



ASX OTC Interest Rate Derivatives and Exchange Traded Derivatives Clearing

Consultation on amendments to the ASX Clear (Futures)
Operating Rules and Procedures to:

- Incorporate the 2021 ISDA Interest Rate Derivatives Definitions
- clarify the ownership of cash and securities deposited as margin or commitment

27 July 2021



Invitation to comment

ASX is seeking submissions on the issues canvassed in this paper by Wednesday 25 August 2021. Submissions should be sent to:

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Office of General Counsel
ASX Limited
20 Bridge Street
Sydney NSW 2000
PO Box H224
Australia Square NSW 1215
Attention: Tegan Jones

ASX prefers to receive submissions in electronic form.

If you would like your submission, or any part of it, to be treated as confidential, please indicate this clearly. All submissions will be provided to regulators on request. They may also be published on the ASX website, unless they are clearly marked as confidential or ASX considers that there are reasons not to do so.

ASX is available to meet with interested parties for bilateral discussions on these matters.

Contacts

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ASX OTC Interest Rate Derivatives and Exchange Traded Derivatives Clearing

Consultation on amendments to the ASX Clear (Futures) Operating Rules and Procedures to incorporate the 2021 ISDA Interest Rate Derivatives Definitions and clarify the ownership of cash and securities deposited as margin or commitment

27 July 2021

Introduction

This consultation paper covers proposed changes to the ASX Clear (Futures) Operating Rules and Procedures that:

1. replace the 2006 ISDA Interest Rate Derivatives Definitions (**2006 ISDA Definitions**) with the new 2021 ISDA Interest Rate Derivatives Definitions (**2021 ISDA Definitions**) as the standard definitions for cleared interest rate swaps from 4 October 2021; and
2. clarify the existing position that ASX Clear (Futures) (**ASX**) owns cash and securities provided to it by Clearing Participants as margin, commitment or excess deposits.

These changes are outlined in more detail below.

Summary

First, ASX proposes to amend the OTC Rules and Handbook so that effective 4 October 2021:

- OTC Transactions referencing either the 2006 ISDA Definitions or the 2021 ISDA Definitions will be eligible for clearing through the ASX OTC Clearing Service; and
- all OTC Open Contracts (whether cleared by ASX prior to, on or after 4 October 2021) will be treated as if they incorporated the 2021 ISDA Definitions.

Second, ASX proposes to amend the Futures Rules and OTC Rules to clarify that when cash or securities are deposited with ASX as margin, commitment or excess deposits, then that cash or those securities become the absolute property of ASX. In the event that a Clearing Participant defaults, ASX may re-hypothecate some or all of those securities for purposes relating to the management of the Clearing Participant's default.

ASX's proposed amendments to the ASX Clear (Futures) Operating Rules and Procedures outlined in this Consultation Paper are included as Attachment A.

This consultation paper seeks feedback from stakeholders on the proposed amendments to the ASX Clear (Futures) Operating Rules and Procedures to implement these changes. Subject to consultation feedback and regulatory clearance, it is expected that the amendments to the ASX OTC Rules and Handbook for the 2021 ISDA Definitions will be implemented effective 4 October 2021 and to the Futures Rules and OTC Rules to clarify the ownership of cash and securities in Q4 2021.

Responses to this Consultation Paper should be submitted to ASX by Wednesday 25 August 2021.

Proposed Amendments to the OTC Rules and Handbook

Implementation of the new 2021 ISDA Definitions

In June 2021, ISDA published the new 2021 ISDA Definitions that will replace the 2006 ISDA Definitions as the standard definitions for cleared and non-cleared interest rate derivatives. ISDA has said that the changes are necessary to consolidate supplements made to the 2006 ISDA definitions as a result of changes in market structure, regulations, technology and market practice¹. ISDA has set an effective date for the 2021 ISDA Definitions to be used as the market-standard booklet from Monday 4 October 2021.

¹ <https://www.isda.org/a/apzTE/Introduction-to-the-2021-ISDA-Interest-Rate-Derivatives-Definitions-Update.pdf>

The ASX OTC Rules and Handbook in the ASX Clear (Futures) Operating Rules currently reference the 2006 ISDA Definitions to:

- determine the OTC Transactions that are eligible for clearing through the ASX OTC Clearing Service; and
- define the terms of OTC Open Contracts arising from the novation of OTC Transactions.

In response to ISDA's introduction of the 2021 ISDA Definitions, ASX proposes to make a number of changes to the ASX OTC Rules and Handbook so that on and from 4 October 2021:

- OTC Transactions referencing either the 2006 ISDA Definitions or the 2021 ISDA Definitions will be eligible for clearing through the ASX OTC Clearing Service;
- all OTC Open Contracts (whether cleared before, on or after 4 October 2021) will be treated as if they incorporated the 2021 ISDA Definitions (not the 2006 ISDA Definitions); and
- the references to the 2006 ISDA Definitions are updated to reflect the new 2021 ISDA Definitions.

Given that from 4 October 2021 all OTC Open Contracts will reference the 2021 ISDA Definitions thereby establishing economic equivalence between legacy and new OTC Open Contracts, these amendments are not expected to impact existing processes such as multilateral compression (OTC Rule 4.14) or netting of OTC Open Contracts (see OTC Rule 4.15).

ASX considers its proposed approach outlined above is consistent with the approach being adopted by the majority of other global CCPs in relation to the implementation of the ISDA 2021 Definitions.

Key OTC Rules and Handbook References – ISDA 2021 Definitions

OTC Rules: 1.10 (OTC Terms)

OTC Handbook: Schedule 1 – OTC Eligibility Criteria; Schedule 2 – OTC Terms

Consultation Questions

1. ASX has assessed that the application of the 2021 ISDA Definitions to existing (legacy) OTC Open Contracts (currently referencing the 2006 ISDA Definitions) will have no material economic impact and will not change the valuation of these OTC Open Contracts given the suite of OTC interest rate derivatives that are clearable at ASX. Do you agree? If not, please indicate where you believe an economic impact will arise.
2. Do you support ASX treating all cleared transactions (including legacy trades) as if they incorporated the 2021 ISDA Definitions? If not, why not?
3. Are there other ancillary matters that should be addressed in ASX's proposed amendments to the OTC Rules and Handbook?

Proposed operational approach for implementation of the new 2021 ISDA Definitions

ASX OTC Reporting

ASX's OTC Clearing Reports do not require changes as part of the ASX proposal to implement the 2021 ISDA Definitions:

Currency	ISDA 2006 definitions name	ISDA 2021 definitions name	ASX Proposal – Reporting FRO label (unchanged)
AUD	AUD-AONIA-OIS-COMPOUND	AUD-AONIA-OIS Compound	AUD/AONIA/1D/RBA30
AUD	AUD-BBR-BBSW	AUD-BBSW	AUD/BBSW/1M/BBSW AUD/BBSW/3M/BBSW AUD/BBSW/6M/BBSW
NZD	NZD-BBR-FRA	NZD-BKBM FRA	NZD/BKBM/3M/BKBM
NZD	NZD-NZIONA-OIS-COMPOUND	NZD-NZIONA-OIS Compound	NZD/NZIONA/1D/RBNZ02

API, FPML and Regulatory Reporting

From 4 October 2021 ASX OTC Clearing API FPML messages (e.g. confirmation of clearing) will apply the 2021 ISDA FRO label (e.g. AUD-BBSW), regardless of whether the clearing request applied the 2006 ISDA or 2021 ISDA FRO label.

From 4 October 2021 ASX OTC regulatory reporting will apply the 2021 ISDA FRO label on all cleared swaps (e.g. AUD-BBSW rather than AUD-BBR-BBSW).

Currency	ISDA 2006 definitions name	ISDA 2021 definitions name	ASX Proposal – API, FPML and regulatory reporting FRO label
AUD	AUD-AONIA-OIS-COMPOUND	AUD-AONIA-OIS Compound	AUD-AONIA-OIS Compound
AUD	AUD-BBR-BBSW	AUD-BBSW	AUD-BBSW
NZD	NZD-BBR-FRA	NZD-BKBM FRA	NZD-BKBM FRA
NZD	NZD-NZIONA-OIS-COMPOUND	NZD-NZIONA-OIS Compound	NZD-NZIONA-OIS Compound

Note: ASX is not intending to issue amendment FPML messages to customers via its API to update the FRO label on legacy trades.

Operational approach - Consultation Questions

1. Do you support ASX's proposal to apply the 2021 ISDA FRO label on all API and FPML messages created by ASX on or after 4 October 2021? (This question is only relevant to users of ASX's OTC Client Clearing API).
2. Do you support ASX's proposal not to issue amendment FPML messages to customers via its API to update the FRO label on legacy trades? (This question is only relevant to users of ASX's OTC Client Clearing API).
3. Are there any other matters that should be addressed in ASX's proposed operational approach for implementation of the new 2021 ISDA Definitions?

Proposed Amendments to the Futures Rules and OTC Rules

Clarifying ownership of cash and securities

ASX proposes to amend the Futures Rules to clarify that when cash or securities are deposited with ASX as margin, commitment or excess deposits then that cash or those securities become the absolute property of ASX. These amendments:

- supplement the existing framework that applies to the ownership of securities already set out in OTC Rule 5.3 (Securities and OTC Initial Margin) and the Client Protection Model provisions in Part 10 of the Futures Rules (including FR 112.1(i)-(j)); and

- clarify the ownership of cash deposited with ASX by Clearing Participants for both Futures and OTC Clearing.

In addition, ASX proposes to amend its default powers to provide that in the event of a default of a Clearing Participant ASX may re-hypothecate some or all of the securities deposited with it by the defaulting Clearing Participant for purposes relating to the management of the default. This may include, for example, ASX entering into a repurchase agreement with the RBA to facilitate liquidity for the purpose of settlement.

Minor updates have been made to the OTC Rules to clarify that the new provisions relating to the ownership of cash and securities deposited with ASX applies to OTC Clearing too.

Key Futures Rule and OTC Rules References – Clarifying ownership of cash and securities

Futures Rules: 49A (Absolute transfer of securities, collateral and other property); 49B (Cash and excess deposits represent property of ASX Clear (Futures)); 72.1(ba) (Powers of ASX Clear (Futures) Upon A Default and Determination of A Loss)

OTC Rules: 5.1 (Signpost to related Futures Rules); Schedule 1 (Relationship with Futures Rules)

Consultation Questions

1. Are there other matters relating to ownership of margin and commitment that you think ASX should clarify as part of these rule amendments?

Next Steps

ASX seeks stakeholders' view on the draft amendments to the ASX Clear (Futures) Operating Rules and Procedures. Submissions should be made by Wednesday 25 August 2021.

ASX welcomes the opportunity to discuss the draft amendments with interested parties (refer to the contact details on page 2).

ASX Futures Rules

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PART 4 ACCOUNTS AND DAILY SETTLEMENT

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49A Absolute transfer of securities, collateral and other property

All securities, collateral or other property deposited with ASX Clear (Futures) by a Clearing Participant by way of Initial Margin, Extra Margin or otherwise (whether or not arising from obligations under the Rules) is transferred to ASX Clear (Futures). All such transfers are absolute transfers of all right, title and interest in the securities, collateral or other property to ASX Clear (Futures) except to the extent that Part 11 (Security Interest provisions) of the Future Rules applies. No Clearing Participant, nor any OTC Affiliate or CPM Client has any proprietary right or proprietary interest in the securities, collateral or other property absolutely transferred. ASX Clear (Futures) only has the obligation to transfer equivalent securities, collateral or other property in accordance with these Rules and not the same property.

49B Cash deposits represent property of ASX Clear (Futures)

All cash deposited with ASX Clear (Futures) by a Clearing Participant by way of Initial Margin, Intra-Day Margin, Extra Margin, Commitment or otherwise (whether or not arising from obligations under the Rules) is the absolute legal and beneficial property of ASX Clear (Futures) and, subject to the Client Protection Model Provisions, represents a debt equal to the credit balance of the Clearing Participant's House Clearing Account or Client Clearing Account (as applicable). No Clearing Participant nor any OTC Affiliate or CPM Client has a proprietary right or proprietary interest in the cash.

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PART 7 PROCEDURES ON A DEFAULT

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72 Powers of ASX Clear (Futures) Upon A Default and Determination of A Loss

- 72.1 Upon a Default by a Clearing Participant ASX Clear (Futures) shall in its absolute discretion have the power to do all or any of the following in any order:
- (a) to Close Out all or any Open Contracts of the Clearing Participant in Default including in its absolute discretion Open Contracts in the Client Clearing Account by Closing Out any opposite positions in any House Clearing Account or Client Clearing Account and/or by buying or selling opposite positions on the Exchanges Markets as if a request to Close Out had been made by the Clearing Participant in Default pursuant to Rule 46 and to appropriate any excess after the application of Rule 47 or 48. Without limitation, a Close Out may occur by the matching of opposite positions which are held in different Accounts or Client Sub-Accounts of the Clearing Participant in Default. The prices attributable to the Close Out of any Open Contracts is to be determined by ASX Clear (Futures) in its discretion provided that the price is fair and equitable as between Open Contracts regardless of the Account in which they were registered and whether they were closed out on- or off-market. Without limitation, if any two Clearing Participants are in default and hold Open Contracts that ASX Clear

(Futures) determines to be opposite positions, ASX Clear (Futures) shall in its absolute discretion have the power to Close Out these Open Contracts by the matching of these opposite positions. The price attributable to the Close Out of such Open Contracts is to be determined by ASX Clear (Futures) in its discretion;

- (b) to sell, realise, apply and set off any monies, securities, collateral or other property deposited with ASX Clear (Futures) by the Clearing Participant in Default by way of Initial Margin, Commitment or otherwise (whether or not arising from obligations under the Rules) and to apply the proceeds towards satisfaction of any amount payable by the Clearing Participant in Default to ASX Clear (Futures) under or in connection with these Rules and the OTC Rules, without being required to give notice to or obtain the consent of the Clearing Participant in Default or any court order, with full power to execute any documents in its own name or as attorney for the Clearing Participant in Default for that purpose, PROVIDED ALWAYS that any monies, securities, collateral or other property deposited with ASX Clear (Futures) with respect to Open Positions designated to a Client Clearing Account or which are subject to a written agreement under Regulation 7.8.02(3) of the Corporations Regulations 2001, or an acknowledgment under Regulation 10 of the Futures Industry (Client Funds) Regulations 1990 of New Zealand, may be used to meet obligations in a Client Clearing Account and shall not be used to meet any obligations in a House Clearing Account;
- (ba) to re-hypothecate any securities, collateral or other property deposited with ASX Clear (Futures) by the Clearing Participant in Default by way of Initial Margin, Extra Margin or otherwise (whether or not arising from obligations under the Rules) for the purpose of managing the Default;
- (c) to apply any surplus in any House Clearing Account of the Clearing Participant in Default to any deficiency on any Client Clearing Account of the Clearing Participant in Default;
- (d) to Transfer pursuant to Rule 74.1 all or any Open Positions designated to a Client Clearing Account of the Clearing Participant in Default to another Clearing Participant with the written authority of such transferee Clearing Participant, together with any Initial Margins which in the opinion of ASX Clear (Futures) are held with respect to such Open Positions;
- (e) to Exercise or Abandon any Option Contract of the Clearing Participant in Default. Any such Exercise or Abandonment shall be deemed to have been effected by the Clearing Participant which is the party to the Option Contract;
- (f) notwithstanding any direction given under Rule 63, to itself give or take delivery of any Commodity;
- (g) to Close Out any remaining Open Contracts of the Clearing Participant in Default in the manner referred to in Rule 72.2;
- (h) terminate Open Contracts of the Clearing Participant in Default at a price determined by ASX Clear (Futures) subject to these Rules;
- (i) to terminate the Clearing Participant in Default's rights and status as a Clearing Participant in accordance with Rule 72.1A;
- (j) to do any thing permitted by the OTC Rules; and
- (k) to do all such other necessary acts and things as are ancillary or incidental to the execution of ASX Clear (Futures)' powers enumerated under these Rules in connection with the Default, provided that, for the avoidance of

doubt, in exercising power under paragraphs (a) to (k), ASX Clear (Futures) may not:

- (i) affect the order in which assets are applied under Rule 7.1; or
- (ii) Invoice Back or Force Allocate Open Contracts to another Clearing Participant.

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ASX OTC Rulebook

1 SCOPE AND INTERPRETATION

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1.10 OTC Terms

The terms of OTC Open Contracts are referred to as the **OTC Terms** and are set out in the OTC Handbook.

To the extent that there are any OTC Open Contracts on 4 October 2021, then the OTC Terms of such OTC Open Contracts are taken to be amended and restated in the terms set out in Schedule 2 of the OTC Handbook on 4 October 2021. Each OTC Participant, OTC Affiliate and CPM Client is taken to have agreed to this by its entry into any OTC Open Contract on or after that date.

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5 ACCOUNTS AND MARGIN

5.1 Signpost to related Futures Rules

These OTC Rules relate to matters which are addressed in Part 4 (Accounts and Daily Settlement) of the Futures Rules. Part 4 of the Futures Rules (except Futures Rules 41, 44.5 to 44.7, ~~and~~ 47.2 to 47.4, 49A and 49B) does not apply to OTC Clearing except to the extent set out in this OTC Rule 5.

Amended 11/02/14

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Schedule 1 – Relationship with Futures Rules

This schedule sets out whether, for each Futures Rule, it is replaced by a specific OTC Rule or is varied or supplemented by a specific OTC Rule, and, if neither, whether it otherwise applies to OTC Clearing, or is not relevant to OTC Clearing.

A Futures Rule	B Replaced by OTC Rule (and Futures Rule does not apply)	C Supplementary OTC Rule (and Futures Rule applies as varied or supplemented)	If not referred to in column B or C:	
			D Futures Rule applies	E Futures Rule not relevant (and does not apply)
1.1		1.3		
...				
<u>49A</u>		<u>5.3</u>		
<u>49B</u>			<u>Applicable</u>	

ASX OTC HANDBOOK

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Schedule 1 – OTC Eligibility Criteria

An OTC Transaction is eligible to be registered by ASX Clear (Futures) if it satisfies the eligibility criteria contained in this schedule. However, there are other conditions in the OTC Rules and this OTC Handbook for the registration of an OTC Transaction which also apply, including that an OTC Participant is, or is taken to be (in accordance with the OTC Rules), a party to the OTC Transaction, and that the required matched information in respect of that OTC Transaction has been submitted to and accepted by ASX Clear (Futures).

The eligibility criteria for an OTC Transaction are set out in this schedule separately with respect to each Approved Trade Source System through which the OTC Transaction may be submitted.

1 Introduction

This schedule defines the base clearing and trade eligibility rules and associated criteria that are to be applied within MarkitWire to OTC Transactions submitted, or taken to have been submitted, by OTC Participants for OTC Clearing.

Terms defined in the OTC Rules, OTC Handbook, Futures Rules, MarkitWire to ASX Clearing Eligibility Specification and the 2006 or 2021 ISDA Definitions (as applicable) as published by the International Swaps and Derivatives Association, Inc. as amended, varied or supplemented or restated from time to time⁴, have the same meaning when used in this schedule.

The rules set out in this schedule constitute the “OTC Eligibility Criteria” applicable to an OTC Transaction which is submitted using MarkitWire as the Approved Trade Source System.

The rules outlined in this schedule do not include any additional rules or criteria that may be specified for or by individual MarkitWire participants, or subsequently added into MarkitWire’s clearing eligibility rules framework.

For technical reasons these trade eligibility rules and criteria may also be applied independently of the MarkitWire trade affirmation platform.

ASX Clear (Futures) will apply the OTC Eligibility Criteria without discriminating between OTC Transactions that were executed bilaterally and OTC Transactions that were executed on or subject to the rules of an unaffiliated electronic matching platform or trade execution facility.

Amended 07/04/14, 25/09/15, 30/11/15

Explanatory Note:

The final paragraph of this provision 1 has been included in the OTC Handbook to meet CFTC requirements in connection with the exemption of ASX Clear (Futures) from registration as a Derivatives Clearing Organisation as defined in the Commodity Exchange Act of the United States.

⁴ <http://www.isda.org/publications/isda2000def-annex-sup.aspx#2006defs>

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3 IRS Specific Eligibility Rules

3.1 Product Types

Vanilla Interest Rate Swap – fixed rate leg versus floating rate leg.

3.2 Structure

Single Currency

3.3 Currencies and Floating Rate Indices

The following Currencies and Floating Rate Indices are supported for OTC Clearing through ASX Clear (Futures):

Currency	Floating Rate Index
AUD	AUD-BBR-BBSW ² AUD-BBSW ³
NZD	NZD-BBR-FRA ⁴ NZD-BKBM FRA ⁵

Amended 27/11/17

3.4 Designated Maturity

The Designated Maturity of an OTC Transaction with a Floating Rate Index must be as specified in the following table:

Floating Rate Index	Designated Maturity
AUD-BBR-BBSW AUD-BBSW	1, 3 or 6 months
NZD-BBR-FRA NZD-BKBM FRA	3 months

Amended 07/07/14, 27/11/17

3.5 Day Count Fraction

The Day Count Fraction of the OTC Transaction must be one of those specified in the following table:

Currency	Day Count Fraction	Markit Wire/FpML Code
AUD	Actual/365 (Fixed)	ACT/365.FIXED
	Actual/Actual.ISDA	ACT/ACT.ISDA

² This terminology reflects the ISDA 2006 Definitions and is referenced in the same way in other parts of this Schedule 1.

³ This terminology reflects the ISDA 2021 Definitions and is referenced in the same way in other parts of this Schedule 1.

⁴ This terminology reflects the ISDA 2006 Definitions and is referenced in the same way in other parts of this Schedule 1

⁵ This terminology reflects the ISDA 2021 Definitions and is referenced in the same way in other parts of this Schedule 1.

	ACT/360	ACT/360
	30/360	30/360
	30E/360	30E/360
NZD	Actual/365 (Fixed)	ACT/365.FIXED

Amended 07/07/14, 03/10/16, 27/11/17

3.6 Minimum Term

An OTC Transaction must have a Term of at least 29 calendar days.

Amended 07/07/14

3.7 Minimum Residual Term

An OTC Transaction must have a Minimum Residual Term (as calculated from, and including, the date the OTC Transaction is submitted for OTC Clearing to, and including the Termination Date) greater than or equal to 3 Sydney Business Days.

3.8 Maximum Residual Term

An OTC Transaction must have a Maximum Residual Term (as calculated from, and including, the date the OTC Transaction is submitted for OTC Clearing to, and including the Termination Date) as specified in the following table in respect of the Currency, Designated Maturity and Floating Rate Index.

Currency	Floating Rate Index	Designated Maturity	Maximum Residual Term
AUD	AUD-BBR-BBSW <u>AUD-BBSW</u>	6 months	(Spot – starting within 5 Business Days): Less than or equal to 11,342 calendar days
			(Forward starting – starting greater than 5 Business Days): Less than or equal to 11,342 calendar days
		3 months	(Spot – starting within 5 Business Days): Less than or equal to 11,342 calendar days
			(Forward starting – starting greater than 5 Business Days): Less than or equal to 11,342 calendar days
		1 month	(Spot – starting within 5 Business Days): Less than or equal to 3,677 calendar days
			(Forward starting – starting greater than 5 Business Days): Less than or equal to 3,677 calendar days
NZD	NZD-BBR-FRA <u>NZD-BKBM FRA</u>	3 months	(Spot – starting within 5 Business Days): Less than or equal to 5,502 calendar days

			(Forward starting – starting greater than 5 Business Days): Less than or equal to 5,502 calendar days
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Amended 07/04/14, 07/07/14, 03/10/16, 27/11/17, 26/02/18

3.9 Fixing Days Offset and Fixing Holiday Centres

An OTC Transaction must have only the following Fixing Days Offset and Fixing Holiday Centres for a given Floating Rate Index to be eligible for OTC Clearing:

Floating Rate Index	Fixing Days Offset	Fixing Holiday Centre
AUD-BBR-BBSW <u>AUD-BBSW</u>	0	AUSY
NZD-BBR-FRA <u>NZD-BKBM FRA</u>	0	NZAU, NZWE

Amended 27/11/17

3.10 Minimum First Fixing Rate

An OTC Transaction with a specified First Fixing Rate for a Floating Rate Index of less than or equal to zero percent cannot be cleared. An OTC Transaction where the First Fixing Rate is not specified is eligible for OTC Clearing.

3.11 Different First Fixing Rule

Where a Different First Fixing Rule is specified in MarkitWire as being applicable to an OTC Transaction, the following conditions must be satisfied for the OTC Transaction to be eligible for OTC Clearing:

- The First Fixing Days Offset must be between 0 and –10 days inclusive, as adjusted in accordance with the applicable Business Day Convention.
- The First Fixing Holiday Centres must be recognised by ASX Clear (Futures) (see Appendix A) and must, at a minimum, include the Fixing Holiday Centres specified in Section 3.9.

3.12 Ineligible Floating Rate Indices

An OTC Transaction with a Floating Rate Index not listed as supported under Sections 3.3, 4.3 or 5.3 cannot be cleared.

3.13 Non-Mutual Optional Early Termination

An OTC Transaction with Optional Early Termination that is not a mutual put (identified by the field labelled 'Option' on the Break (2) IRS template page containing either the value 'Optional – Unilateral My Option' or 'Optional – Unilateral Other Party Option') cannot be cleared.

3.14 Mandatory Early Termination

An OTC Transaction with Mandatory Early Termination (identified by the field labelled 'Option' on the Break (2) IRS template page containing the value 'Mandatory') cannot be cleared.

3.15 Period End Date Adjustments

An OTC Transaction with an unadjusted Termination Date (identified by either of the “Adj Final (Fixed)” or “Adj Final (Float)” checkboxes on the Holidays IRS template page being un-ticked) can be cleared.

An OTC Transaction with no adjustment to the Period End Dates (identified by either of the “Adjust Fixed Period End Dates” or “Adjust Float Period End Dates” checkboxes on the Holidays IRS template page being un-ticked) can be cleared, unless such a setting is not facilitated by MarkitWire.

An OTC Transaction with an “Accrual Period Adjustment” type that is not set to the same value for both legs can be cleared.

Amended 03/10/16

3.16 Payment Lag

An OTC Transaction with Payment Lag of more than 2 Business Days cannot be cleared.

3.17 Principal Currency Holiday Centres

An OTC Transaction denominated in any supported Currency shown below and which does not specify the associated holiday centre(s) for purposes of determining Business Days for payments and interest calculations cannot be cleared. In addition, any or all of the ASX Supported Holiday Centres listed in Appendix A may also be specified.

Currency	Holiday Centre	Markit Wire/FpML Code
AUD	Sydney	AUSY
NZD	Auckland	NZAU
	Wellington	NZWE

Amended 27/11/17

3.18 Business Day Convention

An OTC Transaction that does not specify one of following Business Day Conventions cannot be cleared:

Business Day Convention	Markit Wire/FpML Code
Modified Following	MODF
Following	FOLL
Preceding	PREC

An OTC Transaction must apply a single Business Day Convention to each of: the Fixed Rate Payer Payment Dates, the Fixed Rate Payer Period End Dates, the Floating Rate Payer Payment Dates, the Floating Rate Payer Period End Dates, the Floating Rate Payer compounding dates, and the Termination Date.

3.19 Minimum Notional

An OTC Transaction with a Notional Amount of less than one currency unit cannot be cleared.

Amended 07/04/14

3.20 Payment and Roll Holiday Centres

An OTC Transaction where the Payment Holiday Centres and Roll Holiday Centres are not the same cannot be cleared. An OTC Transaction where the Payment Holiday Centres do not include the relevant principal holiday centre associated with the Currency cannot be cleared (see Section 3.17 for Principal Currency Holiday Centres).

An OTC Transaction where the Payment Holiday Centres include one or more centres not supported by ASX cannot be cleared (see Appendix A for ASX Supported Holiday Centres).

3.21 Fees (Additional Payments)

An OTC Transaction with more than two Additional Payments⁶ cannot be cleared.

An OTC Transaction with an Additional Payment in a currency different to the Currency cannot be cleared.

An OTC Transaction with an Additional Payment where the Additional Payment Holiday Calendar does not include the principal holiday centre associated with the Currency cannot be cleared.

An OTC Transaction with an Additional Payment where the Additional Payment Holiday Calendar includes one or more centres not supported by ASX Clear (Futures) (as described in Appendix A) cannot be cleared.

An OTC Transaction which does not have the same holiday centres for Additional Payments, Payment Dates and roll dates cannot be cleared.

An OTC Transaction which does not have the Business Day Convention on Additional Payments, set to Modified Following (MODF) cannot be cleared.

An OTC Transaction with an Additional Payment where the Payment Date is prior to the Effective Date or after the Termination Date cannot be cleared.

3.22 Fixed and Float Start Date

An OTC Transaction with different start dates for each of the Fixed Start Date and Float Start Date can be cleared.

An OTC Transaction with a Floating Rate Option of AUD-BBR-BBSW or AUD-BBSW or NZD-BBR-FRA or NZD-BKBM FRA with different start dates for the Fixed Start Date and Float Start Date cannot have a difference between the Fixed Start Date and Float Start Date equal to or more than 366 calendar days.

Amended 03/10/16, 27/11/17

3.23 Floating Leg Calculation

An OTC Transaction with Reset In Arrears specified cannot be cleared.

⁶ An additional payment under the terms of this section means any payment not part of the normal coupon cycle.

3.24 Zero Coupon IRS

To be eligible for OTC Clearing, an OTC Transaction with a Floating Rate Index of AUD-BBR-BBSW or AUD-BBSW with a fixed leg zero coupon structure (identified by the “Zero Coupon (Fixed)” checkbox on the IRS template page being ticked) must have a Maximum Residual Term of less than or equal to 1,122 calendar days.

To be eligible for OTC Clearing, an OTC Transaction with a Floating Rate Index of NZD-BBR-FRA or NZD-BKBM FRA with a fixed leg zero coupon structure (identified by the “Zero Coupon (Fixed)” checkbox on the IRS template page being ticked) must have a Maximum Residual Term of less than or equal to 757 calendar days.

Amended 27/11/17, 26/02/18

3.25 Adjusted Fixed (or Float) Starts

An OTC Transaction with different value for both the Adjust Fixed Start Date and Adjust Float Start Date cannot be cleared.

An OTC Transaction with a different Adjust Fixed Start Date and Adjust Float Start Date cannot have a difference between the Adjust Fixed Start Date and Adjust Float Start Date equal to or more than 366 calendar days.

Amended 03/10/16

3.26 Compounding Method

An OTC Transaction with a Compounding Method of ‘Spread Exclusive’ can be cleared.

Amended 17/10/16

3.27 Leg Compliance

An OTC Transaction with a Floating Rate Index of AUD-BBR-BBSW or AUD-BBSW or NZD-BBR-FRA or NZD-BKBM FRA which does not use one of the following Leg combinations cannot be cleared:

- Fixed/Float
- Float/Fixed

Amended 27/11/17

3.28 Payment Frequency

An OTC Transaction which does not use one of the following Payment Frequencies cannot be cleared:

- Monthly
- Quarterly
- Semi-Annually
- Annually (Fixed Payment Frequency only)
- At maturity (Fixed Payment Frequency only)

Amended 11/02/14, 07/07/14

3.29 Stubs

Non-standard Calculation Periods (referred to as **Stub Periods**) may occur at the start or end or both start and end of the OTC Transaction. An OTC Transaction with

a Stub Period at the start of the OTC Transaction greater than or equal to 2 Calculation Periods cannot be cleared.

An OTC Transaction with a Designated Maturity of 1 or 3 months and a Stub Period at the end of the OTC Transaction exceeding 2 Calculation Periods cannot be cleared. An OTC Transaction with a Designated Maturity of 6 months and a Stub Period at the end of the OTC Transaction exceeding 1 Calculation Period cannot be cleared.

Application of Linear Interpolation for Stub Periods is only permitted between acceptable Stub Interpolation Floating Rate Index Tenors (currently 1m, 2m, 3m, 4m, 5m, 6m). OTC Transactions with Stub Period lengths outside of this tenor range, may elect to use "First Fixing Rate" or a Floating Rate Index without interpolation to be eligible for OTC Clearing. An OTC Transaction with Linear Interpolation for Stub Period lengths of less than 1 month (or greater than 6m), cannot be cleared.

Amended 03/10/16

3.30 Eligible Start Dates

An OTC Transaction with a Start Date exceeding the submission date by more than the days specified in the following table cannot be cleared:

Currency	Transaction Type	Designated Maturity	Days
AUD	Spot		5 Business Days
	Forward Starting	1 month	3,677 calendar days
	Forward Starting	3 months	11,342 calendar days
	Forward Starting	6 months	11,342 calendar days
NZD	Spot		5 Business Days
	Forward Starting	3 months	5,502 calendar days

Amended 07/04/14, 07/07/14, 03/10/16, 27/11/17, 26/02/18

4 OIS Specific Eligibility Rules

4.1 Product Types

Vanilla Interest Rate Swap – fixed rate leg versus floating rate leg.

4.2 Structure

Single Currency

4.3 Currencies and Floating Rate Indices

The following Currency and Floating Rate Indices are supported for OTC Clearing through ASX Clear (Futures):

Currency	Floating Rate Index
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AUD	AUD-AONIA-OIS-COMPOUND ⁷ AUD-AONIA-OIS Compound ⁸
NZD	NZD-NZIONA-OIS-COMPOUND ⁹ NZD-NZIONA-OIS Compound ¹⁰

Amended 27/11/17

4.4 Designated Maturity

The Designated Maturity of the OTC Transaction with a Floating Rate Index of AUD-AONIA-OIS-COMPOUND or [AUD-AONIA-OIS Compound](#) or NZD-NZIONA-OIS-COMPOUND or [NZD-NZIONA-OIS Compound](#), must be daily.

Amended 27/11/17

4.5 Day Count Fraction

The Day Count Fraction of the OTC Transaction must be one of those specified in the following table:

Currency	Day Count Fraction	Markit Wire/FpML Code
AUD	Actual/365 (Fixed)	ACT/365.FIXED
	Actual/Actual.ISDA	ACT/ACT.ISDA
NZD	Actual/365 (Fixed)	ACT/365.FIXED

Amended 07/07/14, 27/11/17

4.6 Minimum Term

An OTC Transaction must have a Term of at least 3 Sydney Business Days.

4.7 Minimum Residual Term

An OTC Transaction must have a Minimum Residual Term (as calculated from, and including, the date the OTC Transaction is submitted for OTC Clearing to, and including, the Termination Date) greater than or equal to 3 Sydney Business Days.

4.8 Maximum Residual Term

An OTC Transaction must have a Maximum Residual Term (as calculated from, and including, the date the OTC Transaction is submitted for OTC Clearing to, and including the Termination Date) as specified in the following table in respect of the Currency and Floating Rate Index:

Currency	Floating Rate Index	Maximum Remaining Term
AUD	AUD-AONIA-OIS-COMPOUND AUD-AONIA-OIS Compound	Less than or equal to 1,122 calendar days

⁷ This terminology reflects the ISDA 2006 Definitions and is referenced in the same way in other parts of this Schedule 1.

⁸ This terminology reflects the ISDA 2021 Definitions and is referenced in the same way in other parts of this Schedule 1.

⁹ This terminology reflects the ISDA 2006 Definitions and is referenced in the same way in other parts of this Schedule 1.

¹⁰ This terminology reflects the ISDA 2021 Definitions and is referenced in the same way in other parts of this Schedule 1.

NZD	NZD-NZIONA-OIS-COMPOUND NZD-NZIONA-OIS Compound	Less than or equal to 757 calendar days
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Amended 27/11/17

4.9 Fixing Days Offset and Fixing Holiday Centres

An OTC Transaction must have only the following Fixing Days Offset and Fixing Holiday Centres for a given Floating Rate Index to be eligible for OTC Clearing:

Floating Rate Index	Fixing Days Offset	Fixing Holiday Centre
AUD-AONIA-OIS-COMPOUND AUD-AONIA-OIS Compound	0	AUSY
NZD-NZIONA-OIS-COMPOUND NZD-NZIONA-OIS Compound	0	NZAU, NZWE

Amended 27/11/17

4.10 Minimum First Fixing Rate

An OTC Transaction with a specified First Fixing Rate for a Floating Rate Index less than or equal to zero percent cannot be cleared. An OTC Transaction where the First Fixing Rate is not specified is eligible for OTC Clearing.

4.11 Ineligible Floating Rate Indices

An OTC Transaction with a Floating Rate Index not listed as supported under Sections 3.3, 4.3 or 5.3 cannot be cleared.

4.12 Non-Mutual Optional Early Termination

An OTC Transaction with Optional Early Termination that is not a mutual put (identified by the field labelled 'Option' on the Break (2) OIS template page containing either the value 'Optional – Unilateral My Option' or 'Optional – Unilateral Other Party Option') cannot be cleared.

4.13 Mandatory Early Termination

An OTC Transaction with Mandatory Early Termination (identified by the field labelled 'Option' on the Break (2) OIS template page containing the value 'Mandatory') cannot be cleared.

4.14 Period End Date Adjustments

An OTC Transaction with an unadjusted Termination Date (identified by either of the "Adj Final (Fixed)" or "Adj Final (Float)" checkboxes on the Holidays OIS template page being un-ticked) cannot be cleared.

An OTC Transaction with no adjustment to the Period End Dates (identified by either of the "Adjust Fixed Period End Dates" or "Adjust Float Period End Dates" checkboxes on the Holidays OIS template page being un-ticked) cannot be cleared, unless such a setting is not facilitated by MarkitWire.

An OTC Transaction with an "Accrual Period Adjustment" type that is not set to the same value for both legs cannot be cleared.

4.15 Payment Lag

An OTC Transaction cannot be cleared where it has a Payment Lag of:

- less than one Business Day; or

- more than two Business Days.

Amended 07/07/14

4.16 Principal Currency Holiday Centres

An OTC Transaction denominated in any supported Currency shown below and which does not specify the associated holiday centre(s) for purposes of determining Business Days for payments and interest calculations cannot be cleared. In addition, any or all of the ASX Supported Holiday Centres listed in Appendix A may also be specified.

Currency	Holiday Centre	Markit Wire/FpML Code
AUD	Sydney	AUSY
NZD	Auckland	NZAU
	Wellington	NZWE

Amended 27/11/17

4.17 Business Day Convention

An OTC Transaction that does not specify one of the following Business Day Conventions cannot be cleared:

Business Day Convention	Markit Wire/FpML Code
Modified Following	MODF
Following	FOLL
Preceding	PREC

An OTC Transaction must apply a single Business Day Convention to each of: the Fixed Rate Payer Payment Dates, the Fixed Rate Payer Period End Dates, the Floating Rate Payer Payment Dates, the Floating Rate Payer Period End Dates, the Floating Rate Payer compounding dates, and the Termination Date.

Amended 11/02/14

4.18 Minimum Notional

An OTC Transaction with a Notional Amount of less than one currency unit cannot be cleared.

Amended 07/04/14

4.19 Payment and Roll Holiday Centres

An OTC Transaction where the Payment Holiday Centres and Roll Holiday Centres are not the same cannot be cleared.

An OTC Transaction where the Payment Holiday Centres do not include the principal holiday centre associated with the Currency cannot be cleared (see Section 4.16 for Principal Currency Holiday Centres).

An OTC Transaction where the Payment Holiday Centres include one or more centres not recognised by ASX cannot be cleared (see Appendix A for ASX Supported Holiday Centres).

4.20 Fees (Additional Payments)

An OTC Transaction with more than two Additional Payments¹¹ cannot be cleared.

An OTC Transaction with an Additional Payment in a currency different to the Currency cannot be cleared.

An OTC Transaction with an Additional Payment where the Additional Payment Holiday Calendar does not include the principal holiday centre associated with the Currency cannot be cleared.

An OTC Transaction with an Additional Payment where the Additional Payment Holiday Calendar includes one or more centres not supported by ASX Clear (Futures) (as described in Appendix A) cannot be cleared.

An OTC Transaction which does not have the Business Day Convention on additional payments, set to Modified Following (MODF) cannot be cleared.

An OTC Transaction which does not have the same holiday centres for Additional Payments, Payment Dates and roll dates cannot be cleared.

An OTC Transaction with an Additional Payment where the Payment Date is prior to the Effective Date or after the Termination Date cannot be cleared.

4.21 Fixed and Float Start Date

An OTC Transaction with different start dates for each of the Fixed Start Date and the Float Start Date cannot be cleared.

4.22 Zero Coupon OIS

To be eligible for OTC Clearing, an OTC Transaction with a Floating Rate Option of AUD-AONIA-OIS-COMPOUND or AUD-AONIA-OIS Compound, with a fixed leg or floating leg zero coupon structure must have a Maximum Residual Term of less than or equal to 1,122 calendar days.

A Zero Coupon OIS OTC Transaction with a Floating Rate Option of AUD-AONIA-OIS-COMPOUND or AUD-AONIA-OIS Compound, with a Start Date exceeding the submission date by more than 1,122 calendar days cannot be cleared.

To be eligible for OTC Clearing, an OTC Transaction with a Floating Rate Option of NZD-NZIONA-OIS-COMPOUND or NZD-NZIONA-OIS Compound, with a fixed leg or floating leg zero coupon structure must have a Maximum Residual Term of less than or equal to 757 calendar days.

A Zero Coupon OIS OTC Transaction with a Floating Rate Option of NZD-NZIONA-OIS-COMPOUND or NZD-NZIONA-OIS Compound, with a Start Date exceeding the submission date by more than 757 calendar days cannot be cleared.

Amended 07/04/14, 07/07/14, 03/10/16, 27/11/17

4.23 Adjusted Fixed (or Float) Starts

An OTC Transaction with a different value for both the Adjust Fixed Start Date and Adjust Float Start Date cannot be cleared.

¹¹ An additional payment under the terms of this section means any payment not part of the normal coupon cycle.

4.24 Leg Compliance

An OTC Transaction with a Floating Rate Option of AUD-AONIA-OIS-COMPOUND or AUD-AONIA-OIS Compound or NZD-NZIONA-OIS-COMPOUND or NZD-NZIONA-OIS Compound which does not use one of the following Leg combinations cannot be cleared:

- Fixed/Float
- Float/Fixed

Amended 27/11/17

4.25 Payment Frequency

An OTC Transaction which does not use one of the following Payment Frequencies cannot be cleared:

- Monthly
- Quarterly
- Semi-Annually
- Annually
- At maturity

Amended 11/02/14, 17/10/16

4.26 Stubs

Non-standard Calculation Periods (referred to as **Stub Periods**) may only occur at the start or end of the OTC Transaction. An OTC Transaction with Stub Periods at both the start and end of the transaction is subject to rejection by ASX Clear (Futures) in its discretion.

An OTC Transaction with a Payment Frequency of 1, 3 or 6 months and a stub period at the start of the transaction exceeding 1 calculation period cannot be cleared. An OTC Transaction with an annual payment frequency and a Stub Period at the start of the OTC Transaction exceeding 366 Business Days cannot be cleared.

An OTC Transaction with a Stub Period at the end of the OTC Transaction exceeding 0 Business Days cannot be cleared.

Amended 17/10/16

4.27 Eligible Start Dates

An OTC Transaction Floating Rate Option of AUD-AONIA-OIS-COMPOUND or AUD-AONIA-OIS Compound with a Start Date exceeding the submission date by more than 1,122 calendar days cannot be cleared.

An OTC Transaction with a Floating Rate Option of NZD-NZIONA-OIS-COMPOUND or NZD-NZIONA-OIS Compound, with a Start Date exceeding the submission date by more than 757 calendar days cannot be cleared.

Amended 07/04/14, 03/10/16, 27/11/17

5 Basis-Swap Specific Eligibility Rules

5.1 Product Types

Vanilla Basis Swap – float rate leg versus floating rate leg within a single eligible currency.

5.2 Structure

Single Currency

5.3 Currencies and Floating Rate Indices

The following Currency and Floating Rate Indices are supported for OTC Clearing through ASX Clear (Futures):

Currency	Floating Rate Index
AUD	AUD-BBR-BBSW AUD-BBSW
AUD	AUD-AONIA-OIS-COMPOUND AUD-AONIA-OIS Compound

Amended 03/10/16

5.4 Designated Maturity

The Designated Maturity of an OTC Transaction with a Floating Rate Index must be as specified in the following table:

Floating Rate Index	Designated Maturity
AUD-AONIA-OIS-COMPOUND AUD-AONIA-OIS Compound	Daily
AUD-BBR-BBSW AUD-BBSW	1, 3 or 6 months

Amended 07/07/14, 03/10/16, 27/11/17

5.5 Day Count Fraction

The Day Count Fraction of the OTC Transaction must be one of those specified in the following table:

Currency	Day Count Fraction	Markit Wire/FpML Code
AUD	Actual/365 (Fixed)	ACT/365.FIXED
	Actual/Actual.ISDA	ACT/ACT.ISDA
	ACT/360	ACT/360

Amended 07/07/14, 03/10/16

5.6 Minimum Term

An OTC Transaction must have a Term of at least 29 calendar days.

Amended 07/07/14

5.7 Minimum Residual Term

An OTC Transaction must have a Minimum Residual Term (as calculated from, and including, the date the OTC Transaction is submitted for OTC Clearing to, and including, the Termination Date) greater than or equal to 3 Sydney Business Days.

5.8 Maximum Residual Term

An OTC Transaction must have a Maximum Residual Term (as calculated from, and including, the date the OTC Transaction is submitted for OTC Clearing to, and including, the Termination Date) as specified in the following table in respect of the Currency, Designated Maturity and Floating Rate Index:

Currency	Floating Rate Index	Designated Maturity	Maximum Residual Term
AUD	AUD-BBR-BBSW <u>AUD-BBSW</u>	6 months	(Spot – starting within 5 Business Days): Less than or equal to 11,342 calendar days
			(Forward starting – starting greater than 5 Business Days): Less than or equal to 11,342 calendar days
		3 months	(Spot – starting within 5 Business Days): Less than or equal to 11,342 calendar days
			(Forward starting – starting greater than 5 Business Days): Less than or equal to 11,342 calendar days
	1 month	(Spot – starting within 5 Business Days): Less than or equal to 3,677 calendar days	
		(Forward starting – starting greater than 5 Business Days): Less than or equal to 3,677 calendar days	
AUD-AONIA-OIS-COMPOUND <u>AUD-AONIA-OIS Compound</u>	1 Day	(Spot – starting within 5 Business Days): Less than or equal to 3,677 calendar days	
		(Forward Starting – starting greater than 5 Business Days): Less than or equal to 3,677 calendar days	

- Note: Where an OTC Transaction specifies a different Designated Maturity for each leg, the Maximum Residual Term will be set based on the lower of the two Designated Maturities.

Amended 07/04/14, 07/07/14, 03/10/16

5.9 Fixing Days Offset and Fixing Holiday Centres

An OTC Transaction must have only the following Fixing Days Offset and Fixing Holiday Centres for a given Floating Rate Index to be eligible for OTC Clearing:

Floating Rate Index	Fixing Days Offset	Fixing Holiday Centre
AUD-BBR-BBSW <u>AUD-BBSW</u>	0	AUSY

5.10 Minimum First Fixing Rate

An OTC Transaction with a First Fixing Rate for a Floating Rate Index less than or equal to zero percent cannot be cleared. Note that an OTC Transaction where the First Fixing Rate is not specified is eligible for OTC Clearing.

5.11 Different First Fixing Rule

Where a Different First Fixing Rule is specified in MarkitWire as being applicable to an OTC Transaction the following conditions must be satisfied for the OTC Transaction to be eligible for OTC Clearing:

- The First Fixing Days Offset must be between 0 and –10 days inclusive as adjusted in accordance with the applicable Business Day Convention.
- The First Fixing Holiday Centres must be recognised by ASX Clear (Futures) (see Appendix A) and must, at a minimum, include the Fixing Holiday Centre specified in Section 5.9 above.

5.12 Ineligible Floating Rate Indices

An OTC Transaction with a Floating Rate Index not listed in Sections 3.3, 4.3 or 5.3 as supported cannot be cleared.

5.13 Non-Mutual Optional Early Termination

An OTC Transaction with Optional Early Termination that is not a mutual put (identified by the field labelled 'Option' on the Break (2) IRS template page containing either the value 'Optional – Unilateral My Option' or 'Optional – Unilateral Other Party Option') cannot be cleared.

5.14 Mandatory Early Termination

An OTC Transaction with Mandatory Early Termination (identified by the field labelled 'Option' on the Break (2) IRS template page containing the value 'Mandatory') cannot be cleared.

5.15 Period End Date Adjustments

An OTC Transaction with an unadjusted Termination Date (identified by either (or both) the Adj Final (Fixed) or Adj Final (Float) checkboxes on the Holidays IRS template page being un-ticked) cannot be cleared.

An OTC Transaction with no adjustment to the Period End Dates (identified by either (or both) the Adjust Fixed Period End Dates or Adjust Float Period End Dates checkboxes on the Holidays IRS template page being un-ticked) cannot be cleared, unless such a setting is not facilitated by MarkitWire.

An OTC Transaction with an "Accrual Period Adjustment" type that is not set to the same value for both legs cannot be cleared.

5.16 Payment Lag

An OTC Transaction with Payment Lag of more than 2 Business Days cannot be cleared.

5.17 Principal Currency Holiday Centres

An OTC Transaction denominated in any supported Currency shown below and which does not specify the associated holiday centre(s) for purposes of determining

Business Days for payments and interest calculations cannot be cleared. In addition, any or all of the ASX Supported Holiday Centres listed in Appendix A may also be specified.

Currency	Holiday Centre	Markit Wire/FpML Code
AUD	Sydney	AUSY

5.18 Business Day Convention

An OTC Transaction that does not specify one of the following Business Day Conventions cannot be cleared:

Business Day Convention	Markit Wire/FpML Code
Modified Following	MODF
Following	FOLL
Preceding	PREC

An OTC Transaction must apply a single Business Day Convention to each of: the Floating Rate Payer Payment Dates, the Floating Rate Payer Period End Dates, the Floating Rate Payer compounding dates, and the Termination Date.

Amended 11/02/14

5.19 Minimum Notional

An OTC Transaction with a Notional Amount less than one currency unit cannot be cleared.

Amended 07/04/14

5.20 Payment and Roll Holiday Centres

An OTC Transaction where the Payment Holiday Centres and Roll Holiday Centres are not the same cannot be cleared.

An OTC Transaction where the Payment Holiday Centres do not include the relevant principal holiday centre associated with the Currency cannot be cleared (see Section 5.17 for Principal Currency Holiday Centres).

An OTC Transaction where the Payment Holiday Centres include one or more centres not supported by ASX Clear (Futures) cannot be cleared (see Appendix A for ASX Supported Holiday Centres).

5.21 Fees (Additional Payments)

An OTC Transaction with more than two Additional Payments¹² cannot be cleared.

An OTC Transaction with an Additional Payment in a currency different to the Currency cannot be cleared.

An OTC Transaction with an Additional Payment where the Additional Payment Holiday Calendar does not include the principal holiday centre associated with the Currency cannot be cleared.

¹² An additional payment under the terms of this section means any payment not part of the normal coupon cycle.

An OTC Transaction with an Additional Payment where the Additional Payment Holiday Calendar includes one or more holiday centres not supported by ASX Clear (Futures) (as described in Appendix A) cannot be cleared.

An OTC Transaction which does not have the Business Day Convention on Additional Payments, set to Modified Following (MODF) cannot be cleared.

An OTC Transaction which does not have the same holiday centres on Additional Payments, Payment Dates and roll dates cannot be cleared.

An OTC Transaction with an Additional Payment where the Payment Date is prior to the Effective Date or after the Termination Date cannot be cleared.

5.22 Float Start Date

An OTC Transaction with different start dates for each of the Float Start Dates cannot be cleared.

5.23 Floating Leg Calculation

An OTC Transaction with Reset In Arrears specified for a leg cannot be cleared.

An OTC Transaction with a Float Reset Frequency not equal to the Designated Maturity cannot be cleared.

5.24 Adjusted Starts

An OTC Transaction with a different value for both Adjust Float Start Dates cannot be cleared.

5.25 Compounding Method

An OTC Transaction which has a Compounding Method of 'Spread Exclusive' can be cleared.

Amended 11/02/14, 17/10/16

5.26 Leg Compliance

An OTC Transaction with a Floating Rate Index of AUD-BBR-BBSW or AUD-BBSW and which does not use one of the following Leg combinations cannot be cleared:

- Float/Float

5.27 Payment Frequency

An OTC Transaction which does not use one of the following Payment Frequencies cannot be cleared:

- Monthly
- Quarterly
- Semi-Annually
- Annually (AUD-AONIA-OIS-COMPOUND or AUD-AONIA-OIS Compound rate index only)
- At Maturity (AUD-AONIA-OIS-COMPOUND or AUD-AONIA-OIS Compound rate index only)

Amended 11/02/14, 07/07/14, 03/10/16, 17/10/16

5.28 Stubs

Non-standard Calculation Periods (referred to as **Stub Periods**) may only occur at the start or end of the OTC Transaction. An OTC Transaction with Stub Periods at both the start and end of the transaction is subject to rejection by ASX Clear (Futures) in its discretion. An OTC Transaction with a Stub Period at the start of the OTC Transaction greater than or equal to 1 Calculation Period on an AUD-AONIA-OIS-COMPOUND or AUD-AONIA-OIS Compound index or 2 Calculation periods on a AUD-BBR-BBSW or AUD-BBSW index cannot be cleared.

An OTC Transaction with a AUD-AONIA-OIS-COMPOUND or AUD-AONIA-OIS Compound index and a Stub Period at the end of the OTC Transaction cannot be cleared. An OTC Transaction with an AUD-BBR-BBSW or AUD-BBSW Designated Maturity of 1 or 3 months and a Stub Period at the end of the OTC Transaction exceeding 2 Calculation Periods cannot be cleared. An OTC Transaction with an AU-BBR-BBSW or AU-BBSW Designated Maturity of 6 months and a Stub Period at the end of the OTC Transaction exceeding 1 Calculation Period cannot be cleared.

Application of Linear Interpolation for Stub Periods is only permitted between acceptable Stub Interpolation Floating Rate Index Tenors (currently 1m, 2m, 3m, 4m, 5m, 6m). OTC Transactions with Stub Period lengths outside of this tenor range, may elect to use "First Fixing Rate" or a Floating Rate Index without interpolation to be eligible for OTC Clearing. An OTC Transaction with Linear Interpolation for Stub Period lengths of less than 1 month (or greater than 6m), cannot be cleared.

Amended 03/10/16

5.29 Eligible Start Dates

An OTC Transaction with a Start Date exceeding the submission date by more than the days specified in the following table cannot be cleared:

Currency	Transaction Type	Designated Maturity	Days
AUD	Spot		5 Business Days
	Forward Starting	1 day 1 month	3,677 calendar days
	Forward Starting	3 months	11,342 calendar days
	Forward Starting	6 months	11,342 calendar days

Amended 07/04/14, 07/07/14, 03/10/16,27/11/17

Appendix A: ASX Supported Holiday Centres

The following holiday centres are accepted by ASX. A MarkitWire trade that includes any other holiday centres than those listed below in the Payment, Roll, Additional Payment or Initial Fixing Holiday Centre fields cannot be cleared.

Holiday Centre	Markit Wire/FpML Code
Sydney	AUSY
Melbourne	AUME
New York	USNY
London	GBLO
Auckland	NZAU
Wellington	NZWE

Amended 27/11/17

Appendix B: Additional Trade Eligibility Criteria Applied Outside of MarkitWire – [Deleted]

Deleted 07/04/14

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Schedule 2 – OTC Terms

The terms of an OTC Open Contract includes these OTC Terms. They are separated into 3 parts, Interpretation, Economic Terms and Standard Terms. These OTC Terms are applicable to calculate the amounts payable to, or by, ASX Clear (Futures) under each OTC Open Contract.

1 Interpretation

1.1 ISDA definitions

— The ~~2006-2021~~ ISDA Interest Rate Derivatives Definitions, including each Matrix if applicable and any successor matrix thereto, each as published by ISDA on its website¹³ (referred to as the ~~2006-2021~~ **ISDA Definitions**), ~~as published by the International Swaps and Derivatives Association, Inc.,~~ are incorporated into these

¹³ Refer to www.isda.org

OTC Terms. ~~(Copies of the 2006 ISDA Definitions are available at www.isda.org/publications/pubguide.aspx.)~~

Accordingly, terms defined in the ~~2006-2021~~ ISDA Definitions have the same meaning when used in these OTC Terms and references to **Articles** means Articles in the ISDA ~~2006-2021~~ Definitions.

References in the ~~2006-2021~~ ISDA Definitions to a “Swap Transaction” are taken to be references to an “OTC Open Contract” for the purposes of these OTC Terms.

The ~~2006-2021~~ ISDA Definitions apply to an OTC Open Contract despite the selection of any other definitions in the data transmitted in the submission of an OTC Transaction for registration.

1.2 Amendments

~~The latest version of the 2021 ISDA Definitions is incorporated into these OTC Terms in respect of each OTC Open Contract which has a Trade Date after the time that the relevant version is published, unless ASX Clear (Futures) notifies OTC Participants to the contrary.~~

~~If the 2006 ISDA Definitions are amended then the amendments are incorporated into these OTC Terms in respect of each OTC Open Contract which has a Trade Date after the time that the amendment is effective, unless ASX Clear (Futures) notifies OTC Participants to the contrary. ASX Clear (Futures) agrees to notify the OTC Participants of any such amendments after it becomes aware of them.~~

~~The accidental omission to give notice under this provision to, or the non-receipt of notice under this provision by, any OTC Participant does not invalidate the amendment with which the notice is concerned.~~

1.3 Inconsistency

In the event of an inconsistency between the OTC Rules or the OTC Handbook and the ~~2006-2021~~ ISDA Definitions, the OTC Rules or the OTC Handbook, as the case may be, prevails. None of the OTC Rules, OTC Handbook, ~~2006-2021~~ ISDA Definitions, Economic Terms or Standard Terms prevail over the Recovery Rules.

In the event of any inconsistency between the Economic Terms and the Standard Terms, the Standard Terms prevail.

Amended 01/10/15

2 Economic Terms

2.1 Economic Terms

The economic terms of an OTC Open Contract (referred to as **Economic Terms**) are taken from the information submitted, or taken to be submitted, to ASX Clear (Futures) by the parties to the corresponding OTC Transaction.

Amended 30/11/15

2.2 Matched information

It is a condition to the registration that the particulars of a OTC Transaction presented to ASX Clear (Futures) must include matched information in respect of the Economic Terms, except that information in respect of 2.3(k)(vii) or (k)(viii) (not both).

2.3 OTC Transaction Type: Interest Rate Derivatives

The Economic Terms for interest rate derivatives comprise:

- (a) Notional Amount (see Article [4.7.4.2](#) for definition);
- (b) Currency (see Article [4.7.2.4](#) for definition);
- (c) Trade Date (see Article [3.73.1.1](#) for definition);
- (d) Effective Date (see Article [3.23.1.2](#) for definition);
- (e) Termination Date (see Article [3.33.1.3](#) for definition);
- (f) Initial Exchange (if applicable):
 - (i) Initial Exchange Amount payer;
 - (ii) Initial Exchange Amount (see Article [4.14.1.2](#) for definition);
 - (iii) Initial Exchange Date (see Article [3.43.1.5](#) for definition);
- (g) Interim Exchange or Periodic Exchange (if applicable):
 - (i) Interim Exchange Amount payer ~~or Periodic Exchange Amount payer~~;
 - (ii) Interim Exchange Amount ~~or Periodic Exchange Amount~~ (see Article [4.24.2.2](#) for definition);
 - (iii) Interim Exchange Date ~~or Periodic Exchange Date~~ (see Article [3.53.1.6](#) for definition);
- (h) Final Exchange (if applicable):
 - (i) Final Exchange Amount payer;
 - (ii) Final Exchange Amount (see Article [4.34.3.2](#) for definition);
 - (iii) Final Exchange Date (see Article [3.63.1.7](#) for definition);
- (i) Business Days (see Article [4.42.1.1](#) for definition);
- (j) Business Day Convention (see Article [4.122.3](#) for definition);
- (k) Where Fixed Rate – Floating Rate Swap:
 - (i) Fixed ~~Rate-Amount~~ Payer (see Article [2.15.1.3](#) for definition);
 - (ii) Fixed ~~Rate-Amount~~ Payer Payment Dates;
 - (iii) Fixed Amount (see Article [4.45.1.2](#) for definition) [or Fixed Rate and Fixed Rate Day Count Fraction][or Fixed ~~Rate-Amount~~ Payer Schedule];
 - (iv) Floating ~~Rate-Amount~~ Payer (see Article [2.26.1.2](#) for definition);
 - (v) Floating ~~Rate-Amount~~ Payer Payment Dates;
 - (vi) Floating ~~Rate-Amount~~ Payer compounding dates (if applicable);
 - (vii) Floating Amount (see Article [4.56.1.3](#) for definition);
 - (viii) Floating Rate Option (see Article [6.2\(h\)6.5.1](#) for definition);
 - (ix) Designated Maturity (see Article [7.3\(b\)6.7.4](#) for definition);
 - (x) Spread (see Article [6.2\(e\)6.5.4](#) for definition);
 - (xi) Reset Dates (see Article [6.2\(b\)6.5.5](#) for definition);
 - (xii) Floating Rate Day Count Fraction (see Article [6.2\(f\)6.5.3](#) for definition);

- (l) Where Floating Rate – Floating Rate Swap (“basis” swap):
- (i) Floating ~~Rate-Amount~~ Payer (No. 1) (see Article ~~2-26.1.2~~ for definition):
 - (A) Floating ~~Rate-Amount~~ Payer Payment Dates;
 - (B) Floating ~~Rate-Amount~~ Payer Compounding Dates (if applicable);
 - (C) Floating Rate Option (see Articles ~~6.2(i) and 6.2(h)~~ 6.5.1 for definition);
 - (D) Designated Maturity (see Article ~~7.3(b)~~ 6.7.4 for definition);
 - (E) Spread (see Article ~~6.2(e)~~ 6.5.4 for definition);
 - (F) Reset Dates (see Article ~~6.2(b)~~ 6.5.5 for definition);
 - (G) Floating Rate Day Count Fraction (see Article ~~6.2(f)~~ 6.5.3 for definition).
 - (ii) Floating ~~Rate-Amount~~ Payer (No. -2) (see Article ~~2-26.1.2~~ for definition):
 - (A) Floating ~~Rate-Amount~~ Payer Payment Dates;
 - (B) Floating ~~Rate-Amount~~ Payer Compounding Dates (if applicable);
 - (C) Floating Rate Option (see Article ~~6.2(h)~~ 6.5.1 for definition);
 - (D) Designated Maturity (see Article ~~7.3(b)~~ 6.7.4 for definition);
 - (E) Spread (see Article ~~6.2(e)~~ 6.5.4 for definition);
 - (F) Reset Dates (see Article ~~6.2(b)~~ 6.5.5 for definition);
 - (G) Floating Rate Day Count Fraction (see Article ~~6.2(f)~~ 6.5.3 for definition).
- (m) Delayed Payment (see Article 3.1.9 for definition);
- (n) Application of FRN Convention (see Article 3.1.13 for definition).

Amended 11/02/14

2.4 Financial Centres

In addition to the Business Days for the financial centres specified in the Economic Terms, the Business Days for Sydney will apply to OTC Open Contracts.

3 Standard Terms

3.1 Standard Terms

The following terms are referred to as the Standard Terms of an OTC Open Contract.

3.2 Original documentation

Regardless of the documentation of an original OTC Transaction, these OTC Terms apply to all OTC Open Contracts.

3.3 Calculation Agent

The Calculation Agent (see Article [4.141.2.1](#) for definition) for each OTC Open Contract is ASX Clear (Futures).

3.4 Business Days

In addition to the Business Days for the Financial Centres specified in the Economic Terms, the Business Days specified in the calendar published by ASX Clear (Futures), from time to time, will apply to an OTC Open Contract.

3.5 Negative Interest Rates

The “[Fixed Negative Interest Rate Method](#)” as set out in Article [5.56.4\(b\)](#) and the [“Floating Negative Interest Rates” as set out in Article 6.8](#) applies to an OTC Open Contract.

3.6 Stamp Tax

Each OTC Participant will pay any Stamp Tax or duty levied or imposed upon it in respect of any OTC Open Contract to which it is a party and indemnifies ASX Clear (Futures) against any Stamp Tax or duty levied or imposed upon ASX Clear (Futures) in respect of any OTC Open Contract registered by ASX Clear (Futures) and to which that OTC Participant is a party.

3.7 Payments under an OTC Open Contract

Each OTC Participant agrees to make the payments due to be made by it under each of its OTC Open Contracts in accordance with the OTC Rules and the OTC Handbook. Payments under, and in respect of, an OTC Open Contract are calculated by ASX Clear (Futures) and are made by, or to, the OTC Participant in accordance with the provisions of the OTC Handbook and the OTC Rules.

3.8 OTC Rules and OTC Handbook

An OTC Open Contract is subject to the OTC Rules and the OTC Handbook, which forms part of its terms. In the event of any inconsistency between these OTC Open Contract Terms and the OTC Rules and the OTC Handbook, the OTC Rules and OTC Handbook (as applicable) prevails. None of the OTC Open Contract Terms, OTC Rules, OTC Handbook, OTC Rules or OTC Handbook prevail over the Recovery Rules.

Amended 01/10/15

3.9 Governing law

Each OTC Open Contract is governed by the law in force in New South Wales and the parties submit to the non-exclusive jurisdiction of the courts of New South Wales.