



ASX CLEAR (FUTURES) OPERATING RULES

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PART 3 REGISTRATION OF MARKET CONTRACTS AND OBLIGATIONS OF ASX CLEAR (FUTURES)

30 Introduction

- 30.1 This Part of the Rules contains provisions dealing with the legal relationship created between Clearing Participants and ASX Clear (Futures). In particular this part provides for ASX Clear (Futures) to become a principal to each side of a contract traded on the Exchange or a BRC transaction notified to ASX Clear (Futures), and accepted for registration, by way of substitution of ASX Clear (Futures) as the opposite party to each contract. These provisions are supplemented by the Client Protection Model Provisions to the extent that they apply.

Amended 11/02/14

31 Registration of a Market Contract with ASX Clear (Futures)

- 31.1 (a) A Market Contract Recorded by the Exchange, or a BRC transaction notified to ASX Clear (Futures), in the manner Prescribed in the Schedules shall be deemed to have been presented to ASX Clear (Futures) by the Buyer and Seller (and in the case of a Market Contract in respect of which only the position of one party is to be registered with ASX Clear (Futures), by that Buyer or that Seller as the case may be) and shall be deemed to be registered with ASX Clear (Futures) at the time Prescribed in the Schedules. Only Clearing Participants shall be entitled to have Market Contracts registered in their name.
- (b) (i) Where a Market Contract is Recorded by the Exchange incorrectly, upon correction of any such Recording in accordance with the Exchange Operating Rules the Market Contract registered shall also be deemed to be corrected and the Rules shall be read as if such Market Contract had originally been registered as corrected. ASX Clear (Futures) shall not be liable to any party as a result of any correction so made.
- (ii) In relation to Bond and Repurchase Clearing, where a Market Contract is recorded by ASX Clear (Futures) incorrectly, upon correction of any such recording the Market Contract registered shall be deemed to be corrected and the Rules shall be read as if such Market Contract had originally been registered as corrected. ASX Clear (Futures) shall not be liable to any party as a result of any correction so made.
- (c) Where a Market Contract is allocated and such allocation confirmed in accordance with Exchange Operating Rules prior to registration that Market Contract shall for the purposes of this Rule be deemed to be Recorded by the Exchange as so allocated and confirmed.
- (d) Particulars of a Market Contract not Recorded by the Exchange (through failure of the parties to advise particulars of that Contract to the Exchange or otherwise) may subsequently be presented for registration in the Prescribed manner and confirmed to ASX Clear (Futures) by both parties to the Market Contract if they are Clearing Participants (and in the case of a Market Contract in respect of which only the position of one party is to be registered with ASX Clear (Futures), by that Buyer or that Seller as the case may be) or if they are not Clearing Participants, their Guarantor Clearing Participant or Guarantor Clearing Participants and upon the acceptance of such particulars by ASX Clear (Futures) with the approval of

the Relevant Exchange the Market Contract shall be registered with ASX Clear (Futures) and these Rules shall apply accordingly.

- (e)
 - (i) Where on the application of a Clearing Participant ASX Clear (Futures) is satisfied that a Market Contract which has been registered by ASX Clear (Futures) has been inadvertently Recorded by the Exchange incorrectly it may in its absolute discretion with the agreement of all parties, being the Buyer and Seller of the Market Contract and any Buyer and Seller of an Open Contract arising from the registration of such contract, correct the registration of such Market Contract so that such Market Contract shall be deemed to be registered as so corrected and the Rules shall apply accordingly. Any such correction may be made subject to any conditions imposed by ASX Clear (Futures), including the payment of Margin.
 - (ii) In relation to Bond and Repurchase Clearing, where ASX Clear (Futures) is satisfied that a Market Contract which has been registered by ASX Clear (Futures) has been registered incorrectly it may in its absolute discretion with the agreement of all parties, being the Buyer and Seller of the Market Contract and any Buyer and Seller of an Open Contract arising from the registration of such contract, correct the registration of such Market Contract so that such Market Contract shall be deemed to be registered as so corrected and the Rules shall apply accordingly. Any such correction may be made subject to any conditions imposed by ASX Clear (Futures), including the payment of Margin and ASX Clear (Futures) shall not be liable to any party as a result of any correction so made.

(f) **Misallocation**

Subject always to any objection made by the Exchange and/or ASX Clear (Futures) where an Open Contract has been incorrectly allocated by reason of inadvertence, then the Participant may, with the consent of:

- (i) the holder of the Open Contract; and
- (ii) the proposed holder of the Open Contract (the new holder),

correct such allocation within the Exchange System, and such Open Contract shall be deemed to be held by the new holder of the open position as if the Open Contract had been allocated to the new holder of the Open Contract on the day of the trade, and the Rules shall be deemed to apply to such Open Contract as if such allocation had occurred in accordance with the Rules of the Relevant Exchange. Amounts held in the relevant Clearing Account shall be adjusted accordingly.

Amended 10/12/01, 04/12/02, 11/02/14

31.2 Notwithstanding Rule 31.1 the Board or Managing Director or a delegate of either may in their absolute discretion at any time prior to registration decline to register a Market Contract in the name of a Clearing Participant or may impose conditions (including the deposit of Margin) on the registration of any Market Contract, without being required to give any reason and shall notify any such decision to the Clearing Participant. ASX Clear (Futures) shall where practical consult with the Exchange and where registration relates to a Market Contract traded on a Related Exchange, that Related Exchange with respect to any decision under this Rule 31.2.

31.3 (a) Upon and by virtue of registration with ASX Clear (Futures), a Market Contract shall be extinguished and two new contracts which shall be

binding on ASX Clear (Futures) and Clearing Participants, shall come into existence:

- (i) an Open Contract between ASX Clear (Futures) and the Buyer in terms identical to the Market Contract except that ASX Clear (Futures) shall have the rights and obligations as seller; and
- (ii) an Open Contract between ASX Clear (Futures) and the Seller in terms identical to the Market Contract except that ASX Clear (Futures) shall have the rights and obligations of buyer.

The terms of each Open Contract shall be subject to these Rules.

- (b) Upon and by virtue of registration with ASX Clear (Futures) of only the position of the Buyer or of the Seller in a Market Contract, the Market Contract shall be extinguished and a new contract which shall be binding on ASX Clear (Futures) and the Clearing Participant, shall come into existence:

- (i) an Open Contract between ASX Clear (Futures) and the Buyer in terms identical to the Market Contract except that ASX Clear (Futures) shall have the rights and obligations as seller; or
- (ii) an Open Contract between ASX Clear (Futures) and the Seller in terms identical to the Market Contract except that ASX Clear (Futures) shall have the rights and obligations of buyer.

The terms of the Open Contract shall be subject to these Rules.

Introduced 04/12/02

- 31.4 Each Open Contract (whether Designated to a House Clearing Account or a Client Clearing Account) shall be between ASX Clear (Futures) and a Clearing Participant as a principal and not as an agent. No other person (including any Non-Clearing Trading Participant which is guaranteed by the Clearing Participant or with which the Clearing Participant has a Clearing agreement) shall have any rights or obligations under any Open Contract between the Clearing Participant and ASX Clear (Futures). However, to the extent that the Client Protection Model Provisions apply to a Client, the nature of the relationship between ASX Clear (Futures), that Client and its Clearing Participant is as set out in those Client Protection Model Provisions, despite this Rule.

Amended 11/02/14

- 31.5 (a) ASX Clear (Futures) shall be entitled to rely on the particulars of any Market Contract recorded with the Exchange being correct and shall not be bound to recognise any error in relation to such particulars.
- (b) In relation to Bond and Repurchase Clearing ASX Clear (Futures) shall be entitled to rely on the particulars of any Market Contract notified to it as being correct and shall not be bound to recognise any error in relation to such particulars.
- 31.6 ASX Clear (Futures) shall not register any Market Contract in the name of a Clearing Participant which is not entitled under the Rules (whether under Rule 105 or otherwise) or Exchange Operating Rules to have a Market Contract registered in its name.
- 31.7 ASX Clear (Futures) shall not be obliged to meet its obligations under an Open Contract with a Clearing Participant where the Market Contract the registration of which gave rise to the Open Contract:

- (a) was entered into fraudulently by the Clearing Participant or the party to such Market Contract in relation to which the Clearing Participant holds an equivalent position (ie. of Buyer or Seller); or
- (b) was, to the knowledge of the Clearing Participant or such party entered into with an intention by one or both parties to the Market Contract to Default; or
- (c) was otherwise not entered into in a bona fide manner by the Clearing Participant or such party,

provided that:

- (i) the rights provided under this Rule to ASX Clear (Futures) shall not relieve the Clearing Participant from any obligations to ASX Clear (Futures) under the Open Contract; and
- (ii) the existence of or exercise of any rights under this Rule by ASX Clear (Futures) in relation to an Open Contract shall not affect or avoid ASX Clear (Futures) obligations under any other Open Contract whether or not arising from the registration of the same Market Contract.

31.8 ASX Clear (Futures), each Clearing Participant, each OTC Affiliate and each CPM Client acknowledge that Open Contracts are market netting contracts (as defined in the Payment Systems and Netting Act 1998) the terms of which incorporate, without limitation, any and all Rules which provide for, relate to or are in connection with the exercise of default rights, the netting, set-off or termination of obligations, the calculation or payment of termination values or net amounts, the obligation to make a payment, or a transfer of property, to meet a deposit or margin call, the enforcing of security, and the transfer of, or dealing with, rights, obligations or property or which otherwise affect the rights and obligations of the parties to the contracts, including, without limitation, the Recovery Rules, Part 4 of the Rules (including Rule 49.2), and Rule 72 and the OTC Rules (including OTC Rule 5 and OTC Rule 6.12) and the Rules relating to the segregation of Client Accounts and Client Sub-Accounts.

Introduced 13/07/09 Amended 01/07/13, 11/02/14, 07/07/14, 01/10/15, 15/08/16

31A Registration of a Market Contract Allocated to a Facility Participant

31A.1 Where a Market Contract is Allocated to a Facility Participant by a Full Participant, the Facility Participant agrees to accept that Market Contract or the position of either a Buyer or a Seller under a Market Contract for registration in accordance with these Rules provided the Full Participant arranges to have its trades registered with the Facility Participant by an entity that is a participant (as that term is defined in the Corporations Act) of the Facility Participant.

Introduced 04/12/02

31A.2 Where the positions of a Buyer and of a Seller under a Market Contract are registered separately with ASX Clear (Futures) and a Facility Participant respectively, upon such registration the Market Contract shall be extinguished and two new contracts which shall be binding on ASX Clear (Futures) and the Facility Participant respectively shall come into existence:

- (a) an Open Contract between ASX Clear (Futures) and the Buyer or the Seller, as the case may be, in terms identical to the Market Contract except that ASX Clear (Futures) shall have the rights and obligations as the Seller or the Buyer as the case may be.
- (b) a contract between a Facility Participant and the Seller or Buyer as the case may be in accordance with the rules of the Facility Participant.

Introduced 04/12/02

- 31A.3 Where a Market Contract is Allocated to a Facility Participant prior to registration with ASX Clear (Futures), that Market Contract will not be registered with ASX Clear (Futures) in accordance with Rule 31 and the Market Contract will be deemed to be registered with the Facility Participant by the Buyer and Seller (or in the case of a Market Contract in respect of which only the position of one party is to be registered with ASX Clear (Futures), either the Buyer or the Seller, as the case may be) at the time the Market Contract is recorded with the Exchange.

Introduced 04/12/02

- 31A.4 Subject to Rule 31A.5, where the Market Contract is not Allocated to a Facility Participant at the time it is recorded by the Exchange, the Market Contract will be registered with ASX Clear (Futures) in accordance with Rule 31.

Introduced 04/12/02

- 31A.5 Where an Open Contract is Allocated to a Facility Participant after registration with ASX Clear (Futures) in the Exchange System, the registration of that Open Contract with ASX Clear (Futures) shall be extinguished and a new open contract will be registered with the Facility Participant in accordance with its rules, such registration with the Facility Participant being deemed to have come into existence when the Market Contract was recorded by the Exchange in the manner prescribed in Schedule 1.

Introduced 04/12/02 Amended 11/02/14

- 31A.6 (a) Where a Market Contract is Recorded by the Exchange incorrectly, upon correction of any such Recording in accordance with the Exchange Operating Rules, the Market Contract registered with the Facility Participant shall also be deemed to be corrected, the Rules shall be read as if such Market Contract had originally been registered as corrected and ASX Clear (Futures) shall not be liable to any party as a result of any correction so made.
- (b) Where a Market Contract is allocated and such allocation confirmed in accordance with Exchange Operating Rules prior to registration, that Market Contract shall for the purposes of this Rule be deemed to be Recorded by the Exchange as so allocated and confirmed.
- (c) Particulars of a Market Contract not Recorded by the Exchange (through failure of the parties to advise particulars of that Contract to the Exchange or otherwise) may subsequently be presented for registration in the Prescribed manner and confirmed to the Facility Participant by both parties to the Market Contract or in the case of a Market Contract in respect of which only the position of one party is to be registered with ASX Clear (Futures), either the Buyer or the Seller, as the case may be and upon the acceptance of such particulars by ASX Clear (Futures) with the approval of the Relevant Exchange the Market Contract shall be registered with the Facility Participant and these Rules shall apply accordingly.

Introduced 04/12/02

- 31A.7 In the case of a Market Contract in respect of which only the position of one party is to be registered with ASX Clear (Futures), there will exist a contract between the Facility Participant and ASX Clear (Futures) by virtue of the position of a party to a Market Contract that has been registered with the Facility Participant so that the Facility Participant will be subject to the same obligations of any other Clearing Participant in the same way as if that position had been registered with ASX Clear (Futures) in the name of the Facility Participant including without limitation the obligations to pay Daily Settlement Amounts and Intra Day and Extra Margins.

Introduced 04/12/02

- 31A.8 ASX Clear (Futures) will have contractual rights and obligations only with the Facility Participant and no other person (including any Clearing Participant of the Facility Participant) will have any rights or obligations under the contractual relationship referred to in Rule 31A.7 or otherwise.

Introduced 04/12/02

32 Allocation of Open Contracts

- 32.1 A Clearing Participant (the Allocating Clearing Participant) may within the period allowed by the Exchange Operating Rules, subject to the confirmation of the allocation by the Clearing Participant receiving the Allocation (the Allocated Clearing Participant), Allocate an Open Contract to another Clearing Participant (the Allocated Clearing Participant). An allocation pursuant to the Exchange Operating Rules to a Non-Clearing Trading Participant shall be deemed to be an Allocation to the Guarantor Clearing Participant of that Non-Clearing Trading Participant and an Allocation by a Non-Clearing Trading Participant pursuant to the Exchange Operating Rules shall be deemed to be an Allocation by the Guarantor Clearing Participant of the Non-Clearing Trading Participant. Upon the Allocated Clearing Participant confirming the Allocation within the period allowed by the Exchange Operating Rules or as Prescribed in the Schedules, unless ASX Clear (Futures) declines to accept an Allocation, the Open Contract between the Allocating Participant and ASX Clear (Futures) shall be extinguished and a new Open Contract will come into existence between ASX Clear (Futures) and the Allocated Clearing Participant on the same terms as the extinguished Open Contract.
- 32.2 ASX Clear (Futures) shall only accept Allocations by one Clearing Participant to another Clearing Participant. No Open Contract traded on the Exchange or a Related Exchange shall be allocated to any Clearing Participant which is not entitled under the Exchange or Related Exchange as the case may be Exchange Operating Rules to have a Market Contract registered with ASX Clear (Futures) in its name.
- 32.3 ASX Clear (Futures) may in its absolute discretion without giving any reason decline to accept the Allocation of an Open Contract or to accept such Allocation subject to conditions (including the deposit of Margin) being satisfied before or after such Allocation and a Clearing Participant shall comply with any such conditions. Any such decision shall be promptly notified to the relevant Clearing Participants.
- 32.4 The provisions of the Exchange Operating Rules relating to the allocation, confirmation and designation of Exchange Contracts insofar as they are stated to apply to Clearing Participants shall apply as though they were Rules of ASX Clear (Futures).
- 32.5 This clause 32 shall not apply to Open Contracts in the form of Bond Transactions or Repurchase Agreements.

33 Transfer of Contracts

- 33.1 ASX Clear (Futures) may:
- (i) upon the request of a Clearing Participant and the consent of the Relevant Exchange; or
 - (ii) where provided in Exchange Operating Rules, at the direction of the Relevant Exchange; or
 - (iii) pursuant to Part 7 or Part 8 of the Rules,

transfer an Open Contract held in the name of a Clearing Participant (the Transferor Clearing Participant) to another Clearing Participant (the Transferee Clearing Participant).

- 33.2 The Board or Managing Director may in their absolute discretion decline to effect a transfer without giving any reason.
- 33.3 A Transfer may be made subject to the Transferor Clearing Participant and Transferee Clearing Participant complying with any conditions imposed by ASX Clear (Futures) including the deposit of Margin, cash, securities, collateral or property by either or both of the Transferor and Transferee Clearing Participant or any other party.
- 33.4 The Transfer shall be effected in such manner and at such time as ASX Clear (Futures) determines and shall be subject to the acceptance of the Transferee Clearing Participant. For the purposes of determining the terms of the Open Contract to be transferred the determining time shall be the time of acceptance.
- 33.5 Upon the Transferee Clearing Participant accepting the Transfer in the manner prescribed in the Schedules the Open Contract between the Transferor Clearing Participant and ASX Clear (Futures) shall be extinguished and a new Open Contract will come into existence between ASX Clear (Futures) and the Transferee Clearing Participant to which the Open Contract has been transferred on the same terms as the extinguished Open Contract.

34 Registration Fees and Exchange Fees

- 34.1 A Clearing Participant shall pay to ASX Clear (Futures) such fees for the Registration of Market Contracts, creation of Open Contracts on the exercise of Option Contracts, the Transfer or Allocation of Open Contracts etc, as may be determined in accordance with Rule 3.2. Fees duly payable pursuant to the Rules may be deducted by ASX Clear (Futures) from any credit balance of any account of the Clearing Participant with ASX Clear (Futures).
- 34.2 ASX Clear (Futures) may deduct from the relevant Account held by the Clearing Participant with ASX Clear (Futures) any fees payable by the Clearing Participant to the Exchange whether on its own behalf or on behalf of another Participant of the Exchange with respect to the trading of Market Contracts in accordance with Exchange Operating Rules and shall remit such fees to the Exchange.

35 Bond and Repurchase Clearing Fees

- 35.1 A BRC Participant shall pay to ASX Clear (Futures) such fees for the Registration of Market Contracts as are determined in accordance with Rule 3.2. Fees duly payable pursuant to this Rule may be deducted by ASX Clear (Futures) from any credit balance of any account of the BRC Participant with ASX Clear (Futures).

Amended 11/02/14

- 35.2 The Board or Managing Director may, in their absolute discretion, waive the requirement for particular BRC Participants to pay fees; and for particular BRC Participants may vary the level of fees payable.

36 Transitional Provisions Relating to NZFOE Contracts after the Closure of the NZFOE Market

36.1 Definitions

For the purposes of this Rule 36:

Changeover Day	in respect of a Class of Contract listed on NZFOE, means the day which a Rule 10.2A determination becomes effective.
Class of Contract	All those Contracts which have the same Individual Contract Specifications.
Dealer	means Dealer within the meaning of the Rules of NZFOE.
NZFOE	means New Zealand Futures & Options Exchange Limited.
NZFOE Contract	means a contract which was executed on NZFOE in accordance with the Rules of NZFOE on or before the Changeover Day.
Rule 10.2A determination	<p>means a determination made by NZFOE pursuant to Rule 10.2A of the NZFOE Rules:</p> <ul style="list-style-type: none">• to delete a Class of Contract from those listed for trading by NZFOE, where a Class of Contract is listed on the Exchange with substantially the same Contract Specifications as those of the Class of Contract to be deleted;• that all existing Open Positions in the NZFOE Contract the subject of the deletion shall cease to be NZFOE contracts; and• that all trading on the NZFOE of Contracts in the relevant class shall cease.
Time of Conversion	Time immediately after the time at which NZFOE determines that contracts which were executed on NZFOE cease to be NZFOE Contracts.
Equivalent Class of Exchange Contract	A Class of Contract which is listed on the Exchange is an Equivalent Class of Exchange Contract to a Class of Contract listed on NZFOE if the Exchange has so determined.

36.2 This Rule 36 provides for NZFOE Contracts to be treated for the purposes of these Rules, as though they had been executed on the Exchange. Where such contracts are to be so treated they will, after the Time of Conversion, be subject to the Exchange Operating Rules.

36.3 Where an Open Position in an NZFOE Contract exists after the time on the Changeover Day which has been determined by NZFOE as the time at which trading shall cease in the Class of Contract to which the NZFOE Contract belongs, at the Time of Conversion:

- (a) the holder of that Open Position will be deemed to be the holder of an Open Position in an Equivalent Class of Exchange Contract;
- (b) each relevant Open Position in an NZFOE Contract will be deemed to be an Open Position in an Equivalent Class of Exchange Contract; and
- (c) moneys or securities provided to ASX Clear (Futures) for the purpose of initial margin and other deposits in respect of the Open Position in the NZFOE Contract will be held by ASX Clear (Futures) for the purpose of initial margin and other deposits in respect of the Open Position in an Equivalent Class of Exchange Contract.

36.4 If, after the Time of Conversion, it appears that there is no-one properly authorised to give instructions in relation to an Open Contract to which Rule 36.3 applies, or if there is no guarantee from a Clearing Participant (the Guarantor Clearing Participant) relevant to that Open Contract, then ASX Clear (Futures) may invoke Compulsory Settlement in respect of the relevant Open Position and the provisions of Rule 102 shall apply.

37 Transitional Provisions Relating to ASX Grains Contracts

37.1 Definitions

For the purposes of this Rule 37:

ASX	means ASX Limited.
Changeover Day	in respect of a Class of Contract listed on ASX, means the day which that Class of Contract becomes listed on the Exchange.
Class of Contract	means all those Contracts which have the same Individual Contract Specifications.
Equivalent Exchange Contract	Means an Exchange Contract which is equivalent to a Grains Contract (as determined by the Exchange).
Grains Contract	means a contract which was executed on ASX in accordance with the Rules of ASX on or before the Changeover Day, and which is to be transferred to the Exchange.
Time of Conversion	means the time immediately after the time at which ASX determines that contracts which were executed on ASX cease to be ASX Contracts.

Introduced 24/10/11

37.2 This Rule 37 provides for Grains Contracts to be treated, for the purposes of these Rules, as though they had been executed on the Exchange. Where such contracts are to be so treated they will, after the Time of Conversion, be subject to the ASX 24 Operating Rules.

Introduced 24/10/11

37.3 Where an open position in a Grains Contract exists, after the time on the Changeover Day which has been determined by ASX as the time at which trading shall cease in the Class of Contract to which the Grains Contract belongs, at the Time of Conversion:

- (a) the holder of that Open Position will be deemed to be the holder of an Open Position in an Equivalent Exchange Contract;
- (b) each relevant Open Position in an ASX Grains Contract will be deemed to be an Open Position in an Equivalent Exchange Contract;
- (c) moneys or securities provided to ASX Clear Pty Limited for the purpose of initial margin and other deposits in respect of the Open Position in the ASX Grains Contract will be held by ASX Clear (Futures) for the purpose of initial margin and other deposits in respect of the Open Position in an equivalent Exchange Contract.

Introduced 24/10/11

- 37.4 If, after the Time of Conversion, it appears that there is no-one properly authorised to give instructions in relation to an Open Position to which Rule 37.3 applies, or if there is no guarantee from a Clearing Participant (the Guarantor Clearing Participant) relevant to that Open Contract, then ASX Clear (Futures) may invoke Compulsory Settlement in respect of the relevant Open Position and the provision of Rule 102 shall apply.

Introduced 24/10/11

38 to 39 Not in use.

End of Section. Next page is no. 401.