



ASX CLEAR (FUTURES) OPERATING RULES

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PART 6 MANDATORY CASH SETTLEMENT AND DELIVERY PROCEDURES

60 Introduction

- 60.1 This Part of the Rules contains provisions for the Mandatory Cash Settlement of Cash Settlement Contracts and for delivery under Deliverable Contracts.

61 Obligations of ASX Clear (Futures)

- 61.1 ASX Clear (Futures) shall effect the Mandatory Cash Settlement of Open Contracts which are Cash Settlement Contracts, in accordance with Exchange Operating Rules and these Rules.
- 61.2 ASX Clear (Futures) shall make and take or cause to be made and taken by buyers and sellers delivery of Commodities in relation to Open Contracts which are Deliverable Contracts, in accordance with the Exchange Operating Rules and these Rules.

62 Mandatory Cash Settlement

- 62.1 Mandatory Cash Settlement shall be effected subject to the Rules by ASX Clear (Futures) paying or receiving the Mandatory Cash Settlement Amount in accordance with the terms of Open Contracts and the Exchange Operating Rules.

63 Delivery Procedures

- 63.1 Subject to the Rules and the Exchange Operating Rules, Delivery under Deliverable Contracts shall at the absolute discretion of ASX Clear (Futures) be effected by:
- (a) ASX Clear (Futures) directing Clearing Participants holding Open Contracts under which they are obliged to make or take delivery to make delivery to or take delivery from a Clearing Participant holding an opposite obligation nominated by ASX Clear (Futures) and to make or receive the settlement amount accordingly. Clearing Participants shall comply with any direction so given and any failure to do so shall be deemed to be a Default; or
 - (b) ASX Clear (Futures) making or taking delivery under Open Contracts subject to delivery obligations and paying or receiving the settlement amounts accordingly. Any failure by a Clearing Participant to give or take delivery or pay the settlement amount under an Open Contract with ASX Clear (Futures) shall be deemed to be a Default.

Amended 29/07/24

- 63.2 Delivery effected under Rule 63.1 shall be a full and complete discharge of obligations under the relevant Open Contracts.
- 63.3 A Clearing Participant shall comply with all provisions of Exchange Operating Rules or the Rules and the terms of Open Contracts relating to the delivery of information, documents or Commodity to ASX Clear (Futures) or to Clearing Participants and shall comply with all time limits therein imposed. Clearing Participants shall be obliged to accept Delivery of any Commodity made in accordance with the Rules and the Exchange Operating Rules.

- 63.4 ASX Clear (Futures) shall be under no obligation to check any Commodity or document received from a Clearing Participant in relation to an obligation to give or take delivery under an Open Contract. The passing on of such Commodity or a direction to deliver to a Clearing Participant in respect to which ASX Clear (Futures) is making or taking delivery shall not be taken to be acceptance of such Commodity or document by ASX Clear (Futures) and rejection of such Commodity or documents by such Clearing Participant in accordance with the Exchange Operating Rules or the Rules shall be deemed to be a rejection by ASX Clear (Futures).
- 63.5 ASX Clear (Futures) shall have no liability with respect to any forged Commodity or document delivered to Clearing Participants pursuant to Rule 63.1 (whether by or at the direction of ASX Clear (Futures)) and the sole recourse of the Clearing Participant receiving such forged Commodity or document shall be to the Clearing Participant which delivered or caused to be delivered that forged Commodity or document to the Clearing Participant or ASX Clear (Futures) and ASX Clear (Futures) shall have no liability under any Open Contract as a result of any non-fulfilment of that Open Contract because of such forgery.

Amended 01/07/13

- 63.6 Where ASX Clear (Futures) is obliged under Open Contracts to make or have effected delivery of a Commodity and does not receive delivery or delivery is not available, under an Open Contract opposite in effect in accordance with the Rules it shall not be obliged to effect or have effected delivery of the Commodity but may effect cash settlement with the Buyer or Seller (including in the case of a Wallumbilla Natural Gas Futures Contract) at a price determined by the Relevant Exchange which price may include any compensation determined by the Relevant Exchange pursuant to Exchange Operating Rules. Where ASX Clear (Futures) is satisfied that any failure by a Clearing Participant to deliver to ASX Clear (Futures) or to deliver at its direction is due to delivery being rendered impossible ASX Clear (Futures) may instead direct that such Clearing Participant may make cash settlement to it in such an amount as it determines.

Explanatory Note:

Delivery under a Wallumbilla Natural Gas Futures Contract is dealt with in Rule 66.

Where a Buyer or Seller that has failed to make delivery under a Wallumbilla Natural Gas Futures Contract, the cash settlement amount determined by ASX Clear (Futures) will not include an amount of compensation.

Delivery under an Environmental Futures Contract is dealt with in Rule 67. Where a Seller has failed to make delivery under an Environmental Futures Contract including where there is a Default, the cash settlement amount determined by the Exchange may include an amount of compensation to the Buyer where that buyer has incurred a financial loss in sourcing underlying Certificates or Units and that buyer has taken all steps necessary to effect delivery. There will be no compensation component to either Buyer or Seller where delivery cannot occur due to cancellation or revocation of the relevant Environmental Certificates or Units by the relevant Environmental Registry.

Amended 30/11/15, 29/07/24, 11/11/24

- 63.7 If ASX Clear (Futures) invoice is not ready by the time Prescribed then ASX Clear (Futures) may estimate the amount of such invoice and the Buyer shall pay such invoice on account. ASX Clear (Futures) shall likewise estimate the amount payable to the Seller and shall pay the amount on account, pending final calculation.
- 63.8 Subject to any shorter period specified in the Exchange Operating Rules, any dispute or claim with respect to the delivery of a Commodity shall be referred to arbitration in accordance with Rule 91 within seven (7) Business Days of the Relevant Exchange.

63A BRC Delivery Procedures

- 63A.1 Delivery under a BRC transaction shall, at the absolute discretion of ASX Clear (Futures), be effected by:
- (a) ASX Clear (Futures) directing BRC Participants holding Open Contracts under which they are obliged to make or take delivery to make delivery to or take delivery from a Clearing Participant holding an opposite obligation nominated by ASX Clear (Futures) and to make or receive the netted settlement amount accordingly. BRC Participants shall comply with any direction so given and any failure to do so shall be deemed to be a Default; or
 - (b) ASX Clear (Futures) making or taking delivery under Open Contracts subject to delivery obligations and paying or receiving the netted settlement amounts accordingly. Any failure by a Clearing Participant to give or take delivery or pay the netted settlement amount under an Open Contract with ASX Clear (Futures) shall be deemed to be a Default.
- 63A.2 Delivery effected under Rule 63A.1 shall be a full and complete discharge of obligations under the relevant Open Contracts.
- 63A.3 A BRC Participant shall comply with all provisions of the Rules and the terms of Open Contracts relating to the delivery of information or documents to ASX Clear (Futures) or to BRC Participants and shall comply with all time limits therein imposed.
- 63A.4 ASX Clear (Futures) shall be under no obligation to check any document received from a BRC Participant in relation to an obligation to give or take delivery under an Open Contract. The passing on of a document to a BRC Participant in respect to which ASX Clear (Futures) is making or taking delivery shall not be taken to be acceptance of such document by ASX Clear (Futures) and rejection of such document by such BRC Participant in accordance with the Rules shall be deemed to be a rejection by ASX Clear (Futures).
- 63A.5 ASX Clear (Futures) shall have no liability with respect to any forged document delivered to BRC Participants pursuant to Rule 63A (whether by or at the direction of ASX Clear (Futures)) and the sole recourse of the BRC Participant receiving such forged document shall be to the BRC Participant which delivered or caused to be delivered that forged document to the BRC Participant or ASX Clear (Futures) and ASX Clear (Futures) shall have no liability under any Open Contract as a result of any non-fulfilment of that Open Contract because of such forgery.
- Amended 01/07/13
- 63A.6 In the event of a failure to settle a BRC transaction by the time required for settlement under ASX Clear (Futures)'s BRC procedures, ASX Clear (Futures) may, in its absolute discretion, determine the Clearing Participant at fault and may direct Clearing Participants to pay and receive compensation calculated in accordance with a methodology determined by ASX Clear (Futures). A Clearing Participant required to pay compensation pursuant to a direction under this Rule shall do so promptly. ASX Clear (Futures) is authorised to access any credit balance in a BRC Participant's BRC House Account for the purpose of satisfying a direction to pay compensation.

Explanatory Note

Refer to [Procedure 63A.6 BRC Delivery Procedures \(Compensation Policy\)](#).

64 Warehouse Receipts

- 64.1 In Rules 64.2, 64.3, 64.4 and 64.5, “Warehouse Receipt” includes a Warehouse which is forged or which contains any endorsement or signature which is forged, irregular, or which has been placed on the Warehouse Receipt without the authority of the person whose signature it purports to be.

Introduced 26/03/96

- 64.2 None of the Exchange, ASX Clear (Futures), their respective Boards, directors and employees will be liable in respect of, or in connection with:

- (a) the delivery of a Warehouse Receipt;
- (b) the transfer of title, or failure to transfer title, of a commodity by an Approved Warehouse in respect of a Warehouse Receipt;
- (c) the limitation or exclusion of liability by an Approved Warehouse in respect of a Warehouse Receipt.

Introduced 26/03/96

- 64.3 The Exchange, ASX Clear (Futures) and Approved Warehouse intend that the rights represented by a Warehouse Receipt may be transferred by the endorsement and delivery of that Warehouse Receipt by the holder, and that Warehouse Receipts will be used by all market participants on that basis. However, the Approved Warehouse, in issuing the Warehouse Receipt does not warrant the negotiability of the Warehouse Receipt, and neither ASX Clear (Futures) nor the Exchange warrant the negotiability of a Warehouse Receipt. No right of action can be acquired by any person (including the holder of a Warehouse Receipt) against an Approved Warehouse, ASX Clear (Futures) or the Exchange by reason only of a Warehouse Receipt being in fact not negotiable.

Introduced 26/03/96

- 64.4 Provided that the seller has acted in good faith and in the ordinary course of business:

- (a) the delivery to a buyer or ASX Clear (Futures) of an endorsed Warehouse Receipt and certificates as required by these Rules or the Exchange Operating Rules in respect of a futures contract shall fully discharge the obligations of the seller;
- (b) the seller is not required to prove that the endorsement (if any) are regular and were made by or under the authority of the persons whose endorsement they purport to be; and
- (c) the buyer has no right of action against the seller of the Warehouse Receipt even if it contains any endorsement or signature which is forged, irregular, or which has been placed on the Warehouse Receipt without the authority of the person whose signature it purports to be.

Introduced 26/03/96

- 64.5 The buyer agrees with ASX Clear (Futures), the Exchange and Clearing Participants that the buyer has no right of action against any holder or previous holder of the Warehouse Receipt even if it contains endorsements which are irregular, unauthorised or forged provided that the holder was a bona fide purchaser without notice. These Rules constitute an effective release of liability that such a holder would but for this sub-clause otherwise be under.

Introduced 26/03/96

- 64.6 Rules 64.2, 64.3, 64.4 and 64.5 operate without limiting the generality of Rules 63.4, 63.5 and 63.6.

Introduced 26/03/96

65 Deliverable Swap Futures Contracts

- 65.1 Delivery under a Deliverable Swap Futures Contract will be effected by the creation of two OTC Open Contracts, one between ASX Clear (Futures) and each nominated OTC Participant, in accordance with the contract and within the time specified in the Procedures. If delivery under a Deliverable Swap Futures Contract is not effected in accordance with this Rule 65.1, the Deliverable Swap Futures Contract will be cash settled pursuant to Rule 63 and any OTC Transaction that may be taken to have been entered into in accordance with OTC Rule 4.3 in connection with delivery of that Deliverable Swap Futures Contract is terminated.

Introduced 30/11/15

- 65.2 A Futures Participant that is not an OTC Participant must close out its position in Deliverable Swap Futures Contracts or arrange with an OTC Participant to effect delivery on the Futures Participant's behalf, by the time and in the manner specified in the Procedures. If a Futures Participant does not comply with this Rule 65.2, the Futures Participant's Deliverable Swap Futures Contracts will be cash settled pursuant to Rule 63.

Introduced 30/11/15

66 Wallumbilla Natural Gas Futures Contract Delivery Procedures

- 66.1 Delivery under a Wallumbilla Natural Gas Futures Contract shall be effected under this Rule 66.1 by:

- (a) ASX Clear (Futures) directing a Clearing Participant holding an Open Contract under which it is obliged to make or take delivery and to make or receive the settlement amount accordingly, to enter into a Delivery Exchange for Physical transaction in accordance with the Exchange Operating Rules with a Clearing Participant holding an opposite obligation nominated by ASX Clear (Futures), where:
 - (i) the Futures Market Contract component of that Delivery Exchange for Physical transaction(s) shall be an equal and opposite position to the Open Contract held by the Clearing Participant; and
 - (ii) the Physical component of that Delivery Exchange for Physical transaction shall be a Gas Supply Hub Transaction that is opposite in effect to the Future Market Contract component of the Delivery Exchange for Physical. To effect this the Buyer and Seller must each be a participant of the electronic exchange established and operated by the Australian Energy Market Operator (or its successor) for the purposes of the Gas Supply Hub, participation in which is governed by the Gas Supply Hub Exchange Agreement;
- (b) The Clearing Participant (or its Client) entering into the relevant Delivery Exchange for Physical transaction and arranging for the Futures Market Contract component of that Delivery Exchange for Physical transaction to be reported to the Exchange in accordance with the Exchange Operating Rules and to be registered with ASX Clear (Futures) in its name in accordance with the Exchange Operating Rules and the Rules.

- (c) The Clearing Participant arranging for the Open Contract that arises from the Futures Market Contract component of that Delivery Exchange for Physical transaction to be held in the same House Clearing Account or Client Clearing Account as the Delivery Open Contract.
- (d) By no later than the Prescribed Time, the Clearing Participant Closing Out the offsetting Open Contracts within the same House Clearing Account or Client Clearing Account (as applicable) and effecting settlement of each such Open Contract against the other.

A Clearing Participant shall comply with any direction given by ASX Clear (Futures) under this Rule 66.1 and any failure to do so shall be deemed to be a Default.

A Clearing Participant shall ensure that it has all necessary arrangements in place with its Client to enable it to comply with its obligations under this Rule 66.1 and any failure to do so may be deemed to be a Default.

Introduced 29/07/24

- 66.2 Delivery effected under Rule 66.1 shall be a full and complete discharge of obligations under the relevant Open Contracts.

Introduced 29/07/24

- 66.3 Clearing Participants, who have no Buyer or Seller clients that are participants of the electronic exchange established by the Australian Energy Market Operator (or its successor) or will not go to delivery, must have appropriate procedures in place to ensure close out of any open client positions prior to the Final Trading Day cut off times detailed in the Operating Rules of the Exchange and must provide an attestation as determined by the Exchange.

Introduced 29/07/24

67 Environmental Futures Contracts

- 67.1 Delivery under an Environmental Futures Contract shall be effected in accordance with Rule 63.1(b).

Introduced 29/07/24

- 67.2 For the purposes of Rule 63.1(b), ASX Clear (Futures) shall make or take delivery under an Environmental Contract in accordance with the following:

- (a) ASX Clear (Futures) shall take delivery under an Open Contract subject to delivery obligations by:
 - (i) the Seller transferring or procuring the transfer of an Interest in the Specified Quantity of the Underlying Commodity to ASX Clear (Futures) at the Environmental Registry; and
 - (ii) ASX Clear (Futures) amending its records at or as soon as practicable after the transfer of an Interest in the Specified Quantity of the Underlying Commodity, the proportion (by amount) of the Interest in the Underlying Commodity which ASX Clear (Futures) holds at the Environmental Registry for the benefit of the Seller (which at the time of the transfer may be zero) increases by the Specified Quantity;
- (b) ASX Clear (Futures) shall make delivery under an Open Contract subject to delivery obligations by amending its records at or as soon as practicable after the, transfer of an Interest in the Specified Quantity of the Underlying Commodity the proportion (by amount) of the Interest in the Underlying Commodity which ASX Clear (Futures) holds at the Environmental Registry

for the benefit of the Buyer (which at the time of the transfer may be zero) increases by the Specified Quantity.

Introduced 29/07/24

- 67.3 ASX Clear (Futures) shall hold all Interests in the Underlying Commodity at the Environmental Registry in relation to making or taking delivery under an Environmental Contract in accordance with the Rules and the Procedures.

Introduced 29/07/24

67.4 Attestation of Delivery Readiness

To be a party to delivery, Clearing Participants must maintain an account at the Environmental Registry. Clearing Participants that do not maintain an account at the Environmental Registry must have appropriate procedures in place to ensure close out of any open client positions prior to the Final Trading Day cut off times detailed in the Operating Rules of the Exchange and must provide an attestation as determined by the Exchange.

Introduced 29/07/24

68 to 69 Not in use.

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