

## SECTION 4 PARTICIPATION IN THE SETTLEMENT FACILITY

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## SECTION 4 PARTICIPATION IN THE SETTLEMENT FACILITY

The purpose of this Section 4 is to set out the basis on which persons may participate in the Settlement Facility or be provided with a Settlement Facilitation Service.

Without limiting in any way what a person who participates in the Settlement Facility may do or be permitted to do under these Rules, participation in the Settlement Facility is broadly divided into the following classes:

- (a) **General Settlement Participants** - being those persons who are admitted for purposes including the holding, transfer and settlement in Batch Settlement of Approved Financial Products in the Settlement Facility. A General Settlement Participant may also act in the Settlement Facility as a settlement agent on behalf of a Clearing Participant. A General Settlement Participant may also establish and maintain Participant Sponsored Holdings;
- (b) **Account Participants** – being those persons who participate in certain aspects of the holding and transfer of Approved Financial Products but who do not participate in Batch Settlement in the Settlement Facility. An Account Participant may also establish and maintain Participant Sponsored Holdings;
- (c) **Specialist Settlement Participants** – being those persons who are admitted for limited purposes including acting as a Participant Bidder; and
- (d) **Product Issuer Settlement Participants** – being those persons who are admitted for limited purposes including facilitating the settlement in Batch Settlement of transactions relating to requests for issue and redemption of AQUA Products. A Product Issuer Settlement Participant may not establish or maintain Participant Sponsored Holdings.

ASX Settlement may also provide a service to an Approved Listing Market Operator for the holding, transfer and settlement of Approved Financial Products that are quoted or admitted to trading status on the market of that Approved Listing Market Operator.

### 4.1 CLASSES OF PARTICIPATION IN THE SETTLEMENT FACILITY

#### 4.1.1 Settlement Participants

A Settlement Participant:

- (a) is a person who is permitted to participate in Batch Settlement and establish CHESS Holdings in accordance with these Rules;
- (b) may be either:
  - (i) a person admitted as a General Settlement Participant under Rule 4.3.1; or
  - (ii) a person admitted as a Specialist Settlement Participant under Rule 4.4.1; OR

- (iii) a person admitted as a Product Issuer Settlement Participant under Rule 4.4A;
- (c) is not permitted to participate in RTGS unless it is also an RTGS Participant.

*Note: A Settlement Participant must meet the additional technical and payment facility requirements of Section 11 before it will be permitted to settle transactions in Real Time Gross Settlement.*

*Any reference in these Rules to a Settlement Participant includes a reference to a Settlement Agent. See Rule 4.3.3*

Introduced 11/03/04 Amended 21/03/14

#### **4.1.2 Account Participants**

An Account Participant is a person who is permitted to establish CHES Holdings in accordance with these Rules but who is not permitted to participate in Batch Settlement.

Introduced 11/03/04

### **4.1A PROVISION OF SETTLEMENT FACILITATION SERVICE TO MARKET LICENSEES**

#### **4.1A.1 Application for Settlement Facilitation Service**

ASX Settlement will provide a Settlement Facilitation Service to an Approved Listing Market Operator in respect of Approved Financial Products that are quoted or admitted to trading status on the market which it is licensed to operate, if the Approved Listing Market Operator:

- (a) applies to ASX Settlement in the form made available by ASX Settlement from time to time;
- (b) executes a Settlement Facilitation Service Agreement;
- (c) satisfies the Settlement Facilitation Service Requirements; and
- (d) pays to ASX Settlement the relevant fees set out in the Settlement Facilitation Service Agreement.

A market licensee who is provided with a Settlement Facilitation Service will be an Approved Market Operator and a participant in the Settlement Facility within the meaning of section 761A of the Corporations Act.

Introduced 22/01/10 Amended 28/12/11

#### **4.1A.2 ASX Settlement may require further information**

ASX Settlement may require an applicant to provide further information (including procuring information from third parties) which ASX Settlement considers necessary to establish whether the applicant satisfies the Settlement Facilitation Service Requirements.

Introduced 22/01/10 Amended 28/12/11

#### **4.1A.3 ASX Settlement may impose conditions**

- (a) If ASX Settlement agrees to provide a Settlement Facilitation Service to an Approved Listing Market Operator it may at that time or any later time impose any conditions on the Approved Listing Market Operator as are reasonably necessary:
  - (i) to ensure the financial and operational integrity and functionality of the Settlement Facility; or
  - (ii) to ensure that ASX Settlement can meet the obligations, duties, powers and discretions which it has as the holder of, or in connection with the holding of, a CS facility licence.
- (b) ASX Settlement must notify the Approved Listing Market Operator of any condition imposed under this rule in writing.

Introduced 22/01/10 Amended 28/12/11

#### **4.1A.4 Settlement Facilitation Service Requirements**

For an applicant to be eligible to be provided with a Settlement Facilitation Service it must:

- (a) hold an Australian market licence and have all other regulatory approvals needed to operate in the manner contemplated by the Settlement Facilitation Service Agreement and must provide ASX Settlement with a copy of that licence and those approvals and any variation to that licence or those approvals from time to time;
- (b) satisfy ASX Settlement that it has facilities, operating rules, procedures, personnel, technological and financial resources which are adequate for the performance by the market licensee of its obligations under these Rules and the Settlement Facilitation Service Agreement, including without limitation meeting the technical and performance requirements of this Section;
- (c) agree to comply with any condition imposed under Rule 4.1A.3; and
- (d) ensure its participants are either admitted as Settlement Participants under this Section 4 or have appointed a settlement agent to act on their behalf.

Introduced 22/01/10 Amended 28/12/11

#### **4.1A.5 Technical and performance requirements**

The technical and performance requirements of this Section are that the applicant must have the necessary technological and human resources to ensure that:

- (a) it can reliably communicate with the Settlement Facility in accordance with the requirements of ASX Settlement; and

- (b) its trading and other systems do not adversely affect the Settlement Facility or the provision of services to the applicant by ASX Settlement under the Settlement Facilitation Service Agreement.

Introduced 22/01/10 Amended 28/12/11

#### **4.1A.6 Termination of Settlement Facilitation Service**

ASX Settlement will terminate an Approved Listing Market Operator's Settlement Facilitation Service if:

- (a) the Approved Listing Market Operator fails to satisfy the Settlement Facilitation Service Requirements; or
- (b) the Settlement Facilitation Service Agreement with that Approved Listing Market Operator is terminated.

Introduced 22/01/10 Amended 28/12/11

## **4.2 ADMISSION OF PARTICIPANTS**

### **4.2.1 Application for Admission as a Participant**

A person may apply to ASX Settlement for admission to participate in the Settlement Facility as a Participant by an application that complies with the Procedures.

Introduced 11/03/04 Origin SCH 2.2.1

### **4.2.2 ASX Settlement may obtain additional information**

In respect of an application for admission as a Participant:

- (a) ASX Settlement may by Notice require an applicant to give ASX Settlement such undertakings or information in relation to the application which ASX Settlement considers necessary;
- (b) ASX Settlement may seek information from persons other than the applicant to the extent that ASX Settlement thinks necessary in considering whether to grant an application; and
- (c) subject to any need to disclose information in order to seek other information under Rule 4.2.2(b), or unless disclosure is required by law or otherwise permitted by the Rules, ASX Settlement must maintain the confidentiality of each application and information contained in or supplied in connection with an application.

Introduced 11/03/04 Origin SCH 2.2.2, 2.2.3, 2.2.4

### **4.2.2A Applicants incorporated or carrying on business outside Australia**

If an applicant is incorporated or intends to carry on any part of its business as a Participant outside Australia, then ASX may impose additional requirements for it to be

eligible for admission as a Participant, including (but not limited to) those specified in the Procedures.

Introduced 15/06/15

#### **4.2.3 ASX Settlement may waive Participation Requirements**

ASX Settlement may admit a person as a Participant notwithstanding that the person does not meet all the Participation Requirements.

ASX Settlement may, by notice in writing to a Participant waive any Participation Requirements on any conditions it considers appropriate.

Introduced 11/03/04 Origin SCH 2.3.8 Amended 15/06/15

#### **4.2.3A Admission as a Participant in ASX Settlement's discretion**

The decision as to whether to grant admission as a Participant is at the absolute discretion of ASX Settlement. ASX Settlement may grant or refuse admission without giving any reasons.

Introduced 15/06/15

#### **4.2.4 ASX Settlement may impose conditions and require undertaking**

If ASX Settlement admits a person as a Participant it may at that time, or any later time, by Notice to the person impose such conditions or Restrictions upon the person's participation or require the person to provide such undertakings or other information as ASX Settlement considers necessary.

Introduced 11/03/04 Origin SCH 2.4.3

#### **4.2.5 Failure to comply with conditions or Restrictions**

A Participant must comply with any conditions, Restrictions or undertakings imposed by ASX Settlement. Failure to do so does not automatically result in the termination of the admission of the Participant but will constitute a contravention of this Rule 4.2.5 and will be dealt with in accordance with section 12.

Introduced 11/03/04 Origin SCH 2.4.4

### **4.3 ADMISSION OF GENERAL SETTLEMENT PARTICIPANTS**

#### **4.3.1 Admission of General Settlement Participants**

Subject to Rule 4.2.3A, ASX Settlement will admit a person as a General Settlement Participant if ASX Settlement is satisfied that the person:

- (a) has applied for admission as a Participant in accordance with Rule 4.2.1;
- (b) is one of the following:
  - (i) the holder of an Australian financial services licence which authorises the applicant to carry on its business as a Participant;



- (ii) a Market Operator;
  - (iii) a CS Facility;
  - (iv) a person regulated by APRA;
  - (v) a person regulated by an overseas regulatory authority approved by the Commission under section 911A(2)(h) of the Corporations Act;
  - (vi) a Trustee Company; or
  - (vii) a corporation that is a wholly-owned subsidiary of an Australian bank and whose sole business is providing nominee, custody and related services or margin lending services;
- (c) meets the technical and performance requirements of this Section;
  - (d) meets the performance bond requirements of this Section;
  - (e) meets the business integrity requirements of this Section;
  - (f) meets the location requirements of this Section;
  - (g) meets the payment facility requirements of this Section; and
  - (h) meets the organisational requirements of this Section.

Introduced 11/03/04 Origin SCH 2.3.1, 2.3.3, 2.5A.3 Amended 01/01/12, 15/06/15

#### **4.3.2 Additional requirements for applicants holding a licence**

If a person that applies for admission as a Settlement Participant in accordance with Rule 4.3.1(b) is the holder of an Australian financial services licence, an Australian CS facility licence or an Australian Markets licence, that person must:

- (a) provide ASX Settlement with a copy of its Australian financial services licence, Australian CS facility licence or Australian Markets licence, as the case may be, including any conditions attaching to that licence; and
- (b) immediately notify ASX Settlement if there is any variation to its Australian financial services licence, Australian CS facility licence or Australian Market licence, as the case may be, including any variation to any conditions attaching to that licence, prior to its admission as a Settlement Participant.

*Note: see also Rule 4.6.1(d) requiring ASX Settlement to be notified of changes to any licence or other authorisation which authorises a Settlement Participant to carry on its business as a Settlement Participant.*

Introduced 11/03/04 Amended 15/06/15

#### **4.3.3 General Settlement Participant may act as Settlement Agent**

A General Settlement Participant may act as a Settlement Agent only in accordance with Rules 4.3.4 to 4.3.13.

Introduced 11/03/04

#### **4.3.4 General Settlement Participant to enter into Settlement Agreement**

A General Settlement Participant must not act as Settlement Agent for a Clearing Participant unless it has entered into a Settlement Agreement with the Clearing Participant containing the terms prescribed by the Clearing Participant's Approved Clearing Facility.

Introduced 11/03/04

#### **4.3.5 Notification to ASX Settlement**

A General Settlement Participant must notify ASX Settlement prior to entering into a Settlement Agreement with a Clearing Participant. A General Settlement Participant must, where requested by ASX Settlement, provide a copy of the Settlement Agreement to ASX Settlement and any other information or documentation requested by ASX Settlement.

Introduced 11/03/04

#### **4.3.6 Termination of Settlement Agreement**

If the Settlement Agreement to which a General Settlement Participant is party is terminated or becomes void for any reason, the General Settlement Participant must immediately:

- (a) notify ASX Settlement of that fact;
- (b) notify the Clearing Participant of that fact; and
- (c) cease acting as a Settlement Agent for the Clearing Participant until an effective Settlement Agreement is in place.

Introduced 11/03/04

#### **4.3.7 References to Settlement Participant in the Rules**

All references in the Rules to a Settlement Participant are to be read as including a reference to a Settlement Participant which acts as Settlement Agent for a Clearing Participant.

Introduced 11/03/04

#### **4.3.8 General Settlement Participant to comply with the Rules**

Subject to Rule 4.3.10, in discharging settlement obligations on behalf of a Clearing Participant for whom it acts as Settlement Agent, a General Settlement Participant must comply with the Rules.

Introduced 11/03/04

#### **4.3.9 General Settlement Participant's liability for Failed Batch Instructions**

Subject to Rule 4.3.10, a General Settlement Participant will not be liable for any breach of the Rules in relation to a Failed Batch Instruction where the Clearing Participant for whom the General Settlement Participant acts as Settlement Agent fails to put the General Settlement Participant in a position where it can discharge settlement obligations on behalf of the Clearing Participant.

Introduced 11/03/04

#### **4.3.10 Breach of the Rules by General Settlement Participant acting as Settlement Agent**

A General Settlement Participant, when acting in its capacity as Settlement Agent, will be not liable for any breach of the Rules in relation to a Failed Batch Instruction except to the extent that the General Settlement Participant's conduct caused the Batch Instruction to Fail. ASX Settlement may take action against the General Settlement Participant for any such breach in accordance with the Rules.

Introduced 11/03/04

#### **4.3.11 General Settlement Participant not to act as Settlement Agent in relation to RTGS Instructions**

A Settlement Participant may not act as Settlement Agent for a Clearing Participant for the purposes of settling RTGS Instructions in DvP Real Time Gross Settlement.

Introduced 11/03/04

#### **4.3.12 General Settlement Participant to assist ASX Settlement and Approved Clearing Facility**

A General Settlement Participant must assist ASX Settlement in any audit or investigation by the Approved Clearing Facility into the conduct of the Clearing Participant for whom the General Settlement Participant acts as Settlement Agent.

#### **4.3.13 Recognised Market Operators**

A Market Operator admitted as a Participant pursuant to Rule 4.3.1 may be identified for the purposes of Rules 9.12.1, 9.12.2, 9.12.3, 9.12.5, 9.12.6, 9.12.7 and 9.12.8 as a Recognised Market Operator provided:

- (a) recognition for the purposes of this rule is only for financial products of an issuer quoted on the market of that Recognised Market Operator;
- (b) its operating rules appoint that Recognised Market Operator as a Settlement Agent for its participants for those financial products;
- (c) it has in the opinion of ASX Settlement from time to time adequate compensation arrangements;
- (d) it supplies details of such compensation arrangements at least annually to ASX Settlement, or at such other times reasonably required by ASX Settlement and in the case where such arrangement is to be varied it gives ASX Settlement at least 10 Business Days notice of the same;

- (e) it warrants to ASX Settlement that it has authority to act on behalf of each participant in its market for whom it acts as Settlement Agent; and
- (f) it does not participate in Batch Settlement unless ASX Settlement determines otherwise.

Introduced 11/03/04 Origin SCH 2.5A.3

## **4.4 ADMISSION OF SPECIALIST SETTLEMENT PARTICIPANTS**

### **4.4.1 Admission of Specialist Settlement Participants**

Subject to Rules 4.2.3A and 4.4.2, ASX Settlement will admit a person as a Specialist Settlement Participant if ASX Settlement is satisfied that the person;

- (a) has applied for admission as a Participant in accordance with Rule 4.2.1;
- (b) meets the technical and performance requirements of this Section;
- (c) meets the performance bond requirements of this Section;
- (d) meets the capacity requirements of this Section;
- (e) meets the location requirements of this Section (subject to Rule 4.4.2);
- (f) meets the payment facility requirements of this Section; and
- (g) meets the organisational requirements of this Section.

*Note: a person admitted as a Specialist Settlement Participant under this Rule 4.4.1 may not act as a Sponsoring Participant.*

Introduced 11/03/04 Origin SCH 2.3.2 Amended 23/10/09, 15/06/15, 05/12/19

### **4.4.2 Specialist Settlement Participant acting only as a Participant Bidder**

If a Specialist Settlement Participant will be admitted for the limited purpose of acting as a Participant Bidder, the requirements in Rule 4.4.1(c) and (f) will not apply.

Introduced 23/10/09 Amended 05/12/19

## **4.4A ADMISSION OF PRODUCT ISSUER SETTLEMENT PARTICIPANTS**

### **4.4A.1 Admission of Product Issuer Settlement Participants**

Subject to Rule 4.2.3A, ASX Settlement will admit a person as a Product Issuer Settlement Participant if ASX Settlement is satisfied that the person;

- (a) has applied for admission as a Participant in accordance with Rule 4.2.1;
- (b) meets the technical and performance requirements of this Section;
- (c) meets the performance bond requirements of this Section;

- (d) meets the business integrity requirements of this Section;
- (e) meets the location requirements of this Section;
- (f) meets the payment facility requirements of this Section; and
- (g) meets the organisational requirements of this Section.

*Note: a person admitted as a Product Issuer Settlement Participant under this Rule 4.4A.1 may not act as a Sponsoring Participant.*

Introduced 21/03/14 Amended 15/06/15

## **4.5 ADMISSION OF ACCOUNT PARTICIPANTS**

### **4.5.1 Admission of Account Participants**

Subject to Rule 4.2.3A, ASX Settlement will admit a person as an Account Participant if ASX Settlement is satisfied that the person:

- (a) has applied for admission as a Participant in accordance with Rule 4.2.1;
- (b) is the holder of an Australian financial services licence which authorises the applicant to carry on its business as a Participant (unless such a licence is not required by the Corporations Act);
- (c) meets the technical and performance requirements of this Section;
- (d) meets the performance bond requirements of this Section;
- (e) meets the business integrity requirements of this Section;
- (f) meets the location requirements of this Section; and
- (g) meets the organisational requirements of this Section.

Introduced 11/03/04 Origin SCH 2.1A.1 Amended 01/01/12, 15/06/15

### **4.5.2 Account Participant not a Settlement Participant**

An Account Participant admitted under Rule 4.5.1 is not a Settlement Participant and must not establish a Payment Facility.

Introduced 11/03/04 Origin SCH 2.1A.2

## **4.6 NOTIFICATION REQUIREMENTS**

### **4.6.1 Notification of change of details**

A Participant must notify ASX Settlement in writing if:

- (a) the Participant changes its name, or the name under which the Participant carries on business as a Participant; or

- (b) the Participant changes any address at which the Participant carries on business as a Participant;

before the change becomes effective, and immediately if:

- (c) there is any material change in information concerning its business as a Participant from that previously provided to ASX Settlement; or
- (d) there is any change to a licence or other authorisation which authorises the Settlement Participant to carry on its business as a Settlement Participant.

The notice must include full details of the change.

Introduced 11/03/04 Origin OCH 2.9B.1 Amended 10/06/04, 02/08/13, 15/06/15

#### **4.6.2 Participant to submit details of authorised signatories**

- (a) A Participant must:
  - (i) submit to ASX Settlement, in the manner and form set out in the Procedures, details of persons who are authorised by the Participant to sign documentation and to deal with settlement issues in connection with the operation of its business as a Participant; and
  - (ii) promptly notify ASX Settlement in writing if any of the persons whose names are submitted under this Rule 4.6.2 cease to be authorised by the Participant to sign the relevant documentation or to deal with settlement issues or if any new person is given that authority.
- (b) ASX Settlement is entitled to rely on the list referred to in Rule 4.6.2(a)(i) as updated from time to time under Rule 4.6.2(a)(ii) as evidence that the persons whose names are on the list at any given time are authorised to sign on behalf of the Participant documentation presented to ASX Settlement or to deal with issues in connection with the operation of its business as a Participant.
- (c) Nothing in this Rule 4.6.2 limits the persons whom ASX is entitled to assume are authorised by the Participant to sign documentation and to deal with settlement issues in connection with the operation of its business as a Participant or the operation of Rule 6.2.1.

Introduced 15/06/15

## **4.7 TECHNICAL AND PERFORMANCE REQUIREMENTS**

### **4.7.1 When a person meets the technical and performance requirements**

A person will meet technical and performance requirements to the reasonable satisfaction of ASX Settlement if:

- (a) as shown by Pre-commencement Testing, the person has the capacity to communicate reliably with CHES in accordance with the EIS;

- (b) the person has such accounting, settlement, recording and reporting systems as are necessary for the purposes of the person's existing and anticipated operations;
- (c) the person employs or retains such personnel familiar with the Rules and the Procedures as are necessary to allow the person to generate, receive and process Messages in accordance with the Rules and Procedures;
- (d) the person has the necessary organisational and technical resources to ensure that Messages submitted to ASX Settlement by the Participant do not interfere with the efficiency, integrity or proper functioning of the Settlement Facility;
- (e) the person observes and gives effect to any advice or directions given by ASX Settlement to it in order to ensure that the person meets or continues to meet the requirements of paragraphs (a) to (d); and
- (f) the person has appointed a person to be responsible for communication with ASX Settlement in connection with CHES and has communicated the name of that person to ASX Settlement, both upon admission to participation and where there are any subsequent changes made.

Introduced 11/03/04 Origin SCH 2.6

## **4.8 PERFORMANCE BOND REQUIREMENTS**

### **4.8.1 Person to lodge performance bonds**

The performance bond requirements of this Section are that the person has lodged with ASX Settlement:

- (a) if that person is applying to participate as a Settlement Participant, a Settlement Bond; and
- (b) if that person establishes and maintains a Participant Sponsored Holding, a Sponsorship Bond,

that complies with the provisions of these Rules and the Procedures.

Introduced 11/03/04 Origin SCH 2.8, 10.19.1

## **4.9 PERFORMANCE BONDS**

### **4.9.1 Settlement Participant to lodge Settlement Bond**

A Settlement Participant, other than a Participant that:

- (a) is prudentially supervised;
- (b) is a CS Facility that complies with the Reserve Bank of Australia's financial stability standards; or
- (c) acts only as a Participant Bidder,

must ensure that at all times while the Participant remains a Settlement Participant there is lodged with ASX Settlement a valid Settlement Bond.

For the purposes of this Rule 4.9, a Participant is prudentially supervised if it is:

- (d) required to comply with the operating rules of an:
  - (i) Approved Market Operator specified in the Procedures; or
  - (ii) Approved Clearing Facility;that relate to NTA or risk based financial requirements; or
- (e) regulated by APRA.

Introduced 11/03/04 Origin SCH 10.19.1, 10.19.1A, 10.19.1B Amended 04/04/05, 18/12/06, 27/06/11

#### **4.9.2 Amount of Settlement Bond**

The Settlement Bond lodged in accordance with Rule 4.9.1 must enable ASX Settlement to demand payment of an amount of \$500,000. ASX Settlement may determine another amount, from time to time, as notified to Participants in which case the Settlement Bond must be for that amount.

Introduced 11/03/04

#### **4.9.3 Sponsoring Participant to lodge Sponsorship Bond**

A Sponsoring Participant, other than a Sponsoring Participant that is subject to the compensation arrangements specified in the Procedures, must ensure that at all times while the Participant maintains any Participant Sponsored Holding there is lodged with ASX Settlement a valid Sponsorship Bond.

Introduced 11/03/04

#### **4.9.4 Amount of Sponsorship Bond**

The Sponsorship Bond lodged in accordance with Rule 4.9.3 must enable ASX Settlement to demand payment of an amount of \$500,000. ASX Settlement may determine another amount, from time to time, as notified to Participants in which case the Sponsorship Bond must be for that amount.

Introduced 11/03/04

#### **4.9.5 Demand under Settlement Bond**

If ASX Settlement is satisfied that a Participant has contravened a provision of these Rules and, as a result of that contravention, ASX Settlement has suffered or incurred any losses, damages, costs or expenses as a result of that contravention then ASX Settlement may, in accordance with this Rule 4.9:

- (a) make one or more demands under the Settlement Bond lodged by the Participant; and



- (b) apply any money obtained as a result of any demand to compensate ASX Settlement.

Introduced 11/03/04 Origin SCH 10.19.2, 10.19.3

#### **4.9.6 Demand under Sponsorship Bond**

If ASX Settlement is satisfied that:

- (a) a Participant has contravened a provision of these Rules;
- (b) an Issuer, Participant Sponsored Holder or ASX Settlement has suffered or incurred any losses, damages, costs or expenses as a result of that contravention (“the aggrieved person”); and
- (c) there is no real prospect of the aggrieved person obtaining adequate compensation otherwise than in accordance with this Rule 4.9,

then ASX Settlement may, in accordance with this Rule 4.9:

- (d) make one or more demands under the Sponsorship Bond lodged by the Participant; and
- (e) apply any money obtained as a result of any demand to compensate the aggrieved person.

Introduced 11/03/04 Origin SCH 10.19.2, 10.19.3

#### **4.9.7 Circumstances in which a demand may be made is not limited**

ASX Settlement may make a demand under a Settlement Bond under Rule 4.9.5 or a Sponsorship Bond under Rule 4.9.6 whether or not:

- (a) the Participant has been found by an Old Tribunal (as defined in Rule 12.23), a Tribunal or ASX Settlement to be in contravention of any Rule,
- (b) the Participant has been convicted of any offence; or
- (c) the Participant’s contravention of the Rule is the subject of investigation by the Commission or any other regulatory authority.

Introduced 11/03/04 Origin SCH 10.19.3 Amended 01/08/10

#### **4.9.8 Participant to be given hearing**

Before making a decision under Rule 4.9.5 or 4.9.6, ASX Settlement must afford the Participant an opportunity of being heard.

Introduced 11/03/04 Origin SCH 10.19.4

#### **4.9.9 Application of Sponsorship Bond compensation money**

Money obtained by ASX Settlement under a Sponsorship Bond must not be applied to compensate a Participant Sponsored Holder unless the claim for compensation is lodged in writing by, or on behalf of, that person no later than:

- (a) if no notice has been published in accordance with Rule 4.9.10, and Rule 4.9.9(b) does not apply, 6 months after the person becomes aware that he or she has suffered or incurred any losses, damages, costs or expenses; or
- (b) any later date that ASX Settlement allows in a particular case; or
- (c) if a notice has been published in accordance with Rule 4.9.10, the date specified in the notice.

Introduced 11/03/04 Origin SCH 10.19.5

#### **4.9.10 Advertising claims for compensation under a Sponsorship Bond**

If the participation of a Participant that has lodged a Sponsorship Bond is terminated, ASX Settlement must cause a notice to be published in a daily newspaper of general circulation in Australia that:

- (a) advertises for claims for compensation to be paid out of money obtained under the Sponsorship Bond lodged by a Participant specified in the notice; and
- (b) specifies a date not less than 3 months after publication of the notice by which claims must be made.

Introduced 11/03/04 Origin SCH 10.19.6 Amended 30/12/09

#### **4.9.11 Apportionment of compensation money under a Sponsorship Bond**

Money obtained by ASX Settlement under a Sponsorship Bond must:

- (a) if the total of other admitted claims does not exceed the amount obtained under the Sponsorship Bond, in payment in full of those claims; or
- (b) if the total of other admitted claims exceeds the amount obtained under the Sponsorship Bond, pro rata among those claims.

Introduced 11/03/04 Origin SCH 10.19.7

#### **4.9.12 Release of Settlement Bond or Sponsorship Bond**

ASX Settlement must not release the issuer of a Settlement Bond or Sponsorship Bond from its obligations under the Performance Bond unless:

- (a) if the Participant that lodged the Sponsorship Bond ceases to be a Participant:
  - (i) ASX Settlement has published a notice in accordance with Rule 4.9.10;
  - (ii) the period referred to in the notice has elapsed; and
  - (iii) there are no outstanding claims against the Bond;
- (b) if the Participant lodges another Bond:
  - (i) it complies with these Rules and the Procedures and fully replaces the earlier Bond; and

- (ii) ASX Settlement has not made or received any claims for compensation under Rule 4.9.5 or 4.9.6; or
- (c) if the issuer of the Bond has given ASX Settlement 3 months Notice of its intention to withdraw the Bond facility:
  - (i) the Participant has, within the 3 month period, lodged another Bond that complies with these Rules and the Procedures and that fully replaces the earlier Bond; and
  - (ii) ASX Settlement has not made or received any claims for compensation under Rule 4.9.5 or 4.9.6.

Introduced 11/03/04 Origin SCH 10.19.8

#### **4.9.13 Reducing the amount of the Sponsorship Bond**

If, after the period referred to in Rule 4.9.12(a)(ii) has elapsed, ASX Settlement is satisfied that the total of all admissible claims for compensation in respect of a Sponsorship Bond is an amount less than the total amount obtainable under the Sponsorship Bond, ASX Settlement may, at the written request of the issuer of the Bond, vary the Bond by reducing the amount obtainable under the Bond to an amount not less than the total of all admissible claims.

Introduced 11/03/04 Origin SCH 10.19.9

#### **4.9.14 Authority by Participant**

Each Participant authorises ASX Settlement:

- (a) to publish a notice in accordance with Rule 4.9.10 in relation to the Sponsorship Bond lodged by that Participant; and
- (b) to refer to the Participant in the notice,
- (c) and agrees that the authority will not be withdrawn upon termination of the Participant's participation in the Settlement Facility.

Introduced 11/03/04 Origin SCH 10.19.10

### **4.10 CAPACITY REQUIREMENTS**

#### **4.10.1 When a person meets the capacity requirements**

The capacity requirements of these Rules are:

- (a) for a body, that:
  - (i) if the body is a body corporate, the body is not an externally administered body corporate; or
  - (ii) if the body is not a body corporate, the body is not under any equivalent form of insolvent administration;

- (b) for a natural person, that:
  - (i) the person is at least 18 years of age;
  - (ii) the person is not an insolvent under administration;
  - (iii) no person has been appointed under any Incapacity Law to administer the estate of the person; and
  - (iv) no order has been made under the Corporations Act prohibiting the person from managing a corporation; and
- (c) for a body that consists of two or more partners or trustees, that each of those persons complies with paragraph (a) or (b) as the case requires.

Introduced 11/03/04 Origin SCH 2.9

## **4.11 BUSINESS INTEGRITY REQUIREMENTS**

### **4.11.1 Business integrity requirements**

For an applicant to be eligible for admission as a Participant, the applicant must be of high business integrity. To enable ASX Settlement to assess whether the applicant meets this requirement, the applicant must provide to ASX Settlement the information set out in the Procedures.

Introduced 11/03/04 Origin SCH 2.10 Amended 02/08/13, 15/06/15

## **4.12 LOCATION REQUIREMENTS**

### **4.12.1 Location requirements**

The location requirements of this Section are that a Participant that proposes to locate or relocate any part of its business as a Participant (including, without limitation, any means of communicating CHES Messages to ASX or any Employees) outside Australia ("Overseas Activity") must comply with the requirements set out in the Procedures.

Introduced 11/03/04 Origin SCH 2.11.1 Amended 15/06/15

### **4.12.2 Overseas Duties and Taxes**

If a Participant is incorporated outside Australia or conducts any part of its business as a Participant outside Australia and:

- (a) any tax or duty of any kind would be liable to be paid by ASX Settlement, a Related Body Corporate of ASX Settlement or any other person bound by these Rules (each an "Entity");
- (b) the Participant would be required by any law or regulation to withhold payment of an amount or deduct a tax or duty of any kind from an amount payable by it to any Entity; or

- (c) an Entity or Entities are required by any law or regulation to withhold payment of an amount or deduct a tax or duty of any kind from an amount payable by the Entity or Entities,

in respect of any transaction or agreement between that Participant and any Entity or Entities, and that duty or tax would not be liable to be paid or would not be required to be withheld or deducted if the Participant were incorporated in Australia and conducting its business as a Participant wholly in Australia, then the Participant must disclose to each relevant Entity that the duty or tax may be payable, or withholding or deduction may have to be made, before the relevant transaction or agreement to which the duty or tax relates is entered into or instructions are accepted. The disclosure must be in writing and include the nature of the duty, tax or withholding and the amount of the likely duty, tax or withholding or the appropriate rate of duty or tax.

Introduced 15/06/15

#### **4.12.3 Indemnity**

Without limiting any other indemnity given by a Participant under these Rules, each Participant indemnifies ASX Settlement in respect of any loss or damage caused to ASX Settlement as a result of a failure by that Participant to observe the requirements of Rules 4.12.1 – 4.12.3.

Introduced 15/06/15

#### **4.12.4 Communication requirements**

A Participant must ensure, even if part of its business as a Participant or some of its Employees are located outside Australia, that it has in place appropriate arrangements so that the Participant and ASX Settlement (and Related Bodies Corporate of ASX Settlement) can communicate with each other and receive each other's responses quickly on a day-to-day operational basis and so that the Participant can promptly comply with the Rules or a request of ASX Settlement (or a Related Body Corporate of ASX Settlement).

Introduced 15/06/15

#### **4.12.5 Agent for service of process**

A Participant that is not incorporated or registered as a foreign company under the Corporations Act must:

- (a) appoint an agent, approved by ASX Settlement, which is resident in Australia for service of process in Australia generally (including, without limitation, by ASX and ASIC);
- (b) provide ASX Settlement as soon as practicable with a copy of any agent's acceptance of such appointment;
- (c) inform ASX Settlement of the intended effective date of any agent ceasing for any reason to act as agent for the Participant; and

- (d) if paragraph (c) applies, appoint as soon as practicable, and in any case before an outgoing agent ceases acting as agent for the Participant, a new agent, approved by ASX Settlement.

Introduced 11/03/04 Origin SCH 2.11.2, 2.11.3 Amended 15/06/15

## **4.13 PAYMENT FACILITY REQUIREMENTS**

### **4.13.1 Person to have a Payment Facility**

The payment facility requirements of this Section are that:

- (a) for the purposes of making and receiving payments in respect of payment obligations and entitlements under Section 10 of these Rules, the person has in place at all times at least the number of Payment Facilities specified in the Procedures with one or more Payments Providers; and
- (b) each Payment Facility is either:
  - (i) held in the name of, and operated for the benefit of, the person or a Related Body Corporate of the person;
  - (ii) held in the name of a party unrelated to the person but operated for the benefit of the person, where the party operating the Payment Facility has agreed to be bound by the Rules which relate to the operation and suspension of Payment Facilities as if it was an ASX Settlement Participant.

Introduced 11/03/04 Origin SCH 2.12.1 Amended 21/03/14

## **4.14 NON-ACCEPTANCE OF AN APPLICATION FOR ADMISSION AS A PARTICIPANT**

### **4.14.1 Notice of rejecting application**

ASX Settlement must not reject an application made under Rule 4.2.1 unless, before doing so, ASX Settlement:

- (a) gives Notice to the applicant of the reasons why it proposes to reject the application;
- (b) affords the applicant a period of 10 Business Days after giving the Notice (or such longer period as the applicant reasonably requires not exceeding 30 Business Days) in which to provide further information or otherwise take steps to address the reasons stated in the Notice; and
- (c) after the end of that period, considers whether any further information provided or steps taken by the applicant address the reasons in the Notice.

Introduced 11/03/04 Origin SCH 2.13.1

#### **4.14.2 Rejection of application**

If, after following the procedure in Rule 4.14.1, ASX Settlement is not satisfied that the applicant meets the relevant admission requirements set out in Rule 4.3, 4.4 or 4.5, as the case requires, ASX Settlement may give Notice to the applicant rejecting the application and giving reasons why the application is rejected.

Introduced 11/03/04 Origin SCH 2.13.2

#### **4.14.3 Appeal against decision of ASX Settlement**

An applicant may appeal against a decision to reject its application in accordance with the provisions of the ASX Enforcement and Appeals Rulebook.

Introduced 11/03/04 Origin SCH 2.13.3, 2.13.4 Amended 31/03/08, 01/08/10

#### **4.14.4 Convening of Appeal Tribunal – [Deleted]**

Introduced 11/03/04 Origin SCH 2.13.5 Deleted 31/03/08

#### **4.14.5 Decision of Appeal Tribunal – [Deleted]**

Introduced 11/03/04 Origin SCH 2.13.6, 2.13.7 Deleted 31/03/08

### **4.15 RESIGNATION OF PARTICIPATION**

#### **4.15.1 Resignation of Participation**

If a Participant wishes to resign as a Participant, the Participant must:

- (a) give at least 20 Business Days' written notice to ASX Settlement of its intention to resign and the proposed date of resignation;
- (b) satisfy ASX Settlement that it has taken, or will have taken before the proposed date of resignation, proper steps for the orderly winding down of its business in respect of ASX Settlement; and
- (c) comply with any reasonable direction of ASX Settlement in relation to the orderly winding down of its business in respect of ASX Settlement and any related body corporate of ASX Settlement.

Introduced 11/03/04 Origin SCH 19.10.1, 19.10.2, ASX 5.3.1, OCH 2.5.1

#### **4.15.2 Resignation only effective when accepted by ASX Settlement**

The resignation of a Participant is not effective until the resignation is accepted by ASX Settlement. ASX Settlement may accept a Participant's resignation when the Participant has:

- (a) complied with Rule 4.15.1; and
- (b) satisfied all its obligations to ASX Settlement including, without limitation, all outstanding fees.

ASX Settlement will not unreasonably refuse to accept a Participant's resignation.

Introduced 11/03/04 Origin ASX 5.3.2, OCH 2.5.2

#### **4.15.3 Obligations of Participant upon resignation**

If ASX Settlement accepts a Participant's resignation, the Participant must (to the extent applicable to the class of Participant), before the expiry of the Notice period:

- (a) ensure that all outstanding transactions of that Participant that affect a CHESSE Holding under the control of the Participant are completed;
- (b) make proper arrangements in respect of Participant Sponsored Holdings under the control of the Participant by:
  - (i) relinquishing control of those Holdings in accordance with Rule 8.17;  
or
  - (ii) Converting those Holdings to Issuer Sponsored Holdings; and
- (c) removing all Direct Holdings under the control of the Participant from the CHESSE Subregister,

and upon the expiry of the Notice period, ASX Settlement may take such action as it considers necessary to effect the orderly termination of participation of the Participant.

Introduced 11/03/04 Origin SCH 19.10.3, 19.10.4 Amended 05/12/19

#### **4.15.4 Performance Bond continues**

Nothing in Rule 4.15 affects the continuation of the Settlement Bond or Sponsorship Bond under Rule 4.9.

Introduced 11/03/04 Amended 04/04/05

### **4.16 INACTIVE PARTICIPANTS**

#### **4.16.1 ASX Settlement may give notice**

Where ASX Settlement considers that a Participant has not settled any Instructions under these Rules, for a continuous period of 6 months, ASX Settlement may notify the Participant that it intends to terminate the Participant's recognition as a Participant.

Introduced 11/03/04 Origin ASX 5.4.1, OCH 2.5A.1

#### **4.16.2 Participant may make submissions**

On receipt of a notice given under Rule 4.16.1, the Participant may make written submissions to ASX Settlement explaining why, in its view, the Participant's participation in the Settlement Facility should not be terminated. Any written submission must be received by ASX Settlement within 10 Business Days following receipt of the notice from ASX Settlement, unless ASX Settlement grants an extension in writing.

Introduced 11/03/04 Origin ASX 5.4.2, OCH 2.5A.2



#### **4.16.3 Termination of participation if no submission received**

Where no submission is received by ASX Settlement under Rule 4.16.2, ASX Settlement may terminate the Participant's participation in the Settlement Facility following the end of the 10 Business Day period, or any extension referred to in that Rule.

Introduced 11/03/04 Origin ASX 5.4.3, OCH 2.5A.3

#### **4.16.4 Termination of participation if submission received**

Where a submission is received by ASX Settlement under Rule 4.16.2, if:

- (a) ASX Settlement is not satisfied that the Participant will settle any Instructions under these Rules within a further 20 Business Days following the receipt of the submission; or
- (b) the Participant fails to settle such a transaction in that period,

ASX Settlement may terminate the Participant's participation as a Participant.

Introduced 11/03/04 Origin ASX 5.4.4, OCH 2.5A.4 Amended 18/12/06

#### **4.16.4A Termination of participation as a Specialist Settlement Participant**

In addition to any other rights or powers ASX Settlement may have under this Rule 4.16, where a Specialist Settlement Participant has been admitted for the limited purpose of acting as a Participant Bidder in relation to a takeover bid and ASX Settlement is satisfied that the takeover bid is complete or has been withdrawn, ASX Settlement may by written notice to the Specialist Settlement Participant terminate its participation as a Specialist Settlement Participant.

Introduced 05/12/19

#### **4.16.5 Ceasing to be a Participant**

For the avoidance of doubt, a Participant who is no longer recognised in any category has ceased to be a Participant.

Introduced 11/03/04

### **4.17 EFFECT OF RESIGNATION OR TERMINATION ON OBLIGATIONS**

#### **4.17.1 Obligations of Participant before resignation and termination**

A Participant is bound by the Rules until ASX Settlement has accepted the Participant's resignation under Rule 4.15 or until the Participant's recognition is terminated under these Rules. The resignation or termination does not affect any accrued rights which ASX Settlement, a related body corporate of ASX Settlement, or other Participants have against the Participant or any accrued obligations which the Participant has to ASX Settlement, a related body corporate of ASX Settlement or to other Participants.

Introduced 11/03/04 Origin ASX 5.5.1, OCH 2.7.1

#### **4.17.2 Certain obligations to continue following resignation or termination**

Without limiting Rule 4.17.1, following the resignation or termination of the recognition of a Participant under these Rules:

- (a) the Rules continue to apply and ASX Settlement will continue to have jurisdiction in respect of the Participant concerning any conduct or any failure to comply with the Rules which occurred before the resignation or termination of the Participant, whether that conduct or failure was by the Participant or by any other person for whose conduct the Participant was responsible;
- (b) the Participant continues to be bound by any indemnity given by the Participant under these Rules; and
- (c) other Rules continue to apply in respect of the Participant to the extent required to give effect to paragraphs (a) and (b).

Introduced 11/03/04 Origin ASX 5.5.2, OCH 2.7.2

### **4.18 ORGANISATIONAL REQUIREMENTS**

#### **4.18.1 Organisational requirements**

The organisational requirements of this Section are that a Participant must have adequate resources and processes to comply with its obligations as a Participant under these Rules.

For these purposes, “resources” include financial, technological and human resources and “processes” include management supervision, training, compliance, risk management, business continuity and disaster recovery processes.

In assessing whether an applicant meets the organisational requirements of this Section, ASX Settlement may have regard to the matters set out in the Procedures and to any other matters it considers appropriate.

Introduced 01/01/12 Amended 15/06/15, 05/12/19

### **4.19 CUSTODIAL SETTLEMENT PARTICIPANTS**

#### **4.19.1 Custodial Settlement Participant eligibility**

To be classified as a Custodial Settlement Participant by ASX Settlement, a Settlement Participant must:

- (a) satisfy the eligibility criteria specified in the Procedures; and
- (b) provide to ASX Settlement, the documentation set out in the Procedures as evidence that the Settlement Participant does satisfy the eligibility criteria.

Introduced 18/12/19

**4.19.2 Classification as a Custodial Settlement Participant in ASX Settlement's discretion**

The decision as to whether a Settlement Participant meets the requirements set out in Rule 4.19 is at the absolute discretion of ASX Settlement. ASX Settlement may determine that a Settlement Participant meets or does not meet the requirements set out in Rule 4.19 without giving any reasons.

Introduced 18/12/19

**4.19.3 Custodial Settlement Participant notification**

A Custodial Settlement Participant must immediately notify ASX Settlement as soon as it becomes aware that it is no longer eligible to be a Custodial Settlement Participant.

Introduced 18/12/19

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