

POSITION MANAGEMENT

<p>The purpose of this Guidance Note</p>	<ul style="list-style-type: none"> To provide guidance to participants on their position management obligations under the ASX Clear (Futures) Operating Rules
<p>The main points it covers</p>	<ul style="list-style-type: none"> ASX Clear (Futures) expectations in relation to: <ul style="list-style-type: none"> Allocations and Designations Daily Close-out of Matched Positions (including Back-to-Back Open Positions) Position Reporting (Daily Beneficial Ownership Reporting)
<p>Related materials you should read</p>	<ul style="list-style-type: none"> ASX Clear (Futures) Operating Rules and Procedures 32, 46 and 46A

History: Guidance Note 11 introduced 16/02/2026.

Important notice: ASX has published this Guidance Note to assist participants to understand and comply with their obligations under the ASX Clear (Futures) Operating Rules. It sets out ASX's interpretation of the ASX Clear (Futures) Operating Rules and how ASX is likely to enforce those rules. Nothing in this Guidance Note necessarily binds ASX in the application of the ASX Clear (Futures) Operating Rules in a particular case. In issuing this Guidance Note, ASX is not providing legal advice and participants should obtain their own advice from a qualified professional person in respect of their obligations. ASX may withdraw or replace this Guidance Note at any time without further notice to any person.

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1. Introduction

This Guidance Note is published by ASX Clear (Futures) Pty Limited (“ASX” or “ASX Clear (Futures)”) to provide guidance to participants on position management obligations under the ASX Clear (Futures) Operating Rules (“Futures Rules”).

2. Allocations & Designations

There are a number of interdependencies between the executing broker, the client and the ultimate Clearing Participant, which often make meeting prescribed times for Allocations and Designations challenging to comply with.

Where Clearing Participants require a client instruction to allocate the trade to another Clearing Participant, or designate the trade to their client account, they should do so promptly once that instruction is received. Clearing Participants should consider the requirement to promptly allocate having regard to both:

- the requirement to have appropriate resources and processes in place, which includes where those functions are offshored and/or outsourced; and
- the guidance issued by Derivatives Market Institute for Standards (“DMIST”)¹ in relation to timings.

Clearing Participants should work with clients to have pre-allocation instructions in place to reduce delays in Allocations.

3. Daily Close-Out of Matched Positions (including Back-to-Back Open Positions)

3.1 Background²

Open Interest (OI) is one of a number of indicators of a market’s depth of liquidity. OI is derived from the summing of Open Positions held by all Clearing Participants in their House Clearing Accounts and Client Clearing Accounts at the end of each trading day. These figures are submitted daily by the relevant Clearing Participant into the Exchange System in accordance with Futures Rule 46.1.

To ensure the integrity of OI, ASX Clear (Futures) requires that Clearing Participants must Close Out Back-to-Back Open Positions within each Individual Account and Secondary-Account no later than the time prescribed

¹ https://www.fia.org/sites/default/files/2023-06/DMIST_Final%2030-30-30%20Standard.pdf

² Refer to the Glossary at the back of this Guidance for applicable terms.

under Futures Rule 46.1. This ensures that such positions do not form part of the total number of Open Positions submitted into the Exchange System by a Participant, in either the relevant House or Client Clearing Account.

The tables below illustrate how Clearing Participants must comply with this obligation.

3.2 Application of this obligation (net-downs)

Individual Accounts

Table 1 below assumes that a Client Clearing Account of a Clearing Participant contains Individual Client Accounts which hold the following Open Positions in a particular futures contract³:

Table 1 – Example of a Client Clearing Account

<u>Client Clearing Account</u> ⁴	<u>Short</u>	<u>Long</u>	<u>Net</u>
Individual Account Client 1	-400	+50	-350
Individual Account Client 2	0	+500	+500
Individual Account Client 3	-300	+500	+200
<u>Client Clearing Account Total (to be submitted into the Exchange system)</u>			-350, +700

In respect of the example above:

1. Individual Account Client 1 holds Back-to-Back Open Positions of 50 lots which must be net down.
2. Individual Account Client 2 does not contain any Back-to-Back Open Positions; therefore, no net down is required.
3. Individual Account Client 3 holds Back-to-Back Open Positions of 300 lots which must be net down.
4. Per the 'Net' column of the above table, the resulting net positions to form part of the total to be submitted into the Exchange System would be -350 short in Individual Account Client 1, +500 long positions in Individual Account Client 2 and +200 long in Individual Account Client 3.
5. Therefore, for the purposes of submitting the most accurate representation of the Open Positions within the above Client Clearing Account into the Exchange System, the Clearing Participant must submit the total of the individual net positions of each Individual Client Account, -350/+700.

Please note, and as detailed in Futures Rule 46.5 "Ensuring A Transparent Market in Omnibus Accounts", ASX Clear (Futures) notes that where a client maintains different strategies within the same Individual Account, such an account is in fact a number of Secondary-Accounts constituting an Omnibus Account and should be treated as an Omnibus Account for Net-Down purposes. Furthermore, as these positions have been held as back-to-back throughout the life of the contract, these positions cannot be net-down following the Final Trading Date and up to Mandatory Cash Settlement.

³ The same principle would apply to an Individual House Account.

⁴ The three Individual Accounts belong to three different clients.

Omnibus Accounts

A Clearing Participant may operate Omnibus House and/or Client Accounts in appropriate circumstances outlined in this guidance.

We expect Omnibus Client Accounts would be used where:

- accounts are commercially sensitive. That is, where a common controller maintains the detail of multiple underlying clients' activities. A Related Body Corporate/Affiliate of a Clearing Participant should not be classified as an Omnibus Client Account;
- as noted above, a client holds a mix of long and short positions within an account for different strategies. We would expect the different strategies to be maintained in Secondary-Accounts in order to manage each strategy separately to ensure compliance with Futures Rule 46.5; or
- for a physical delivery where permitted.

To ensure transparency and the integrity of OI each Secondary-Account must be treated as though it is an Individual Account for the calculation of Open Positions to be reported to ASX Clear (Futures).

By way of illustration in the table below, assume that an Omnibus Account of a Clearing Participant contains Secondary-Accounts which hold the following Open Positions in a particular futures contract⁵:

Table 2 – Example of a Client Clearing Account

<u>Client Clearing Account</u> ⁶	<u>Short</u>	<u>Long</u>	<u>Net</u>
Omnibus Account			
Secondary-Account 1	0	+100	+100
Secondary-Account 2	-600	+150	-450
Secondary-Account 3	-500	+700	+200
<u>Total Client Clearing Account</u> <u>(to be submitted into the</u> <u>Exchange System)</u>			-450, +300

For the example in Table 2, it would not be appropriate for a Clearing Participant to Close Out or net-down positions within the Omnibus Account as though the Omnibus Account were one Individual Account.

Rather, each Secondary-Account would be netted individually and the resulting net positions form part of the total to be submitted into the Exchange System.

- Secondary-Account 1 in the Omnibus Account does not contain any Back-to-Back Open Positions.
- Secondary-Account 2 in the Omnibus Account holds Back-to-Back Open Positions of 150 lots which must be net down.
- Secondary-Account 3 in the Omnibus Account holds Back-to-Back Open Positions of 500 lots which must be net down.

⁵ The same principle would apply to a Omnibus House Accounts.

⁶ The Secondary-Accounts could be for the same client or for multiple underlying clients of the Omnibus Client Account.

- Per the 'Net' column of the above table, the resulting positions to form part of the total to be submitted into the Exchange System are, 100 long positions in Secondary-Account 1, 450 net short positions in Secondary-Account 2 and 200 net long positions in Secondary-Account 3.
- A short 450 and long 300 holding (which has been derived from a sum of the individual positions in each Secondary-Account within the Omnibus Account) would be submitted to the Exchange System as the most accurate representation of the holdings in that Client Clearing Account.

Individual and Omnibus Accounts

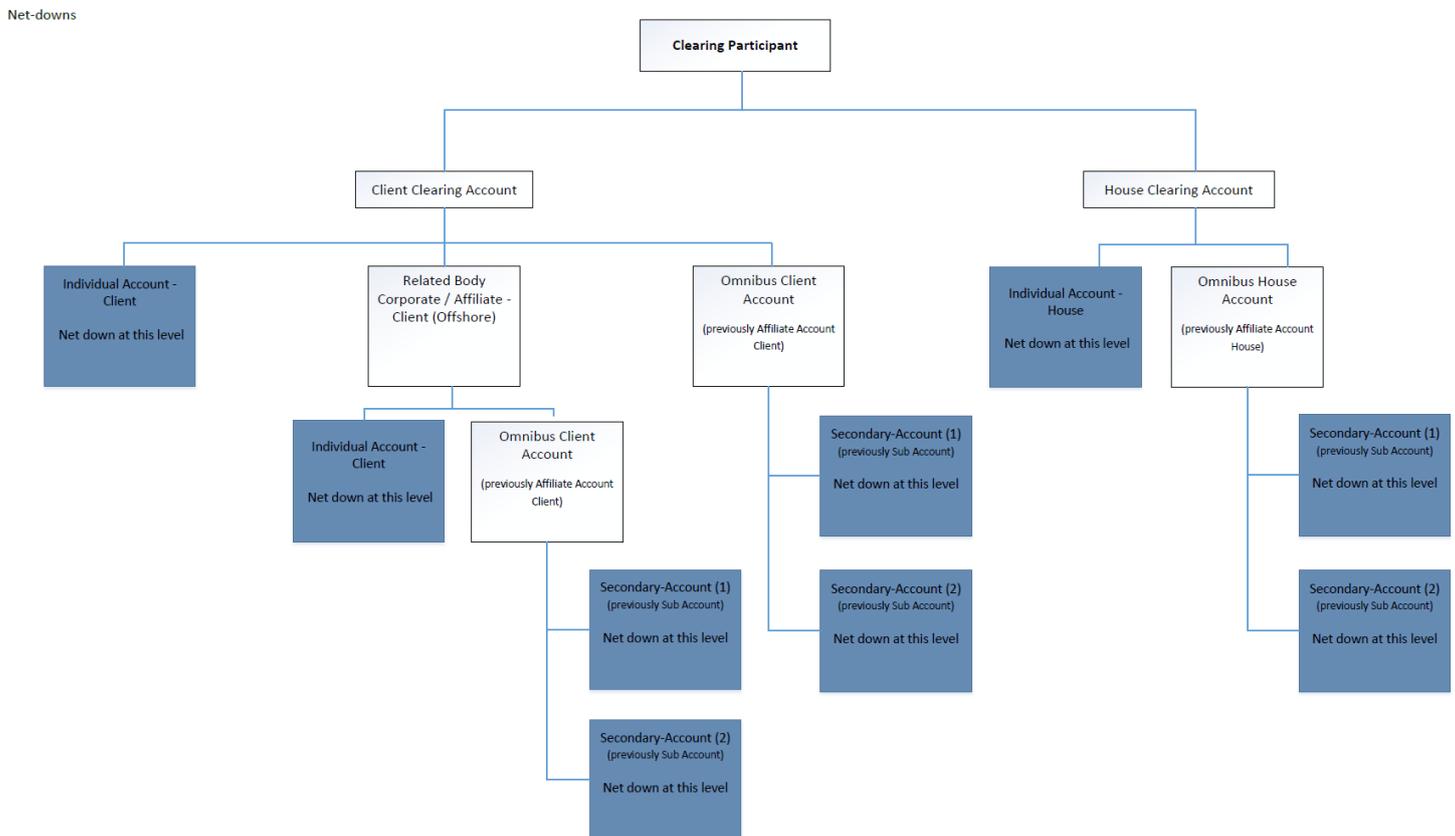
Table 3 – Example of a Client Clearing Account with both Individual Accounts and an Omnibus Account

<u>Client Clearing Account</u>	<u>Short</u>	<u>Long</u>	<u>Net</u>
Individual Client 1	-400	+50	-350
Individual Client 2	0	+500	+500
Individual Client 3	-300	+500	+200
Omnibus Account 1 ⁷			-450, +300
<hr/>			
<u>Total Client Clearing Account (to be submitted into the Exchange System)</u>			-800, +1000

⁷ Based on the Table 2 Totals

Net-down Summary

The diagram below sets out the account level at which net-downs are required to be actioned.



3.3 Maintenance of Back-to-Back Positions through to Mandatory Settlement

To ensure the integrity of OI and fairness and transparency to the market, Clearing Participants must not, following expiry of a contract and prior to Mandatory Cash Settlement:

- net-down positions maintained as Back-to-Back in a Secondary-Account throughout the life of the contract unless a position created on the Final Trading Day creates the Back-to-Back position; or
- net-down between Secondary-Account positions maintained in an Omnibus Account unless a position created on the Final Trading Day creates the Back-to-Back position;
- enter their own Mandatory Settlement Price; or
- transfer positions of multiple Individual Accounts into one Individual Account, or net-down across multiple Individual Accounts, where they have operated as different Individual Accounts over the life of the contract, even where the legal entity is the same across those Individual Accounts.

4. Position Reporting – (Daily Beneficial Ownership Reporting (“DBOR”))

4.1 Position Reporting

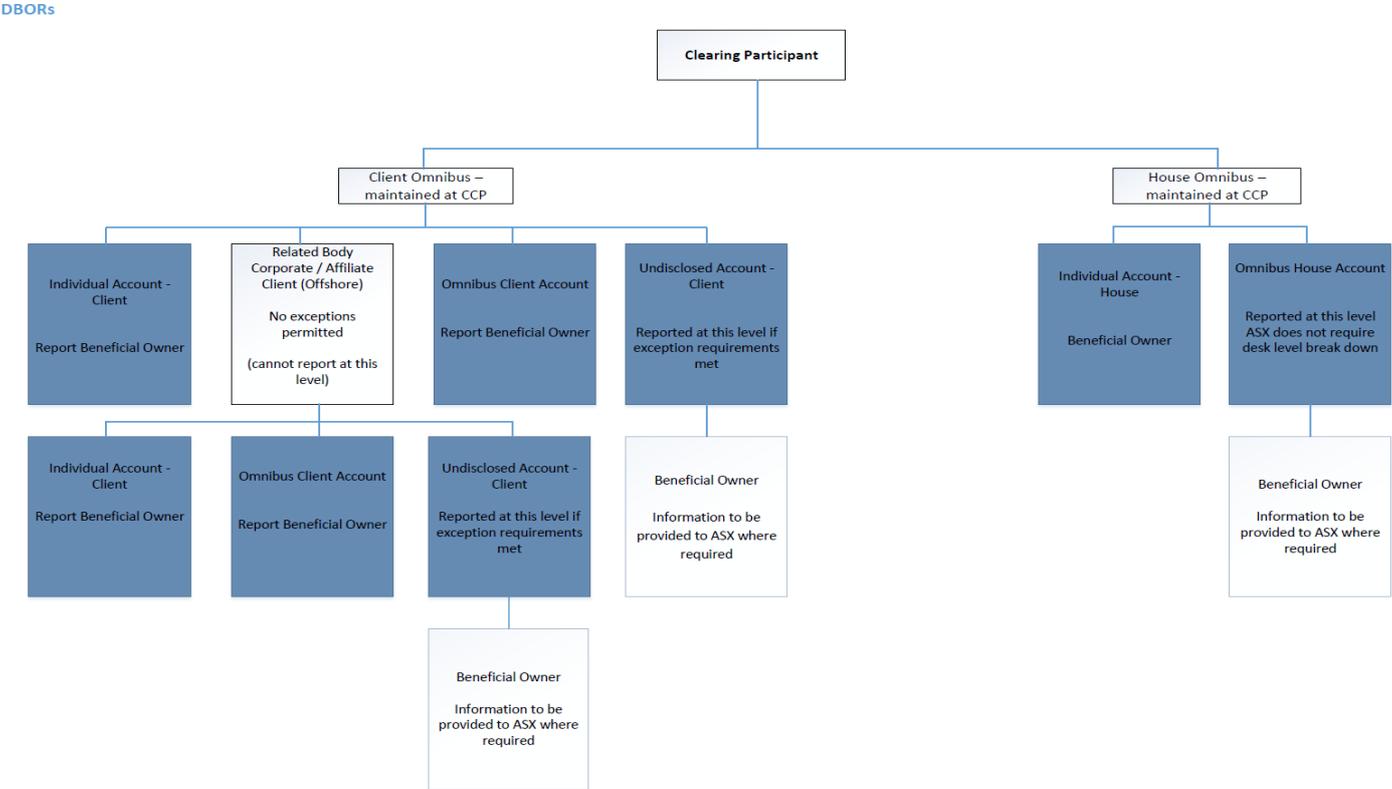
ASX Clear (Futures) requires Clearing Participants to provide Open Positions at the Beneficial Owner level to facilitate monitoring.

Clearing Participants should note that the following are not included in the scope of the definition of Beneficial Owner:

- the parent of a corporate owner of an account (the corporate entity itself is sufficient);
- investors or members of a fund (we would expect the name of the fund);
- partners in an investment vehicle (the investment trust itself is sufficient);
- shareholders of a publicly listed or proprietary company (the corporate entity itself is sufficient);
- beneficiaries of a trust (the trust itself is sufficient); and
- any similar individual owners as the above examples of an entity that is the Beneficial Owner of an Open Position.

ASX Clear (Futures) recognises that in limited circumstances (such as commercial sensitivity) the ultimate Beneficial Owner will not be provided to the Clearing Participant⁸. In such instances, these accounts (referred to as “undisclosed accounts”) need to be tagged as part of the DBOR reporting⁹ and the Clearing Participant is required to have processes in place for these accounts to provide the Beneficial Owners to ASX Clear (Futures) when requested.

The diagram below sets out the level at which position reporting is required.



⁸ ASX Clear (Futures) Operating Rule and Procedure 46A

⁹ There is a 12 month transition period for the tagging, as such Clearing Participants are not required to meet this obligation until 16 February 2027

Where the Clearing Participant has several internal divisions which clear trades through it, the House Omnibus Account will generally incorporate Open Positions undertaken by these many different divisions or trading desks.

ASX Clear (Futures) recommends that Clearing Participants report their House Omnibus Account information, where possible, with a full break down of open positions held by their separate divisions, or trading desks, as a matter of best practice. Where the Clearing Participant report DBORs as an Omnibus House Account, ASX Clear (Futures) may request that the Participant break down the report to reflect the separate positions held by the different divisions, or trading desks.

As noted above under Daily Close-Out of Matched Positions, where a client is operating an Individual Account with different strategies this is considered a number of Secondary-Accounts constituting an Omnibus Account and should be treated as an Omnibus Account for Net-Down purposes. However, this account is not expected to be an undisclosed account¹⁰ for the purposes of DBORs as the client is expected to be the Beneficial Owner.

4.2 Complete and Accurate Reporting

ASX Clear (Futures) recognises that position reporting must be submitted by Clearing Participants at a time when end of day processing may not yet be completed due to Clearing Participants having clients located in other jurisdictions. This may mean that in some circumstances the Beneficial Owner reporting may change after submission. In this instance ASX Clear (Futures) will consider reporting to be complete and accurate at submission, provided it reflects what was known to the Clearing Participant at the time of submission and represents every Open Position in an Account.

¹⁰ ASX Clear (Futures) Procedure 46A 2 (a) details the use of undisclosed accounts

5. Glossary

Words

Meanings

Back-to-Back Open Positions	Open Positions within an Individual Account or Omnibus Account which can be matched and settled against each other.
Beneficial Owner	The ultimate owner of a DBOR Open Position which may or may not be the Client or the internal division or desk of a Trading Participant (or a Related Body Corporate) responsible for the trading activity.
Individual Account	Each account established by a Clearing Participant in the system(s) it uses to record Open Positions for: <ul style="list-style-type: none">a) each client; orb) its house activity (both principal and that of its Related Bodies Corporate) <p><i>Note: It is expected that house activity will be segregated and reported at the level at which risk is managed and where the trading decision is made.</i></p>
Omnibus Client Account	An account established by a Clearing Participant in the system(s) it uses in which: <ul style="list-style-type: none">a) Open Positions for two or more accounts are under the control of a common controller; orb) Open Positions are held on behalf of two or more person(s), and that is not an Omnibus House Account.
Omnibus House Account	An account established by a Clearing Participant in the system(s) it uses which comprises Open Positions held by many different divisions or desks of the Clearing Participant and its Related Bodies Corporate.