



## ASX CLEAR (FUTURES) OPERATING RULES

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## **PART 5      OPTIONS**

### **50      Introduction**

- 50.1      This part of the Rules contains provisions in relation to the exercise of options and premiums.

### **51      Obligations of ASX Clear (Futures) Regarding Options**

- 51.1      ASX Clear (Futures) shall give effect to the exercise of Open Positions which are Option Contracts, in accordance with Exchange Operating Rules and the Rules.

### **52      Exercise and Abandonment of Options**

- 52.1      ASX Clear (Futures) shall act on an Exercise Request and/or Deny Automatic Exercise Request with respect to an Option Contract in accordance with the terms of Open Contracts and the Exchange Operating Rules.

Amended 10/12/01

- 52.2      Subject to any provisions in the Exchange Operating Rules relating to the Exercise of Options, a Clearing Participant that has not previously lodged an Exercise Request and/or Deny Automatic Exercise Request in accordance with Rule 52, will at the last time for exercise of an Option Contract be deemed to have exercised an Option Contract:

- (a)      where in the case of a Futures Option Contract upon the exercise of which the Futures Contract which vests in the holder of the Option Contract would result in an obligation of ASX Clear (Futures) to pay a Mandatory Settlement Amount to the holder, (an “in the money option”);
- (b)      in the case of a Physical Option Contract, in the prescribed circumstances, and shall be deemed to have abandoned all other Option Contracts.

Amended 10/12/01

- 52.3      Exercise Requests and/or Deny Automatic Exercise Requests must be lodged in the Exchange System in the Prescribed form and any exercise made pursuant to such requests shall be final and may not be withdrawn. ASX Clear (Futures) may act upon any such Exercise Request and/or Deny Automatic Exercise Requests and is under no obligation to check the accuracy or validity of any Exercise Request and/or Deny Automatic Exercise Requests lodged in the Exchange System but may reject such exercise or denial if it believes it to be made contrary to the Exchange Operating Rules or the Rules.

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- 52.4      ASX Clear (Futures) may Exercise or Abandon Option Contracts in accordance with Part 7 or Part 8 of the Rules.

- 52.5      Upon the Exercise of a Futures Option Contract, in relation to the Futures Contract which is the subject of the Futures Option Contract (underlying Futures Contract).

- (a)      In the case of a call option:
  - (i)      an Open Contract in the underlying Futures Contract shall arise at the exercise price between ASX Clear (Futures) and the Buyer of the Option with ASX Clear (Futures) as Seller and the Buyer of the Option as Buyer;

- (ii) an Open Contract in the underlying Futures Contract shall arise at the exercise price between ASX Clear (Futures) and a Seller, as appointed by ASX Clear (Futures) in its absolute discretion, (being a Seller holding the Selling position under an Open Contract which is a Futures Option Contract in the same series) of an option, with ASX Clear (Futures) as Buyer and the Seller of the Option as Seller and such option shall thereby be deemed to be exercised.
  - (b) In the case of a put option:
    - (i) an Open Contract in the underlying Futures Contract shall arise at the exercise price between ASX Clear (Futures) and the Buyer of the Option with ASX Clear (Futures) as Buyer and the Buyer of the Option as Seller;
    - (ii) an Open Contract in the underlying Futures Contract shall arise at the exercise price between ASX Clear (Futures) and a Seller as appointed by ASX Clear (Futures) in its absolute discretion, (being a Seller holding the selling position under an Open Contract which is a Futures Option Contract in the same series) of an option, with ASX Clear (Futures) as Seller and the Seller of the Option as Buyer and such option shall thereby be deemed to be exercised,
- and the Open Contracts thereby arising in each case shall be deemed to arise from the registration of a Market Contract.

## **53 Premium**

- 53.1 Premiums shall be paid by and to Clearing Participants in accordance with the Rules and the Exchange Operating Rules.
- 53.2 Sellers of Futures Option Contracts shall only be entitled to receive premiums where there is a corresponding obligation of Buyers to pay premiums in accordance with the Exchange Operating Rules.

## **54 Settlement of Physical Options Contracts**

- 54.1 Upon the exercise of a Physical Options Contract it shall be settled in the manner provided in Exchange Operating Rules or as Prescribed in the Schedules.

**55 to 59 Not in use.**

**End of Section. Next page is no. 601.**