon as relevant information is available thereafter. These adjustments will be made visible to the market through the Trading Platform. **ASX may record no more than three basis of quotation for each Cash Market Product.**

Explanatory note

Amended to reflect that the new clearing component is capable of processing three BOQs only.



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