

AUSTRACLEAR REGULATIONS

OF

AUSTRACLEAR LIMITED

ABN 94 002 060 773

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AUSTRACLEAR
REGULATIONS AT 15 SEPTEMBER 2021

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1. INTERPRETATION

1.1 Definitions

In these Regulations, unless the context otherwise requires:

"**Act**" means the *Bills of Exchange Act 1909* (Cth).

"**AIF**" means the Automated Information Facility offered by the Reserve Bank under RITS.

"**Appeal Tribunal**" means the tribunal convened in accordance with the provisions of the ASX Enforcement and Appeals Rulebook.

Introduced 01/08/10

"**Associate Participant**" means at any time any entity that has applied under Regulation 2.1(b) to be, and has been accepted by the Committee under Regulation 2.7 as, an Associate Participant of the System which is at that time still an Associate Participant.

"**Auditor**" means the auditor of the System appointed under Regulation 18.

"**Austraclear**" means, subject to Regulation 1.5, Austraclear Limited ABN 94 002 060 773. Where the Regulations confer on Austraclear a power to do or refrain from doing some act or to exercise a discretion, a reference to Austraclear includes a reference to the Board, the Managing Director or other officer of Austraclear authorised by the Board or Managing Director to exercise that power or who is otherwise properly authorised to exercise that power. "**Austraclear System Regulations**" means these regulations including Schedules, as amended from time to time.

"**Australian CS facility licence**" has the meaning given to it in section 761A of the Corporations Act 2001 (Cth).

Introduced 25/07/14

"**Australian Currency Element**" means, in relation to an Australian Currency FX Transaction, the component denominated in Australian currency.

"**Australian Currency FX Transaction**" means a Foreign Exchange Transaction a component of which is denominated in Australian currency.

"**Automatic Settlement**" means the procedure whereby at the option of a Participant the System will automatically search for and allocate Securities to a Transaction on Settlement Date which is either a sale of a Security Element or a Repurchase Transaction without the need for the Participant to manually allocate such Securities to that Transaction on Settlement Date.

"**Austraclear Software**" means the software developed by or on behalf of Austraclear or a Related Body Corporate from time to time, to operate the System.

"**Bank**" means:

- (a) a body corporate with an authority from the Australian Prudential Regulation Authority under the *Banking Act 1959* (Cth) to carry on banking business in Australia; or
- (b) a bank constituted under a law of a State or Territory of Australia; or
- (c) the Reserve Bank.

"**Bank Managed**" means, in relation to a Cash Element which Regulation 14.1 provides is to be Settled under Regulation 15, at the time at which the procedures under Regulation 15 apply to that Cash Element:

- (a) the Nominated Account of the Paying Participant to which the Cash Element relates is subject to an effective election under Regulation 13.4(b); and
- (b) Austraclear then considers that information to permit the Participating Bank to manage the Nominated Account is being made available to the Participating Bank by means of the AIF.

"Bank Paying Agent" means a Paying Agent which is a Participating Bank;

"Books Close Date" means:

- (i) in relation to a Non-Paper Security, the date on which (at close of business) the issuer closes its books for the purposes of determining the persons entitled to receive a payment; or
- (ii) in relation to a Euroentitlement
 - (A) if the rules of the Clearance and Settlement System in which the related Eurosecurity is held prescribe a date for determination of the persons entitled to receive payments under it, the date referable to the relevant payment; or
 - (B) otherwise, the date on which a payment is due in respect of the related Eurosecurity.

"Books Close Period" means:

- (i) in relation to a Non-Paper Security, the period beginning at the Books Close Date and ending on the due date for the relevant payment; or
- (ii) in relation to a Euroentitlement:
 - (A) if the rules of the Clearance and Settlement System in which the related Eurosecurity is held prescribe a period, for the purposes of determining the persons entitled to receive payments under it, during which no transfer of it may be recorded in that system, the period referable to the relevant payment; or
 - (B) otherwise, the period beginning on the Books Close Date and ending on the due date for the relevant payment;

"Business Day" in relation to the operations of the System means, subject to any prescribed matter, a day on which Banks are generally open for business in Sydney or Melbourne. For the purposes of the operations of the System which involve either:

- (i) a Transaction of the type described in paragraph (b) of the definition of Cash Transaction in relation to a Euroentitlement; or
- (ii) the Deposit or Withdrawal of a Euroentitlement, a "Business Day" means a day on which Banks are generally open for business in Sydney or Melbourne and a day on which the Clearance and Settlement System in which the Eurosecurity related to the Euroentitlement is held at that time is operating.

"Cash Element" means:

- (a) in relation to a Value Transaction which has an element that the parties to the Transaction intend to be performed by the payment by one party to the other of an amount of money, that element; or
- (b) in relation to a Transaction of the type described in paragraph (b) or paragraph (c) of the definition of "Cash Transaction", the performance of the obligation to facilitate the payment of the amounts referred to in that paragraph.

Amended 25/07/14

"Cash Limit" means:

- (a) at any time in respect of a Cash Record of a Participant, the amount, if any, last Entered before that time by the relevant Participating Bank in respect of that Cash Record under Regulation 13.5; and
- (b) at any time in respect of a Foreign Currency Cash Record of a Participant, the amount, if any, last Entered before that time by the relevant Foreign Currency Settlement Bank in respect of that Foreign Currency Cash Record under Regulation 13.5.

Amended 01/04/15

"Cash Limit Managed" means:

- (a) in relation to a Cash Element which Regulation 14.1 provides is to be Settled under Regulation 15, at the time at which the procedures under Regulation 15 apply to that Cash Element, the Cash Record to which the Cash Element relates is either:
 - (i) subject to an effective election under Regulation 13.4(a); or
 - (ii) subject to an effective election under Regulation 13.4(b) but that Regulation provides that Regulation 13.4(a) applies notwithstanding that election; and
- (b) in relation to a Cash Element in a Foreign Currency, managed by use of a Cash Limit in the System.

Amended 25/07/14

"Cash Limit Permitted", in relation to a Cash Element, has the meaning given by Regulation 15.3.

"Cash Record" means, in respect of a Participant in relation to a Business Day, a record or records kept by Austraclear of the Cash Elements of Cash Transactions of that Participant in relation to that Business Day which relate to a particular Nominated Account of the Participant and the result of those Cash Elements.

"Cash Transaction" means:

- (a) a Value Transaction in respect of which there is a Cash Element;
- (b) each payment obligation under the procedures provided by Regulation 11 for distribution of amounts due in respect of Deposited Securities; or
- (c) without limiting paragraph (a), the payment of an amount of money through the System as a result of an instruction Entered by a Participant.

Amended 25/07/14

"Cash Transfer" has the meaning given to it:

- (a) for Australian currency, in Regulation 12.8(a); and
- (b) for Foreign Currency, in Regulation 12.8(c).

Introduced 25/07/14

"Clearance and Settlement System" means a prescribed securities clearance and settlement system.

Link to Procedures regarding the definition "Clearance and Settlement System".
[Clearance and Settlement System Def](#)

"Committee" means generally the Board of Directors of Austraclear and includes, in relation to a matter, any committee of that Board or officer of Austraclear which has been given authority in relation to that matter by the Board (or in the case of an officer, by a committee of the Board which has the authority of the Board to do so).

"Corporations Law" means the Corporations Act 2001 (Cth) or any legislation or co-operative scheme of legislation which preceded it or which replaces it covering the same general subject matter.

Explanatory Note: Part of the operating rules regarding Public Trust Members refers to approvals under a section of the Corporations Law as in force prior to 1 July 1998. The definition is intended to cover the Corporations Law in force at that time and subsequent legislation replacing it.

"CRS" has the meaning given to that term by section 396-110 of the Taxation Administration Act 1953 (Cth).

Introduced 01/01/17

"Daily Cash Record Settlement Report" means a report required to be made available by Austraclear for access by a Participating Bank under Regulation 15.8 or a Nominated Clearing Branch under Regulation 16.4.

"Dematerialised Security" means a debt obligation of any government, any government authority, any semi-government authority, any corporation or any other body corporate approved for that purpose by the Committee, the creation or existence of which is recorded electronically and which is not constituted or represented by an instrument, where the debt obligation (or the means of its electronic recording or both) is of a kind described in Regulation 8A as acceptable for Deposit of the obligation in the System as a Dematerialised Security.

Explanatory Note: The definition of "Equivalent Paper Security" is related.

"Deposit" means, in relation to a Security at any time, the valid lodgement of that Security by a Participant in the System.

Introduced 01/07/21

"Deposited" means, in relation to a Security at any time, that the Security has been validly lodged by a Participant in the System and has not been Withdrawn from the System.

"Depositing Participant" means, in relation to a Security at any time, the Participant that is seeking to Deposit or has Deposited the Security in the System.

Introduced 01/07/21

"Dishonour" means:

- (a) in relation to a Paper Security which is subject to the Act, dishonour by non-payment of that Security (as defined by section 52 of the Act);
- (b) in relation to any other Paper Security or a Dematerialised Security, a failure to pay when due any amount (whether principal, interest or otherwise) in accordance with the terms governing that payment;
- (c) in relation to a Non-Paper Security, a failure to pay when due any amount (whether principal, interest or otherwise) in accordance with the terms governing that payment; and
- (d) in relation to a Euroentitlement, a failure to pay when due any amount (whether principal, interest or otherwise) in respect of the related Eurosecurity in accordance with the terms governing that payment or a failure by the operator of the Clearance and Settlement System with whom the related Eurosecurity is deposited to pay an equivalent amount to Austraclear.

"Element" means a Cash Element or a Security Element.

"Employee", "member of staff", "officer", "official" and like words means 'employee', 'member of staff', 'officer', 'official' and like words of Austraclear Limited or any of its related bodies corporate.

"Encumbrance" means the restrictions under these Regulations which affect an encumbered Security as described in Regulation 9.

"Enter" means, in relation to any information (including, without limitation, any information in relation to a Transaction to which a Participant is a party), to record or report that information in the System in accordance with these Regulations and any instructions concerning the System given to Participants by Austraclear.

"EOD" means, in relation to any Business Day, that time of day prescribed as the last time for the Entering of Cash Transactions which are to be Settled on that Business Day.

Link to Procedures regarding the definition "EOD": [EOD Definition](#)

"Equivalent Paper Security" means a security in paper form as described in Regulation 8A which is the equivalent of a Dematerialised Security.

"Euroentitlement" means the rights of Austraclear in respect of a Eurosecurity from time to time deposited on behalf of Austraclear (acting as nominee of a Participant) with an operator of a Clearance and Settlement System.

"Eurosecurity" means, subject to any prescribed requirements, a security of a kind described in Regulation 8 and which is of a kind prescribed by the rules and regulations applicable to a Clearance and Settlement System as being acceptable for deposit from time to time in that system.

"FATCA Agreement" has the meaning given to that term by section 396-15 of the Taxation Administration Act 1953 (Cth).

Introduced 01/01/17

"Financial Institution" has the meaning given in the FATCA Agreement.

Introduced 01/01/17

"Foreign Currency" means a currency other than Australian currency that has been and remains approved by Austraclear under Regulation 29.2 for the settlement of Transactions through the System.

Introduced 25/07/14

"Foreign Currency Account" means, in respect of a Cash Record in a Foreign Currency, an account of a Participant with a Foreign Currency Settlement Bank that is denominated in that Foreign Currency.

Introduced 25/07/14

"Foreign Currency Cash Record" means a Participant's Cash Record in a Foreign Currency within the System.

Introduced 25/07/14

"Foreign Currency Settlement Bank" means, in respect of a Foreign Currency:

- (a) the central bank of the country that issues the Foreign Currency; or
- (b) an entity described in paragraph (a) of the definition of Bank,

which has been and remains approved by Austraclear under Regulation 29.3 to act as the settlement bank in respect of Transactions in the Foreign Currency and which has agreed in writing to participate in the System as a Foreign Currency Settlement Bank and be bound by these Regulations in that capacity.

Introduced 25/07/14

"Foreign Exchange Cash Record" means a Participant's Cash Record in a currency approved by Austraclear for the purpose of Regulation 12.9.

Introduced 01/04/15

"Foreign Exchange Confirmation" means a process by which a Participant notifies another Participant of the details of a Foreign Exchange Transaction and allows the other Participant to positively affirm or question the details.

"Foreign Exchange Transaction" means a dealing under which a Participant is obliged to deliver to or receive from another Participant an amount denominated in one currency and is entitled to receive from or deliver to that other Participant for that obligation an amount denominated in another currency.

"Forward Delivery Transaction" means a Transaction (other than a Value Transaction) under which one Participant is obliged to sell and the other Participant is obliged to buy a Deposited Security on the Settlement Date at a specified price.

"Forward Non-Delivery Transaction" means a Transaction (other than a Value Transaction) under which on the Settlement Date, or on each of several Settlement Dates, one Participant (which may not be the same in respect of each Settlement Date) is obliged to pay and another Participant is entitled to receive the difference between:

- (a) the Settlement Value for that Settlement of that Transaction; and
- (b) the Specified Value for that Settlement Date of that Transaction.

"Forward Transaction" means a Forward Delivery Transaction or a Forward Non-Delivery Transaction of a type permitted under these Regulations.

Amended 01/12/15

"FRA" means a forward rate agreement.

Introduced 01/12/15

"FTS Event" has the meaning given to that term in Regulation 16.6.

"Full Participant" means a Participant other than an Associate Participant, Public Trust Participant or a Special Purpose Participant.

"Future Component" means, in relation to a Repurchase Transaction, the second leg of the Repurchase Transaction in the period prior to the settlement of the first leg. Upon completion of the first leg, the Future Component of that Repurchase Transaction becomes a Forward Delivery Transaction and on unwind of the second leg the Forward Delivery Transaction becomes a Value Transaction.

"House Security Sub-Account" has the meaning given to that term in Regulation 17.2.

"Insolvency Event" means, in relation to a person, the happening of any of the following events:

- (a) if the person is a body corporate, the person becoming a Chapter 5 body corporate within the meaning of the Corporations Law; or
- (b) if the person is an individual, the person becoming an insolvent under administration within the meaning of the Corporations Law; or
- (c) someone taking control of the person's property for the benefit of the person's creditors because the person is, or is likely to become, insolvent.

Amended 25/07/14, 06/07/20

"Intellectual Property" means:

- (a) any patent, trade mark (whether registered or common law), copyright, registered design or other design right, and any corresponding property right under the laws of any jurisdiction throughout the world;
- (b) any right under the laws of Australia, or of any jurisdiction throughout the world, to apply for the grant or registration of a patent, trade mark, copyright, design, or any corresponding property or right; and

- (c) any rights throughout the world in respect of an invention, discovery, trade secret, know-how, concept, idea, information, data, algorithm or formula.

"**IRS**" means an interest rate swap.

Introduced 01/12/15

"**ISIN**" means International Securities Identification Number.

"**Issuer's Representative**" means, in respect of an issuer, the person that is recorded in the System as being the representative of that issuer.

Introduced 01/07/21

"**Licence**" means, when used in Regulation 26.1, a licence or a sub-licence.

"**Licensed Software**" means the Austraclear Software which is the subject of a licence granted by Regulation 26.1.

"**Licensor**" means any third party who as the owner of Intellectual Property rights licenses Austraclear or a Related Body Corporate to use those Intellectual Property rights in the manner set out in the relevant licence.

"**Loss or Claim**" means, in relation to any person, a damage, loss, cost, expense or liability incurred by the person or a claim, action, proceeding or demand made against the person, however arising and whether present or future, fixed or unascertained, actual or contingent.

"**Managing Director**" means the Managing Director of Austraclear or where there is no Managing Director, the principal executive officer of Austraclear.

The principal executive officer of Austraclear shall be:

- (a) the Managing Director and CEO of SFE Corporation Limited; or
- (b) any other person or persons he delegates to perform or share the role of principal executive officer.

"**Member**" means Participant.

Explanatory Note: In earlier versions of the Austraclear System Regulations "Participants" were called "Members". This definition of Member is included to assist persons in interpreting earlier versions of the Austraclear System Regulations and other documents which may refer to Austraclear "Members".

"**Nominated Account**" means, in relation to a Participant at any time, an account with a Participating Bank opened by the Participant, and subject to a current notification by that Participant, in accordance with Regulation 13.

"**Nominated Cash Record**" means the cash record in the Nominated Account, as shown in the System.

"**Nominated Clearing Branch**" means a branch of a Participating Bank in a city in which the System operates, nominated by that Participating Bank in accordance with Regulation 13.

"**Non-Bank Paying Agent**" means a Paying Agent which is not a Participating Bank;

"**Non-Cash Transaction**" means a Value Transaction in respect of which there is no Cash Element.

"**Non-Paper Security**" means:

- (a) a debt obligation of any government, any government authority, any semi-government authority, any corporation or any other body corporate approved for that purpose by the Committee (including, without limitation, any inscribed stock or bonds issued by any of those entities); or
- (b) any legal or equitable right or interest in a debt obligation of the kind described in paragraph (a) or in a pool of debt obligations (which may be of that kind but need not be), provided Austraclear is

satisfied that the relevant right or interest is functionally equivalent to a debt security, even if issues such as the legal structure and the ranking of legal owners of the Security in liquidation of the issuer are different from traditional debt securities.),

where that debt obligation (if paragraph (a) applies) or right or interest (if paragraph (b) applies) is of a kind described in these Regulations as acceptable for Deposit in the System as a Non-Paper Security.

"Non-Security Transaction" means a Value Transaction in respect of which there is no Security Element.

"Notification of Authorised Signatories" means the latest document in the approved form lodged with Austraclear by a Participant under Regulation 3.3.

Amended 22/08/07

"Owner" means in relation to a Security at any time:

- (a) in the case of determining entitlements:
 - (i) to payments of interest on a then Pledged Security, the Pledgor; or
 - (ii) to require Austraclear to direct the operator of the Clearance and Settlement System in which a Eurosecurity related to a Pledged Euroentitlement is held to take action on behalf of or represent it at meetings of holders of Eurosecurities or on any other occasion where actions by such holders is required or permitted, the Pledgor;
- (b) in all other cases in relation to a then Pledged Security, the Pledgee;
- (c) subject to (d), in the case of a Security which is not then Pledged, the Participant in whose Security Record the Security then appears; and
- (d) for the purposes of Regulation 28, the Participant in whose Security Record the Security then appears, subject to, in the case of a Security held in a Secured Collateral Account, the security interest of the Collateral Receiver, as those expressions are defined in Regulation 28.1.

Amended 05/07/13

"Paper Security" means:

- (a) any negotiable instrument (including, without limitation, any instrument which is a negotiable instrument under the Act); or
- (b) any other instrument creating or evidencing a thing in action capable of complete transfer by delivery,

in either case, of a kind described in Regulation 7 as acceptable for Deposit in the System as a Paper Security.

"Participant" means at any time and subject to Regulation 1.4, any entity which has been accepted under these Regulations as a Participant of the System and which is at that time still a Participant.

"Participant Proxy" means at any time and subject to Regulation 17, a Participant authorised by another Participant or a Sub-Participant authorised by another Sub-Participant to access and operate in the System in the name of the authorising Participant or Sub-Participant and which Austraclear authorises to so access and operate.

Amended 22/08/07

"Participant Status" means the state of being a Participant.

"Participating Bank" means any Bank or any other entity which has been and remains accepted by the Reserve Bank as a participant of RITS with an exchange settlement account, which has agreed in writing to participate in the System as a Participating Bank and to be bound by these Regulations.

Amended 25/07/14

"Payee Participant" means, in relation to a Cash Element, the Participant intended to receive payment under that Cash Element.

Amended 25/07/14

"Paying Agent" means in respect of a payment:

- (i) in relation to a Paper Security, the Participant or Participating Bank specified in relation to that Security in the place payable field as prescribed;
- (ii) in relation to a Dematerialised Security, the Participant or Participating Bank specified in relation to that Security in the place payable field as prescribed;
- (iii) in relation to a Non-Paper Security, the Participant or Participating Bank nominated as the paying agent for that Security; and
- (iv) in relation to a Euroentitlement, Austraclear.

"Paying Participant" means:

- (a) in relation to a Cash Element, the Participant intended to make payment under that Cash Element; or
- (b) in relation to a Cash Element of a Transaction of the type described in paragraph (b) of the definition of "Cash Transaction", the Participant or other prescribed person intended to distribute amounts in respect of Deposited Securities.

"PDP" means the Procedures, Determinations and Practice Notes.

Introduced 01/04/15

"Pledge" is used in these Regulations in a generic sense and means any of the forms of Encumbrance described in Regulation 9.

"Pledged Security" means a Deposited Security which has been Pledged and has not been released from the Pledge.

"Pledgee" means, in relation to a Pledged Security, the Participant specified as the Pledgee in the details Entered in relation to the Pledge.

"Pledgor" means, in relation to a Pledged Security, the Owner of the Security immediately before it was Pledged.

"Present Component" means, in relation to a Repurchase Transaction, the component of that Repurchase Transaction which is a first leg Value Transaction.

"Presentment" means:

- (a) in relation to a Paper Security the maturity proceeds for which are due for payment, the Paper Security being presented for payment in accordance with its terms of issue or in the prescribed manner and, if the Act applies to the Paper Security, the Act; and
- (b) in relation to a Dematerialised Security the maturity proceeds for which are due for payment, the Dematerialised Security being presented for payment in accordance with its terms and in the prescribed manner.

"Procedures, Determinations and Practice Notes" means the document set out at www.asx.com.au relating to the Austraclear System containing:

- (a) procedures to facilitate the use of the System;
- (b) decisions made by Austraclear pursuant to these Regulations; and
- (c) practice notes issued by Austraclear as to how the Regulations are interpreted and enforced.

Amended 22/08/07, 01/04/15, 01/07/21

"**PSN Act**" means the *Payment Systems and Netting Act 1998 (Cth)*.

"**Public Trust Participant**" means at any time any Participant that has applied under Regulation 2.1(d) to be, and has been accepted by the Committee under Regulation 2.7 as, a Public Trust Participant of the System which is at that time still a Public Trust Participant.

"**Real Time Gross Settlement**" means the processing and settling of payment and delivery obligations in real time and on a gross, not net, basis, the fundamental characteristic of which is that the payment and delivery components of a transaction become irrevocable at the time of settlement.

Introduced 25/07/14

"**Regulations**" means the Austraclear Regulations, as amended from time to time.

Amended 22/08/07

"**Related Body Corporate**" has the same meaning as in the Corporations Law.

"**Reportable Person**" means a Reportable Person as that term is defined in the CRS.

Introduced 01/01/17

"**Repurchase Transaction**" means a Transaction involving a Value Transaction that has both a Security Element and a Cash Element (the first leg) and a related Forward Delivery Transaction (the second leg), where the parties to each Transaction are the same, the Deposited Securities the subject of them have the same description, but the delivery obligations under the Forward Delivery Transaction are opposite to those under the first leg Value Transaction.

"**Reserve Bank**" means the Reserve Bank of Australia, a body corporate established by the Reserve Bank Act 1959 (Cth).

"**RITS**" means Reserve Bank Information and Transfer System and means the system owned and operated by the Reserve Bank for, among other things, the real-time gross settlement of transfers between accounts of Participating Banks with the Reserve Bank.

Amended 22/08/07, 25/07/14

"**RTGS**" means Real Time Gross Settlement.

Introduced 25/07/14

"**Security**" means a Euroentitlement, a Paper Security, a Non-Paper Security or a Dematerialised Security.

"**Security Element**" means, in relation to a Value Transaction which has an element that the parties to the Transaction intend to be performed by one party becoming the Owner of a Deposited Security of which the other party is the Owner, that element.

"**Security Record**" means, subject to Regulation 17, in respect of a Participant, a record or records kept by Austraclear showing at any time each Deposited Security to which the Participant is entitled as a result of the Participant either:

- (a) having Deposited the Security in the System and not Entered a Transaction (other than a Pledge) which means that the Participant is no longer entitled to the Security; or
- (b) having become entitled to the Security by reason of a Transaction (other than a Pledge).

"**Security Sub-Account**" has the meaning given to that term in Regulation 17.2.

"**Security Sub-Record**" has the meaning given to that term in Regulation 17.2.

"Security Transaction" means a Value Transaction in respect of which there is a Security Element.

"Settle" means, in relation to an Element (including, without limitation, in relation to a Forward Transaction any Element that the Transaction will have when the Transaction becomes a Value Transaction under these Regulations), perform that Element as intended by the parties to the Transaction of which the Element is part.

"Settlement Date" means, subject to Regulation 1.6:

- (a) in relation to a Forward Transaction, each date specified in the particulars of the Transaction Entered by the parties to it as the date on which the Transaction is to Settle;
- (b) in relation to a Value Transaction (other than one to which (d) below applies), the date on which EOD next occurs after the time the Transaction was Entered;
- (c) in relation to a Transaction of the type described in paragraph (b) of the definition of "Cash Transaction", the date on which an amount referred to in that paragraph is due; and
- (d) in relation to a Transaction of the type described in paragraph (c) of the definition of "Cash Transaction", the date on which the Cash Record is adjusted to record the Cash Transaction.

Amended 25/07/14

"Settlement Value" means, in relation to a Forward Non-Delivery Transaction, the value of that Transaction (calculated in accordance with the Australian guide to AFMA/ISDA Standard Documentation) on its Settlement Date.

"Software Fee" means any and all charges determined by Austraclear from time to time payable by a Participant to Austraclear in consideration for, or in any way connected with, access to and use of the Licensed Software.

"Special Purpose Participant" means at any time any entity that has applied under Regulation 2.1(c) to be, and has been accepted by the Committee under Regulation 2.7 as, a Special Purpose Participant of a particular kind of the System which is at that time still a Special Purpose Participant of that kind.

"Specified Value" means, in relation to a Forward Non-Delivery Transaction, the value of that Transaction as specified in the particulars of that Transaction Entered by the parties to it.

"Sub-Participant" means, subject to Regulation 17, an operational unit or branch of a Participant which Austraclear authorises to access and operate in the System.

Amended 22/08/07

"Support Fee" means the fee, determined by Austraclear from time to time, charged by Austraclear for providing support services in relation to the Licensed Software.

"System" means the facility established by Austraclear for the Deposit (lodgement) of Securities, the safe custody of Deposited Paper Securities, the Entry of and the facilitation of the Settlement of Transactions, the transmission of information relating to dealings between Participants, the movement of funds between the Participating Banks of Participants, and includes the computer facilities established and operated by Austraclear for those purposes.

Amended 22/08/07

"T&A Form" means a transfer and acceptance form.

"Transaction" means:

- (a) any dealing between Participants which has been Entered; and
- (b) any transaction of the type described in paragraph (b) of the definition of "Cash Transaction" which has been Entered.

"Value Date" means, in relation to a Foreign Exchange Transaction, the date on which delivery and receipt of the currency components of that Foreign Exchange Transaction is due.

"Value Transaction" means a Transaction of the type described in paragraph (a) of the definition of "Transaction" each Element of which is to be Settled in accordance with these Regulations either:

- (a) subject to Regulation 14.3(b), upon that Transaction being Entered;
- (b) on and by virtue of Settlement of the Cash Element of that Transaction at or before the next EOD after Entry of the Transaction; or
- (c) on adjustment of the Cash Record to record the Cash Transaction.

Amended 25/07/14

"Withdraw" means, in relation to a Deposited Security, remove the Security from the System.

1.2 General

In these Regulations, unless the context otherwise requires:

- (a) a reference to any legislation or legislative provision includes any statutory modification or re-enactment of, or legislative provision substituted for, and any subordinate legislation issued under, that legislation or legislative provision;
- (b) the singular includes the plural and vice versa;
- (c) a reference to an individual or person includes a corporation, partnership, joint venture, association, authority, trust, state or government and vice versa;
- (d) a reference to any gender includes all genders;
- (e) a reference to these Regulations, the Procedures Determinations and Practice Notes, an agreement or document is to any of them (and, where applicable, any of their provisions) as amended, novated, supplemented or replaced from time to time;
- (f) where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning;
- (g) a reference to bankruptcy or winding up includes bankruptcy, winding up, liquidation, dissolution, becoming an insolvent under administration (as defined in the Corporations Law), the appointment of an administrator and the occurrence of anything analogous or having a substantially similar effect to any of those conditions or matters under the law of any applicable jurisdiction, and to the procedures, circumstances and events which constitute any of those conditions or matters;
- (h) a reference to a matter being written includes that matter being in any mode of representing or reproducing words, figures or symbols in written form;
- (i) a reference to a "power" is also a reference to authority and discretion;

- (j) a reference to "amendment" includes addition, alteration, deletion, extension, modification and variation; and
- (k) a reference to a period of time (including, without limitation, a year, a quarter, a month and a day) is to a calendar period.

Link to Procedures regarding general information. [Rule 1.2 General](#)

1.3 Headings

In these Regulations, headings are for convenience of reference only and do not affect interpretation.

1.4 References to Participant

Each reference in these Regulations to a Participant:

- (a) if applicable, includes a reference to a Sub-Participant; and
- (b) excludes a Participant whose conditions of Participant Status are such as to render that reference inappropriate.

Amended 22/08/07

1.5 Austraclear System

Where:

- (a) a Regulation imposes an obligation on, or refers to conduct of or in relation to, Austraclear; and
- (b) Austraclear provides a facility within the System:
 - (i) by which the System will perform that obligation or conduct; or
 - (ii) to link into a Clearance and Settlement System by which link that obligation or conduct may be performed,

the reference in the Regulation to Austraclear:

- (c) in relation to an obligation, is to Austraclear ensuring that the System performs that obligation or provides instructions or information via that link (as the case requires); and
- (d) in relation to other conduct, is to that conduct being performed by, or by means of, the System or that link (as the case requires).

1.6 Settlement Date

If the date established as a Settlement Date for a Cash Transaction under Regulation 1.1 is not a Business Day in respect of the relevant Nominated Accounts of both the Payee Participant and the Paying Participant, subject to any other agreement between the parties to the Transaction which has been Entered in the prescribed manner, the Settlement Date for that Cash Transaction is the first day after that date which is a Business Day in respect of the relevant Nominated Accounts of both the Payee Participant and the Paying Participant.

1.7 Appointment of Attorney

Whenever a person is appointed by a Participant or Participating Bank as an attorney of that Participant or Participating Bank under these Regulations, that appointment is irrevocable and is granted to secure the performance of an obligation of the Participant or the Participating Bank owed under these Regulations.

1.8 Time

A reference to a time is that time in Sydney, New South Wales.

1.9 ASX Enforcement and Appeals Rulebook

The ASX Enforcement and Appeals Rulebook form part of these Regulations where relevant for the purposes of the Corporations Act.

Introduced 31/03/08 Amended 01/08/10

1.10 Request to extend operating hours

A request by a Participant to extend operating hours, cut-off times, dead-lines or other closing times prescribed under these Regulations or the Procedures, Determinations and Practice Notes is to be made to Austraclear by such method notified by Austraclear from time to time. Extensions may be granted by Austraclear in exceptional circumstances and will require individual justifications. Any extension will be granted for the duration specified by Austraclear.

Introduced 06/07/20

2. APPLICATION FOR PARTICIPANT STATUS

2.1 Classes of Participant

Subject to these Regulations, an entity (the "**Applicant**") may apply to Austraclear to be accepted under these Regulations as:

- (a) a Full Participant;
- (b) an Associate Participant;
- (c) a Special Purpose Participant of a prescribed kind and with the prescribed rights and obligations;
or
- (d) a Public Trust Participant,

in the manner and form determined by Austraclear, including providing such undertakings and information as Austraclear may from time to time require.

Link to Procedures regarding the Classes of Participant. [Rule 2.1 Classes of Participant](#)

2.2 Special Purpose Participants

For the purposes of Regulation 2.1(c), the kinds of entities that may apply to Austraclear to become a Special Purpose Participant are:

- (a) clearing houses;
- (b) exchanges;
- (c) regulatory bodies; and
- (d) any other kinds of entities as approved by Austraclear.

Amended 01/04/15

2.3 Rights and Obligations of Special Purpose Participants

For the purposes of Regulation 2.1(c), the rights and obligations of each kind of Special Purpose Participant are as determined by Austraclear from time to time.

2.4 Eligibility

- (a) No Applicant will be eligible for Participant Status where:
 - (i) in the case of an individual, the Applicant; or
 - (ii) in the case of a firm, any of the partners; or
 - (iii) in the case of a corporation, any director of the corporation,

has within a period of five years prior to the application being made been a person who is disqualified from managing a corporation under the Corporations Law or under any equivalent legislation in force during that period in any other country.

- (b) An Applicant for admission to Participant Status must have, in a form satisfactory to Austraclear in its discretion:
- (i) operational capacity,
 - (ii) financial standing, and
 - (iii) appropriate complementary business continuity arrangements
- to enable it to meet its ongoing obligations in a timely manner.
- (c) In determining whether to approve an Applicant for admission to Participant Status, Austraclear is entitled to consider the character, business integrity, financial probity, reputation, fame and trading expertise of the Applicant insofar as these considerations relate to those matters that are reasonably necessary to protect the integrity of the System.
- (d) Without limiting the discretion of Austraclear in any way, when assessing an application for Participant Status, Austraclear may have regard to the adequacy of the capital resources of the relevant Applicant and any support of that Applicant's obligations which may be available to Austraclear from third parties, having regard to Austraclear's financial exposure (arising as a result of payments which a Participant may receive under Euroentitlements) if an Insolvency Event occurs in relation to that Applicant or, in the case of an Applicant for Public Trust Participant Status, the assets of the nominated trust.

2.5 Information

An Applicant, other than an Applicant for Public Trust Participant Status, must provide the following information in relation to an application:

- (a) a description of the Applicant's business;
- (b) a statement accompanied by appropriate evidence that, if the Applicant –
 - (i) is an individual, that he or she has power to carry on business as a Participant;
 - (ii) is a firm, the relationship of the partners is satisfactorily defined;
 - (iii) is a corporation, it has been and remains duly incorporated or registered as required in its place of incorporation or registration and, if it is incorporated outside Australia, it is registered as a foreign company in Australia (unless Austraclear is satisfied that it will not be carrying on business in Australia); and
 - (iv) is a corporation incorporated outside Australia, it has appointed the same person or entity as its Australian agent for service of process for the purpose of legal proceedings in connection with the Regulations as its agent for service of process for the purposes of legal proceedings under the Corporations Law (or, if Austraclear is satisfied that the Applicant will not be carrying on business in Australia, it has otherwise appointed an agent for service of process for the purpose of legal proceedings in connection with the Regulations).
- (c) a duly signed and completed Application Form, Participant Details Form and Notification of Authorised Signatories in the form determined by Austraclear;
- (d) if applicable, a certified copy of:
 - (i) the resolution or declaration of the Applicant authorising the making of the application;
 - (ii) the Applicant's latest available audited financial statements and its Annual Report;
 - (iii) the Applicant's certificate of incorporation or registration;
 - (iv) the Applicant's constitution, memorandum and articles of association or other constituent documents; and
 - (v) any guarantee or comfort letter given by the Applicant's parent entity to support the Applicant's operations in the System;

- (e) if applicable, a duly signed and completed:
 - (i) Audit Review Certificate Request Form; and
 - (ii) Deed of Consent for Use of Nominated Account; and
- (f) all additional information Austraclear may reasonably require.

Amended 22/08/07

2.6 Public Trust Participant Status

An Applicant who applies to Austraclear to be accepted under the Regulations as a Public Trust Participant must provide the following information in relation to an application:

- (a) the name of each nominated trust;
- (b) a duly signed and completed Application Form of the relevant kind and Participant Details Form;
- (c) if applicable, a duly signed and completed:
 - (i) Audit Review Certificate Request Form; and
 - (ii) Deed of Consent for Use of Nominated Account;
- (d) a solicitor's representation letter in respect of each nominated trust from a solicitor or firm of solicitors practising in the relevant State or Territory of Australia which gives an opinion covering the matters determined by Austraclear; and
- (e) all additional information Austraclear may reasonably require.

Link to Procedures regarding Solicitor's Representation Letter.
[Rule 2.6 Solicitors Representation Ltr](#)

Amended 22/08/07

2.7 Acceptance as a Participant

The Committee:

- (a) must consider each application for Participant Status received by Austraclear and may call for such further information as it considers necessary;
- (b) subject to paragraph (c), must by notice to the Applicant accept the Applicant as a Participant if the Applicant complies with all the requirements for the relevant class of Participant; and
- (c) may by notice to the Participant, impose such conditions as the Committee considers reasonably necessary to protect the integrity of the System on the Participant Status of any Participant when it accepts the application or at any subsequent time, and where it does so:
 - (i) the rights and obligations of that Participant under these Regulations are subject to those conditions; and
 - (ii) the Committee may by notice to the Participant concerned at any time amend any of those conditions without providing any reasons.

2.8 Withdrawal

An Applicant may withdraw its application for Participant Status at any time before it is advised by Austraclear that its application for Participant Status has been considered by the Committee.

2.9 Refusal of Participant Status

If an application for Participant Status does not comply with the prescribed conditions for the relevant class of Participant, the Committee may refuse the application and in that event:

- (a) the Committee must notify the Applicant in writing, giving reasons for the refusal;
- (b) the Committee must afford the Applicant a period of 10 Business Days from the date on which the Applicant receives the notice under paragraph (a) in which to provide further information to support the application;
- (c) should the Applicant provide further information in accordance with paragraph (b), the Committee must reconsider the application and give written notice to the Applicant of its decision within 20 Business Days of receiving the further information;
- (d) the Applicant has a right of appeal to the Appeal Tribunal in accordance with the provisions of the ASX Enforcement and Appeals Rulebook.

Amended 31/03/08, 01/08/10

2.10 Appeal Process

If a notice of appeal is given in accordance with the ASX Enforcement and Appeals Rulebook, then pending a decision of the Appeal Tribunal under the ASX Enforcement and Appeals Rulebook, unless the Appeal Tribunal otherwise determines:

- (a) any decision to refuse Participant Status will remain valid;
- (b) any suspension imposed will remain in force;
- (c) where applicable, any termination of Participant Status will be treated as a suspension; and
- (d) any monetary penalty imposed will not be required to be paid.

Amended 31/03/08, 01/08/10

3. PARTICIPANTS GENERALLY

3.1 Binding

Each Participant is bound by and must perform, observe and comply with all obligations imposed, and is entitled to the benefit of all rights conferred, on that Participant by these Regulations or as prescribed.

3.2 Fees and GST

- (a) A Participant must pay the following fees:
- (i) upon receiving a notice under Regulation 2.7(b), an initial fee, determined by Austraclear from time to time;
 - (ii) annual fees, determined by Austraclear from time to time;
 - (iii) fees in respect of Austraclear's services, determined by Austraclear from time to time;
 - (iv) the Software Fee determined by Austraclear from time to time; and
 - (v) the Support Fee determined by Austraclear from time to time, if the Participant requests support as described in Regulation 26.
- (b) Austraclear may determine the manner in which fees and any other amounts payable to Austraclear are to be paid, and may determine ancillary related matters.
- (c) In addition to the monies payable by a Participant under these Regulations and in respect of any Taxable Supply, a Participant must pay to Austraclear an amount equal to the GST Exclusive Consideration multiplied by the GST Rate, without deduction or set-off of any other amount. The Participant must pay this additional amount at the same time and manner as the relevant fees are payable.
- (d) Austraclear must issue a Tax Invoice to each Participant for the GST on each Taxable Supply and must include in the Tax Invoice all particulars required by the GST Law for the Participant to be entitled to claim an input tax credit for the equivalent amount of GST payable to Austraclear.

For the purposes of this Regulation:

"**GST**" means:

- (i) the same as in the GST Law; and
- (ii) any amount imposed as additional tax, interest, penalty, fine or other charge payable in respect of GST as defined in paragraph (a).

"**GST Exclusive Consideration**" means the consideration for any Taxable Supply.

"**GST Law**" means the same as in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

"**GST Rate**" means the rate of GST under the GST Law.

"**Supply**" has the meaning given by the GST Law.

"**Taxable Supply**" means any Supply made by Austraclear in respect of which fees are payable under these Regulations.

"**Tax Invoice**" means a tax invoice complying with the requirements of the GST Law.

3.3 Notification of Authorised Signatories

Each Participant:

- (a) must lodge with Austraclear a Notification of Authorised Signatories in a form approved by Austraclear; and
- (b) may at any time (but subject to Regulation 28.5(b)) by lodging a new Notification of Authorised Signatories in a form approved by Austraclear amend or revoke an earlier Notification of Authorised Signatories.

The persons named in a Participant's Notification of Authorised Signatories are authorised by the Participant, and subject to Regulation 28.5(b), are the only persons authorised by the Participant to bind that Participant for the purposes of these Regulations.

Link to Procedures: [Rule 3 3 Notification of Authorised Signatories](#)

Amended 22/08/07, 05/07/13

3.4 Facsimile Signatures

If a Participant's Notification of Authorised Signatories indicates that any signature of a person named in it may be a facsimile signature:

- (a) Austraclear may rely on a facsimile signature (whether a stamp or another mechanical means) as being duly authorised by that Participant; and
- (b) the Participant:
 - (i) releases and discharges Austraclear from; and
 - (ii) must indemnify Austraclear, and keep Austraclear indemnified, against,

any Loss or Claim in connection with the reliance by Austraclear on any facsimile signature, notwithstanding any forgery or fraud or lack of authority.

Amended 22/08/07

3.5 Participant's Participating Bank

- (a) A Participant, other than a Participant which is only admitted as a Collateral Manager for the purposes of Regulation 28, must ensure that at all times:
 - (i) it has a Participating Bank (which may, in the case of a Participant which is a Participating Bank, be that same Participating Bank); and
 - (ii) the Participating Bank makes available to the Participant the types of facilities which are required by these Regulations to enable the Participant to perform its obligations under these Regulations and generally to participate in the System.
- (b) A Participating Bank must ensure that it maintains at all times an alternative communications connection to the System for back-up purposes that is approved by Austraclear, which approval cannot be unreasonably withheld.

Explanatory Note: A Participating Bank is not required for a Collateral Manager as there is no requirement for transfer of funds to or from a Collateral Manager in the Austraclear System.

Amended 05/07/13

3.6 Participating Banks

- (a) A Participating Bank may also be a Participant and may engage in Transactions either in its capacity as a Participant or as a Participating Bank.
- (b) Without prejudice to Regulation 3.14, a Participating Bank must assume the obligations of any Participant under these Regulations for whom it maintains a Nominated Account if that Participant:
 - (i) becomes subject to an Insolvency Event; and
 - (ii) fails to fulfil its outstanding obligations in relation to any Transaction which has been Settled by the Participant through the Participating Bank in accordance with Regulation 15.

3.7 Custodian

A Participant may by notice direct Austraclear to make available details from that Participant's Security Record at the end of each Business Day to any person specified in the notice in any prescribed form.

Link to Procedures: [Rule 3 7 Custodian](#)

3.8 Resignation of Participant Status

A Participant may resign by giving to Austraclear not less than one month's notice (or any shorter period the Committee accepts) of its intention to resign as a Participant.

3.9 Notice of Insolvency Events or Changes in Control

- (a) If a Participant becomes subject to an Insolvency Event, or if there is a reasonable suspicion that it may become subject to an Insolvency Event, that Participant must notify:
 - (i) Austraclear; and
 - (ii) if the Participant is not a Participating Bank, the Participating Bank at which the Participant maintains its Nominated Account,

as soon as practicable thereafter, specifying the Insolvency Event.

- (b) If a Participating Bank becomes:
 - (i) subject to an Insolvency Event; or
 - (ii) aware of any act, matter or thing which with the lapse of time or the fulfilment of any condition would, or would reasonably be likely to, result in an FTS Event in respect of itself,

that Participating Bank must notify Austraclear as soon as practicable thereafter, specifying the Insolvency Event or the reason for the possible occurrence of an FTS Event as the case may be.

- (c) If a Participating Bank at which a Participant maintains its Nominated Account:
 - (i) becomes aware that the Participant has become subject to an Insolvency Event; or
 - (ii) receives a notice given by the Participant pursuant to paragraph (a),

that Participating Bank must notify Austraclear as soon as practicable thereafter that the Participant has become subject to an Insolvency Event.

- (d) A Participant or a Participating Bank must notify Austraclear as soon as practicable after it becomes subject to any alteration to any material extent from the position subsisting at the date of that Participant's or Participating Bank's application for Participant Status (as the case may be) in any of the following respects:
- (i) control of the composition of the board of directors, or governing body by whatever name, as the case may be, of that person; or
 - (ii) control of more than half the voting rights attaching to shares in that person; or
 - (iii) control of more than half of the issued share capital of that person (excluding any part of it which carries no right to participate beyond a specified amount in the distribution of either profit or capital),
- including the acquisition by any means by a person of a relevant interest (as that term is defined in the Corporations Law) sufficient to allow the person either alone or jointly to exercise the control referred to in sub-paragraphs (i), (ii) and (iii) (a "**Change in Control**").
- (e) If a Participant or a Participating Bank has reasonable grounds to suspect that another Participant or Participating Bank is insolvent, the firstmentioned Participant or Participating Bank must notify Austraclear as soon as practicable thereafter, specifying the grounds upon which it suspects the other Participant or Participating Bank is insolvent.
- (f) A notice given under this Regulation to Austraclear is subject to Regulation 21 and in particular Regulation 21.6.

3.10 Right to Suspend or Terminate Participant Status

- (a) Subject to paragraph (b), where:
- (i) Austraclear receives a notice under paragraph (a), (b), (c) or (e) of Regulation 3.9 or otherwise becomes aware that a Participant or a Participating Bank has become subject to an Insolvency Event, or that there is a reasonable suspicion that a Participant or Participating Bank may become subject to an Insolvency Event;
 - (ii) Austraclear determines that a Participant has failed to meet an obligation of the Participant under the Austraclear Regulations or Austraclear determines that a Participant no longer satisfies the eligibility requirements or the requirements for admission to Participant Status set out in Regulation 2.4 or Austraclear is no longer satisfied that having regard to the relevant considerations set out in Regulation 2.4 the Participant should be admitted to Participant Status;
 - (iii) a Participant has failed to comply with a determination made by an Old Tribunal (as defined in Regulation 3.14B) pursuant to the Old Australian Securities Exchange Disciplinary Processes and Appeals Rulebook (as defined in Regulation 3.14B);
 - (iv) a Participant fails to comply with any action taken by Austraclear in accordance with Regulation 3.11 or the provisions of the ASX Enforcement and Appeals Rulebook (including as may be affirmed or varied by the Appeal Tribunal (as the case may be following an appeal against such action) pursuant to the ASX Enforcement and Appeals Rulebook); or
 - (v) a Participant is suspended, expelled or terminated as a member or participant of, or subject to any sanction imposed by, or declared in default or non-compliance under the rules of, any Australian or overseas derivatives, securities, commodity or stock exchange or market or any clearing and settlement facility or is subject to any sanction imposed by an Australian or overseas regulatory authority or the Participant ceases to be entitled to carry on business,

the Committee may suspend the Participant Status, and in the circumstances set out in paragraph (i) above terminate the Participant Status, of the relevant Participant or Participating Bank (as the case may be).

- (b) If the Participant is a Participating Bank, the Committee may, in addition to its rights under paragraph (a), suspend the Participant Status of any Participant who maintains its Nominated Account with that Participating Bank.
- (c) Where Austraclear receives a notice under paragraph (d) of Regulation 3.9 or otherwise becomes aware that a Participant or a Participating Bank has become subject to a Change in Control, the Committee may suspend the Participant Status or terminate the Participant Status of the relevant Participant or Participating Bank (as the case may be).

Amended 01/08/10, 06/07/20

3.11 Enforcement for Breach of Regulations

Where Austraclear considers that a Participant has breached any provision of these Regulations or is considered by the Committee to have engaged in conduct that is contrary to the interests of the Participants, or the System the matter will be dealt with in accordance with the provisions of the ASX Enforcement and Appeals Rulebook.

Amended 31/03/08, 01/08/10

3.12 Suspension and Termination

Where Austraclear pursuant to the Regulations suspends a Participant's Participant Status:

- (a) no Transaction to which that Participant is a party may be Settled until the suspension is lifted;
- (b) the period of suspension will be the period that Austraclear considers necessary or desirable. Austraclear may extend the period of suspension if it considers an extension is necessary or desirable;
- (c) the Participant must not hold itself out as a Participant during a period of suspension; and
- (d) Austraclear may, after reviewing the Participant's Participant status to determine whether the Participant will comply with the conditions for Participant status for the relevant class of Participant, terminate the Participant's Participant Status. The Participant must give Austraclear any information requested by Austraclear to enable it to review the Participant's Participant status.

Amended 31/03/08, 01/08/10, 06/07/20

3.13 Appeals against Monetary Penalties, Extended Suspension or Termination

- (a) Subject to paragraph (b), where Austraclear under Regulation 3.11 imposes a monetary penalty on a Participant or Austraclear under Regulation 3.12 suspends a Participant's Participant status for more than 10 continuous Business Days or terminates a Participant's Participant Status the matter may be appealed in accordance with the provisions of the ASX Enforcement and Appeals Rulebook.
- (b) A Participant or Participating Bank has no right of appeal against an exercise of the Committee's rights under Regulation 3.10.

Amended 31/03/08, 01/08/10, 06/07/20

3.14 Effect of Resignation, Suspension or Termination

Where a Participant resigns its Participant Status or its Participant Status is suspended or terminated, that event does not in any way prejudice, lessen or affect the rights and obligations of the Participant (whether under these Regulations or otherwise) which:

- (a) have accrued at the time of resignation, suspension or termination; or
- (b) may arise, accrue or crystallise after that time out of, or by reason of, facts or circumstances occurring or in existence at or before that time,

and, without limitation:

- (c) the Participant must immediately Withdraw all Deposited Securities of which it is the Owner in the prescribed manner; and
- (d) the Participant has no right to any refund of, or credit in respect of, any fees paid or then payable by the Participant.

3.14A Transitional Provisions – [Deleted]

3.14A.1 Transitional Provisions – [Deleted]

3.14A.2 Definitions – [Deleted]

Introduced 31/03/08 Deleted 01/08/10

3.14B Transitional Provisions

3.14B.1 Transitional Provision Definitions

For the purposes of this Rule 3.14B:

"Commence" means:

- (a) in relation to disciplinary proceedings relating to conduct or a failure prior to the Effective Time, the provision of a contravention notice by Austraclear to the Regulated Person pursuant to Rule 2.1 of the Old Australian Securities Exchange Disciplinary Processes and Appeals Rulebook; and
- (b) in relation to appeal proceedings relating to conduct or a failure prior to the Effective Time, the provision of notice of appeal by the relevant person pursuant to Rule 3.1 of the Old Australian Securities Exchange Disciplinary Processes and Appeals Rulebook.

"Effective Time" means the date of commencement of Schedule 1 to the *Corporations Amendment (Financial Market Supervision) Act 2010*.

"Old Austraclear Rules" means the Austraclear Regulations in force before the Effective Time.

"Old Australian Securities Exchange Disciplinary Processes and Appeal Rulebook" means the Australian Securities Exchange Disciplinary Processes and Appeals Rulebook in force before the Effective Time;

"Old Tribunal" means the Disciplinary Tribunal or Appeal Tribunal (as the context requires) convened in accordance with the Old Australian Securities Exchange Disciplinary Processes and Appeal Rulebook, irrespective of whether it is convened before or after the Effective Time.

"Relevant Person" or "Regulated Person" means a Participant as defined in Rule 1.1 of the Regulations or an Applicant as defined in Rule 2.1 of the Regulations.

Introduced 01/08/10

3.14B.2 Sanctions

Following the Effective Time:

- (a) Austraclear will have jurisdiction pursuant to Regulation 3.11 and the ASX Enforcement and Appeals Rulebook and may take any action under that rule or rulebook in respect of a Relevant Person concerning any conduct or failure under:
 - (i) these Regulations, where that conduct or failure occurred on or after the Effective Time; or
 - (ii) these Regulations and the Old Austraclear Rules, where the relevant conduct or failure the subject of the action spans both prior to and following the Effective Time,irrespective of when Austraclear became aware of, or should have become aware of, that conduct or failure;
- (b) the Appeal Tribunal will have jurisdiction pursuant to the ASX Enforcement and Appeals Rulebook and may conduct appeal proceedings (including the holding of any hearings or engaging in any procedures) under those Rules in respect of a Relevant Person concerning any conduct or failure under:
 - (i) these Regulations, where that conduct or failure occurred after the Effective Time; or
 - (ii) these Regulations and the Old Austraclear Rules, where the relevant conduct or failure the subject of the proceedings spans both prior to and following the Effective Time,irrespective of when Austraclear became aware of, or should have become aware of, that conduct or failure;
- (c) Austraclear will continue to have jurisdiction pursuant to the Old Austraclear Rules and the Old Australian Securities Exchange Disciplinary Processes and Appeals Rulebook and may take disciplinary action under those rules or rulebook after the Effective Time in respect of a Regulated Person concerning any conduct under or any failure to comply with the Old Austraclear Rules, where that conduct or failure occurred prior to the Effective Time, irrespective of when Austraclear became aware of, or should have become aware of, that conduct or failure;
- (d) the Old Tribunal shall continue to have jurisdiction to conduct disciplinary proceedings (including any appeal proceedings from those disciplinary proceedings) or appeal proceedings (as the case may be) in accordance with, and pursuant to its jurisdiction under, the provisions of the Old Australian Securities Exchange Disciplinary Processes and Appeal Rulebook in respect of a Regulated Person concerning any conduct under or any failure to comply with the Old Austraclear Rules, where that conduct or failure occurred prior to the Effective Time, irrespective of whether disciplinary or appeal proceedings have Commenced prior to the Effective Time or when Austraclear became aware of, or should have become aware of, that conduct or failure;
- (e) for the purposes of paragraphs (c) and (d) above:
 - (i) the maximum penalty that may be imposed on a Regulated Person shall be the maximum penalty that would have been imposed for the relevant conduct or failure under the rules in existence at the time that the relevant conduct or failure occurred, irrespective of whether the disciplinary proceedings or appeal proceedings (as the case may be) were Commenced before or after the Effective Time;

- (ii) Austraclear and the Old Tribunal shall take disciplinary action and conduct the disciplinary proceedings or appeal proceedings (as the case may be) with due regard to the relevant rules that were in force at the time that they were alleged to be contravened;
- (f) the Old Austraclear Rules and the Old Australian Securities Exchange Disciplinary Processes and Appeals Rulebook continue to apply in respect of the Regulated Person to the extent required to give effect to the paragraphs above;
- (g) Nothing in this Regulation 13.4B.2 limits the continued operation of regulation 13.4A of the Old Austraclear Rules where disciplinary proceedings or appeal proceedings have Commenced (as defined in the Old Austraclear Rules) prior to the Effective Time (as defined in the Old Austraclear Rules).

Introduced 01/08/10

3.14B.3 Conduct spanning pre and post Effective Time

For the avoidance of doubt, where the relevant conduct or failure the subject of the action or proceeding spans both prior to and following the Effective Time:

- (a) Austraclear and the Appeal Tribunal will have the jurisdiction and may take action or conduct appeal proceedings as referred to in Rules 3.14B.2(a) & (b) above;
- (b) Rules 3.14B.2(c), (d) and (e) do not apply to such conduct or failure.

Introduced 01/08/10

3.15 Security and Access

3.15.1 Austraclear may determine the security and access requirements for the System having regard to the need to preserve the integrity and security of the System, including determining what type of user authentication will be used and determining related procedures.

3.15.2 If Austraclear determines that a Public Key Infrastructure system will be used, then:

- (a) In this Regulation the following definitions apply:

"Certification Authority" means an entity authorised to issue, manage, revoke and renew Digital Certificates.

"Digital Certificate" means a message that, at a minimum, states a name or identifies the Certification Authority, identifies the entity, contains the entity's Public Key, identifies the Certificate's Operational Period, contains a Certificate serial number, and is digitally signed by the Certification Authority.

"Operational Period" means the period starting with the date and time a Digital Certificate is issued and ending with the date and time the Digital Certificate expires or is revoked.

"Password Administrator" means a person acting on behalf of a Participant or Participating Bank who is responsible for the authentication of end users within the Participant or Participating Bank and the issuance and administration of Digital Certificates used by end users.

"Passcode" means a single-use password used to authenticate Digital Certificate requests.

"Private Key" means a digital key in an asymmetric cryptographic algorithm that is kept secret and is mathematically related to a unique Public Key.

"Public Key" means a digital key in an asymmetric cryptographic algorithm that is made public and is mathematically related to a unique Private Key.

"Public Key Infrastructure (PKI)" means a system of procedures, equipment and software relating to the issuance and usage of Digital Certificates, including certifications, applications by Participants and Participating Banks, public and private key management and cryptography.

- (b) Each Participant and Participating Bank must nominate at least one person to be a Password Administrator.
- (c) Each Participant and Participating Bank must provide accurate and complete information in relation to all aspects of Austraclear's PKI process including providing all details reasonably required by Austraclear of the Participant's and Participating Bank's Password Administrator and end users.
- (d) When an end user of a Participant or a Participating Bank requires a Digital Certificate and satisfies the requirements of Austraclear's PKI system, Austraclear will issue a Digital Certificate on behalf of the Participant or Participating Bank upon request by the Password Administrator.
- (e) If an end user has reasonable cause to believe that their Passcode or Private Key has been compromised, or the information within their Digital Certificate is incorrect or has changed, the relevant Participant or Participating Bank must immediately notify Austraclear and Austraclear is authorised to revoke the Digital Certificate or Private Key.
- (f) Austraclear has no duty or role to inquire as to, or to consider, the relationship between a Participant and its Password Administrator and end users or a Participating Bank and its Password Administrator and end users or the validity or method of their appointment. Each Participant and Participating Bank will ensure that its Password Administrator and end users comply at all times with these Regulations.
- (g) Each Participant and Participating Bank will ensure that its Password Administrator is satisfied as to the true identity of end users acting on behalf of the Participant or Participating Bank and will ensure that its Password Administrator and end users keep their Private Keys secret at all times and do not allow their Private Keys to be accessed by any other person.
- (h) Each Participant and Participating Bank is responsible for the security and use of all elements of the PKI system which are within its control or within the control of persons acting on behalf of the Participant or Participating Bank, including Passcodes and Private Keys. Each Participant and Participating Bank is responsible for the acts and omissions of its Password Administrator and end users, regardless of whether those persons are employees or independent contractors, and indemnifies Austraclear against any loss or claim arising from the acts or omissions of its Password Administrator or end users.
- (i) If a Participant or Participating Bank resigns or has its Participant Status terminated (as distinct from suspended) under these Regulations, Austraclear is authorised to revoke all Digital Certificates applicable to that Participant or Participating Bank.

Link to Procedures: [Rule 3 15 Security and Access](#)

3.16 Information and Undertakings

Each Participant must provide information and undertakings as Austraclear may require from time to time including, but not limited to, those prescribed in the Procedures.

Introduced 25/08/14

4. ASSOCIATE PARTICIPANTS

4.1 Rights of Associate Participants

Subject to Regulation 4.2, an Associate Participant is entitled to all rights of Participant Status and is subject to all obligations of Participant Status, under these Regulations.

4.2 Qualifications on Rights of Associate Participants

An Associate Participant may not:

- (a) subject to Regulations 7.2 and 8A.2, Deposit Paper Securities or Dematerialised Securities in the System without the consent of the Committee;
- (b) without the consent of the Committee, Enter any Transaction if that Transaction is with another Associate Participant; and
- (c) have more than one Sub-Participant or Security Sub-Account.

Amended 22/08/07

5. PUBLIC TRUST PARTICIPANTS

5.1 Participant may apply to become a Public Trust Participant

A Participant who:

- (a) is approved under section 1067(4) of the Corporations Law (as in force prior to 1 July 1998) to act as a trustee or representative for the purposes of a deed (within the meaning of that section) constituting a trust fund in which units or interests have been or are to be issued to the public; or
- (b) is the responsible entity of a managed investment scheme registered under the Corporations Law, or a person appointed as agent or otherwise engaged by the responsible entity, and who holds that scheme's property on trust for that scheme's members separately from other property; or
- (c) is (or is a wholly-owned subsidiary of) a company authorised by statute to act as a trustee, and is acting as a trustee or representative for the purposes of a deed constituting a trust fund in which it has no material beneficial interest and the management of which is vested in a corporation not directly or indirectly associated with or related to the Participant,

may apply to Austraclear to become a Public Trust Participant in respect of that trust fund (the "**nominated trust**").

5.2 Nominated Trust

A Participant whose application to be a Public Trust Participant under Regulation 5.1 is accepted by the Committee under Regulation 2.7:

- (a) is a Public Trust Participant in respect of the nominated trust; and
- (b) is to be designated in the System by the name of the nominated trust.

5.3 Limitation of Liability of Public Trust Participants

Notwithstanding any other provision of these Regulations and without prejudice to any liability of a Participant arising otherwise than under these Regulations, the liability of a Public Trust Participant arising under any provision in these Regulations, by reason of and in connection with:

- (a) any Transaction affecting a Security recorded in the Security Record of that Participant;
- (b) the Entry of any Security by that Participant for recording in the Security Record of that Participant; or
- (c) any act or omission by that Participant, or any communication or dealing with Austraclear by that Participant, in respect of the Security Record of that Participant or any Security recorded in that Security Record,

is not to exceed the assets of the nominated trust in the power of that Participant and available to meet that liability.

5.4 Obligations of Public Trust Participants and Participating Banks

Nothing in this Regulation 5 limits or affects the duties, liabilities or obligations under these Regulations of the Participating Bank of a Public Trust Participant.

5.5 Amendment to nominated trust

A Public Trust Participant must:

- (a) immediately give notice to Austraclear if it becomes aware of any change or proposed change to the identity of the trustee, responsible entity, representative or manager of the nominated trust or of any amendment or proposed amendment to the deed constituting the nominated trust, which amendment:
 - (i) changes the name of the nominated trust; or
 - (ii) may materially affect the power of the Public Trust Participant to deal in Securities or to conduct Transactions in accordance with these Regulations; and
- (b) give details of the change or amendment.

6. RIGHTS AND OBLIGATIONS OF AUSTRACLEAR

6.1 System Administrator and Coordinator

Austraclear is the system administrator and coordinator for the purposes of the PSN Act and it may act in this capacity through the Committee.

6.2 Responsibilities of Austraclear

Austraclear must, subject to these Regulations, on receipt of instructions:

- (a) in the case of a written message, given or purporting to have been given by any person named on a Participant's Notification of Authorised Signatories;
- (b) in the case of electronic messages by computer link, given by any person giving a valid access code and password; and
- (c) in the case of telephone messages, given by any person giving a valid access code and password,

and, in all cases, otherwise appearing to comply with any other requirements as prescribed, Enter dealings of a prescribed kind.

Amended 22/08/07

6.3 Austraclear not required to Check Authenticity of Messages

Austraclear is not required to check the authenticity or source of messages received in accordance with Regulation 6.2 or from an operator of or other participant in a Clearance and Settlement System. The Participant concerned authorises and will adopt and ratify all actions taken or not taken by Austraclear (as the case may be) in good faith in reliance upon those instructions notwithstanding any error, misunderstanding, lack of clarity or of authority, forgery or fraud by any person named in that Participant's Notification of Authorised Signatories, by any person purporting to be a person named in that Participant's Notification of Authorised Signatories, or by any other person.

Amended 22/08/07

6.4 Austraclear not responsible for Confidentiality of Passwords

Without limiting the generality of Regulation 6.2, Austraclear will not be responsible in any way:

- (a) for the confidentiality of the passwords or access codes of a Clearance and Settlement System; or
- (b) for the confidentiality of Participants and Participating Banks' passwords or access codes or both and Participants and Participating Banks must indemnify Austraclear, and keep Austraclear indemnified, against any Loss or Claim arising in connection with the use of the password or access code of that Participant or Participating Bank.

6.5 Austraclear under no Obligation to Act

Except to the extent that Austraclear may in its absolute discretion permit, Austraclear will not act on any instructions received from a Participant unless it is satisfied that all applicable provisions of these Regulations have been complied with and all applicable provisions of the law have been complied with.

6.6 Austraclear unable to Act

In the event that Austraclear is unable to act on any instructions received for any reason, it will notify the Participant concerned as soon as possible after it becomes aware of that inability. That Participant must on receipt of that notice take all steps as may be open to it to rectify the situation so as to enable any instructions given by it to be acted upon by Austraclear.

6.7 Rights of Austraclear

Without prejudice to any other provision of these Regulations:

- (a) each Participant irrevocably authorises Austraclear as agent for that Participant to perform all acts on its behalf, and to exercise all powers, specifically delegated to Austraclear by these Regulations, together with all powers which are reasonably incidental to those acts and powers;
- (b) Austraclear may perform any of its duties or obligations under these Regulations by or through the Committee, its officers, employees or agents;
- (c) where the terms governing a Deposited Security or a Eurosecurity related to a Euroentitlement oblige the person in possession of, or registered in relation to, that Security or Eurosecurity to do any thing (including, without limitation, executing or furnishing any documents) the Owner of the Security or Euroentitlement must:
 - (i) promptly on request by Austraclear, do and execute all acts, documents and things that Austraclear may reasonably require to enable it to perform that obligation; and
 - (ii) indemnify Austraclear, and keep Austraclear indemnified, against any Loss or Claim arising from Austraclear's performance of that obligation;
- (d) Austraclear may reverse any erroneous entry in a Cash Record or a Security Record with effect retrospectively to the time at which the correct entry (or no entry) should have been made and substitute for the erroneous entry the correct entry (or no entry). Where to do so is practicable, Austraclear must advise the relevant Participating Bank of its intention to exercise its powers under this paragraph and consult with that Participating Bank concerning the proposed exercise, but no failure by Austraclear to do so constitutes a contravention by Austraclear of these Regulations or affects the validity or effectiveness of any exercise of its powers under this paragraph. Where Austraclear exercises that power under this paragraph in relation to a Cash Record:
 - (i) Austraclear must promptly inform the relevant Participating Bank of the reversal and any substitution and give details of any corresponding entries which the Participating Bank should make in the records for the relevant Nominated Account; and
 - (ii) the Participating Bank must make those corresponding entries.

An erroneous entry shall include, but not be limited to, an entry made in connection with a Transaction which is:

- (iii) subject to any law, regulation, order, judgment, injunction, asset freeze or other action of, or by, any government, court or other authority or instrumentality of any government, the legal effect of which is:
 - (A) to deprive Austraclear or any other person of the ability or authority to deliver Securities, currency or other assets or to make credits or debits to an account;
 - (B) to constitute a determination that Austraclear or any other person did not have such ability or authority;
 - (C) to require Austraclear or any other person to redeliver, revoke, reverse, rescind or correct such Securities, currency or other assets such as credits or debits; or

- (iv) void or voidable under any law, regulation, order, judgment, injunction, asset freeze or other action relating to an Insolvency Event or the protection of creditors; or
- (v) any erroneous credit or debit as determined by any Clearance and Settlement System.

The relevant Participant shall indemnify Austraclear against any Loss or Claim incurred by virtue of the fact that Austraclear holds Securities, currency or other assets deposited by the Participant or has received payments in connection therewith, or in connection with, any Transaction performed, or to be performed, at the instruction or on behalf of the Participant, and, arising out of, or, caused by the operation of any such law, regulation, order, judgment, injunction, asset freeze or other action; and

- (e) each Participant must pay or reimburse Austraclear on demand for any taxes, levies, imposts, deductions, charges, withholdings and duties imposed by any government or statutory authority (including, without limitation, stamp and transaction duties), together with any interest, penalties, fines and expenses in connection with them payable or determined to be payable in connection with any Transaction, Withdrawal or Deposit effected by that Participant, or any Security Owned by that Participant, or any Eurosecurity related to a Euroentitlement Owned by that Participant.

6.8 New Issues of Securities

A Participant must not issue any Securities or Deposit any Securities in the System where the terms or conditions of the issue refer to Austraclear or the System unless those terms or conditions of the issue which refer to Austraclear or the System have first been given to Austraclear by the prescribed time and approved by Austraclear.

Link to Procedures: [Rule 6.8 Rights and Obligations of ACLR](#)

6.9 Recognition of Participants by Austraclear

Austraclear may:

- (a) for all purposes treat the Owner of a Security (other than a Pledged Security) as the sole and absolute owner of that Security;
- (b) for all purposes (except in the case of payment of interest) treat the Pledgee of a Pledged Security as the sole and absolute owner of that Pledged Security;
- (c) not recognise a Participant as holding Securities on trust, and is not bound by or compelled in any way to recognise (whether or not it has notice of the interest or rights concerned) any equitable, contingent, future or partial interest in any Security or (except as otherwise provided by these Regulations) any other right in respect of a Security except an absolute right of ownership in the Owner; and
- (d) not, except as ordered by a court of competent jurisdiction, take notice of or see to the execution of any trust or equity affecting the ownership of a Security or any right which is part of the Security.

6.10 Participant Acting as Agent for Third Party

If a Participant acts as agent, broker or dealer for a third party in relation to Deposited Securities and the Participant requests Austraclear to hold Deposited Securities which are the property of any third party, whether Austraclear is aware of such circumstances or not, that Participant:

- (a) warrants and represents to Austraclear that it has the full authority of that third party to accept these Regulations and to bind that third party; and

- (b) must indemnify Austraclear, and keep Austraclear indemnified, against any Loss or Claim arising out of any breach of that warranty and representation.

In any event, Austraclear is not bound to act on the instructions of that third party and all deliveries of Deposited Paper Securities will be made to or to the order of the Participant concerned.

6.11 Not used

6.12 Amendment

The Committee may amend these Regulations at any time.

7. DEPOSIT AND SAFEKEEPING OF PAPER SECURITIES

7.1 Deposit

Subject to Regulations 7.2, 7.3, 7.11 and 7.12 a Participant may Deposit a Paper Security in the System in accordance with the prescribed procedures and Austraclear is not obliged to accept the Deposit of that Paper Security unless those procedures are followed.

Link to Procedures: [Rule 7 1 Deposit of Paper Securities](#)

7.2 Deposit by Associate Participants

Notwithstanding Regulations 1.4 and 4.2, if the Committee approves and on any conditions that the Committee may impose, an Associate Participant may Deposit in the prescribed manner for safe keeping in the System, Paper Securities of which that Associate Participant or a Related Body Corporate of that Associate Participant is a maker, issuer, drawer or acceptor.

Amended 04/06/10

7.3 Acceptable Paper Securities

7.3.1 The kinds of Paper Securities acceptable for Deposit in the System are:

- (a) **(Bank certificates of deposit)** Negotiable certificates of deposit drawn payable to bearer, issued by Banks payable in the central business district of Adelaide, Brisbane, Melbourne, Perth or Sydney.
- (b) **(Promissory notes or non-Bank certificates of deposit)** Promissory notes, non-Bank certificates of deposit, or similar documents approved by Austraclear, drawn payable to bearer and payable in the central business district of Adelaide, Brisbane, Melbourne, Perth or Sydney.
- (c) **(Bank bills of exchange)** Bills of exchange accepted or indorsed by a Bank, payable in the central business district of Adelaide, Brisbane, Melbourne, Perth or Sydney with the only or last indorsement being an indorsement in blank.
- (d) **(Non-bank bills of exchange)** Bills of exchange not accepted or indorsed by a Bank (or drawn or indorsed by a Bank without recourse), payable in the central business district of Adelaide, Brisbane, Melbourne, Perth or Sydney with the only or last indorsement being an indorsement in blank.
- (e) **(Composite Securities)** Bills of exchange accepted by a Bank, which comply with the prescribed criteria. Composite Securities will be subject to a fee, payable upon Deposit, based on the number of bills comprising the Composite Security. A Composite Security cannot be dealt with except in its entirety.
- (f) **(Other forms)** Such other forms of paper security as may be determined by Austraclear.

Link to Procedures: [Rule 7 3 1 e Composite Securities](#)

7.3.2 Subject to Regulations 7.11 and 7.12, a Paper Security may only be Deposited in the System if it:

- (a) is in common form;

- (b) is in good condition;
- (c) has at least the prescribed number of days until its maturity; and
- (d) is not subject to any restrictions on transfer in the System.

Link to Procedures: [Rule 7.3.2.c Deposit Prior Maturity Date](#)

7.4 Restrictions

Where a Paper Security has been issued upon any condition which relates to the ability of that Security to be offered for sale to or held by any person:

- (a) the Participant Depositing the Security must Enter that condition with all other particulars of that Paper Security in the prescribed manner; and
- (b) it is the sole responsibility of the Owner to inform any transferee of that Paper Security of the existence and nature of the condition.

7.5 Warranties by Participant Depositing a Paper Security

Each Participant who Deposits a Paper Security in the System warrants and represents that:

- (a) the Paper Security and the signatures (including any facsimile signature) of all parties appearing on its face are genuine and not fraudulent or forged;
- (b) the Participant has, or has a right to pass, good and unencumbered title to the Paper Security;
- (c) the Paper Security is duly drawn, accepted, or indorsed as appears on it;
- (d) the Paper Security has not been intentionally cancelled by a holder of that Security;
- (e) the Paper Security has not, without the assent of all parties liable on it, been materially altered within the meaning of Section 69 of the Act; and
- (f) the Participant is liable for any apparent or concealed defects concerning the Paper Security no matter when those defects are discovered.

The Participant must release and discharge Austraclear and all other Participants from, and indemnify, and keep indemnified Austraclear and all other Participants against, any Loss or Claim of Austraclear or any other Participant where there is a breach of any of these warranties.

7.6 Acceptance for Deposit

Before accepting any Paper Security for Deposit in the System, Austraclear must if a Participant (other than the Depositing Participant) is a party to that Paper Security in any capacity, verify that the Paper Security purports to be signed on behalf of that Participant (whether as issuer, maker, drawer, acceptor or indorser) by a person or persons as authorised in the Notification of Authorised Signatories of that Participant.

Amended 22/08/07

7.7 No Obligation of Austraclear for Loss

Subject to Regulation 7.6 Austraclear has no obligation or liability to any Participant for any loss incurred by that Participant as a result of the Deposit, negotiation, transfer, Pledge or Presentment of an invalid, fraudulent or forged Paper Security and is entitled to reverse any entry connected with it. The Participant Depositing that Paper Security must indemnify Austraclear, and keep Austraclear indemnified, against any Loss or Claim of Austraclear connected with that Paper Security.

7.8 Safe-Keeping

Austraclear must:

- (a) arrange for all Deposited Paper Securities to be kept in a secure manner; and
- (b) as soon as reasonably practicable after a Paper Security is Deposited in the System, deposit the Security in the safe-keeping accommodation provided by it.

7.9 Recording and Bailment

Austraclear must record a Deposited Paper Security in the Security Record of the Participant who Deposited it and once the Paper Security has been Deposited Austraclear holds the Deposited Security as bailee for the Owner.

7.10 Loss, Theft or Destruction of Paper Securities

If any Deposited Paper Security is lost, stolen, destroyed or damaged:

- (a) Austraclear must as soon as practicable after it becomes aware of the loss, theft, destruction or damage take all appropriate action required by law or custom for the replacement of that Paper Security and for the stopping of payment on it;
- (b) each Participant must do all things and sign all documents necessary for the purpose of paragraph (a); and
- (c) if Austraclear is liable to a Participant (in any capacity) in relation to any loss, theft, destruction of or damage to any Paper Security, the only liability of Austraclear is to indemnify the Owner (and no other person) for an amount up to the face value of that Paper Security.

7.11 Delayed Deposit

If and only if a Participant satisfies the conditions set out below, Austraclear may consent to the Participant Depositing Paper Securities in the System without complying at the time of Deposit with the requirements of Regulations 7.1 and 7.3 if, and only if, it actually complies with those requirements by the prescribed time on the following Business Day. The conditions which the Participant must satisfy are:

- (a) the Participant must provide Austraclear with an undertaking, in a form and to an effect satisfactory to Austraclear in its absolute discretion, in favour of Austraclear, its officers, agents and employees and every other Participant warranting that the Paper Security the subject of the Deposit will comply by the prescribed time on the following Business Day with the requirements of Regulations 7.1 and 7.3 and that the Paper Security is from the time of Deposit held by the Participant until it complies with Regulations 7.1 and 7.3 as bailee for the Owner and indemnifying each of them against any Loss or Claim of that person arising from any or all of:

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- (i) the Deposit of the relevant Paper Security in the System without compliance at that time with the requirements of Regulations 7.1 and 7.3;
 - (ii) any failure of the Participant to comply with those Regulations on or before the prescribed time on the following Business Day; and
 - (iii) any breach of the warranties in the undertaking;
- (b) any prescribed conditions; and
- (c) any other conditions which Austraclear may consider to be appropriate either generally or in relation to a particular Participant.

Link to Procedures: [Rule 7.11 Delayed Deposit](#)

7.12 Delayed Deposit Acknowledgments

Each Participant acknowledges to each other and to Austraclear that:

- (a) Austraclear is entitled in its absolute discretion to decide which Participants are entitled to Deposit Paper Securities under Regulation 7.11;
- (b) Austraclear may in its absolute discretion and without giving any reasons and without any obligation to compensate the Participant, refuse a request of a Participant that Austraclear consent to the Participant Depositing Paper Securities under Regulation 7.11, withdraw its previous consent, or impose further conditions on its previous consent; and
- (c) without affecting its right to claim under the indemnity referred to in Regulation 7.11, its rights and obligations on the Paper Security are, at all times after that Paper Security is Deposited under this Regulation (both before and after the Depositing Participant complies with Regulations 7.1 and 7.3) the same as if the Depositing Participant had complied with Regulations 7.1 and 7.3 at the time of Deposit under this Regulation.

8. DEPOSIT OF NON-PAPER SECURITIES AND EUROENTITLEMENTS

8.1 Entry of Non-Paper Securities and Euroentitlements

Link to Procedures: [Rule 8 1 Entry of Non Paper Securities](#)

8.1.1 A Participant may Deposit:

- (a) a Non-Paper Security; or
- (b) a Euroentitlement,

in the System in accordance with the prescribed procedures and Austraclear is not obliged to accept the Deposit of that Non-Paper Security or Euroentitlement unless those procedures are followed. If Austraclear accepts the Deposit of a Non-Paper Security in the System, then legal title to that Non-Paper Security is held by Austraclear until it is Withdrawn. The Participant retains the beneficial title to that Non-Paper Security until it is Withdrawn by the Participant or transferred to another Participant.

8.1.2 The kind of Non-Paper Security acceptable for Deposit in the System are those which:

- (a) provide that a register will be maintained by or on behalf of the issuer of the Non-Paper Security to record the name of the legal owner of that Security;
- (b) provide that the issuer will be entitled to deal exclusively with the legal owner of that Security;
- (c) nominate a Participant or Participating Bank (who must also be either the issuer or the issuer's appointed agent) as the Paying Agent for the payment of maturity proceeds and periodic interest (if any) for that Security; and
- (d) are otherwise approved by Austraclear.

Austraclear may determine that other forms of non-paper security are acceptable.

8.1.3 The kinds of Eurosecurity acceptable for the purpose of the definition of Euroentitlement are those:

- (a) where the terms and conditions of issue provide that at all times the Eurosecurity will be denominated in a currency determined by Austraclear as acceptable to Austraclear;

Link to Procedures: [Rule 8 1 3 a Acceptable Currencies](#)

- (b) which at all times are rated at least "investment grade" by a rating agency determined by Austraclear as suitable for this purpose; and

Link to Procedures: [Rule 8 1 3 b Approved Ratings Agencies](#)

- (c) which are otherwise approved by Austraclear.

Austraclear may determine that other forms of Eurosecurity are acceptable.

8.1.4 In connection with the Deposit of Non-Paper Securities where Austraclear is not already the registered holder of those Securities, the Depositing Participant must transfer the Non-Paper Securities to Austraclear as the registered holder in the prescribed manner.

Link to Procedures: [Rule 8.1.4 a Transfer of Non Paper Sec](#)

8.1.5 In connection with the Deposit of Euroentitlements the Depositing Participant must:

- (a) in respect of a related Eurosecurity held to the Depositing Participant's account by a participant in a Clearance and Settlement System, irrevocably direct the operator of that system (or, if the Participant is not the participant referred to earlier in this sub-paragraph (i), irrevocably direct that participant) in accordance with the rules of that system (and, if applicable, the Participant's arrangements with that participant) to transfer the Eurosecurity from the securities account of the participant with that operator to the securities account of Austraclear with that operator in such a manner as to record that transfer in that system as a trade without value to be settled on the Business Day (for the purposes of that system) prior to the Business Day (for the purposes of the System) on which the Deposit is to be effected in the System;
- (b) either deliver two copies or fax one copy of the Deposit report to Austraclear containing the certificate of the Depositing Participant and which must be signed by a person named in the Participant's Notification of Authorised Signatories; and
- (c) if it faxes the Deposit report to Austraclear, ensure an original of the same is received by Austraclear on the following Business Day.

Amended 22/08/07

8.1.6 Due to time differences between Australia and the place of operation of a Clearance and Settlement System, a Participant's direction (referred to in Regulation 8.1.5(a)) required for a Deposit will not be acted on by the operator of that system until after the close of a Business Day for the System.

8.2 Warranties by Participant

8.2.1 Each Participant who Deposits a Non-Paper Security or a Euroentitlement in the System warrants and represents that:

- (a) the Participant has, or has the right to pass, good and unencumbered title to that Security;
- (b) the Participant is liable for any apparent or concealed defects concerning that Security no matter when those defects are discovered;
- (c) the terms of that Non-Paper Security or Euroentitlement (and, in respect of the Deposit of a Euroentitlement, the terms of the related Eurosecurity of that Euroentitlement) are correctly reflected in the System at the time of Deposit; and
- (d) in relation to the Deposit of a Euroentitlement:
 - (i) the related Eurosecurity is, or immediately prior to the Deposit of the Euroentitlement, will be, held to its account without encumbrance and not subject to any block or prohibition on dealing by a participant in a Clearance and Settlement System; and

- (ii) in consideration of Austraclear's acceptance of the Euroentitlement for Deposit, the Participant has irrevocably directed the operator of that system (or, if the Participant is not the participant referred to earlier in this paragraph (c), has irrevocably directed that participant) in accordance with the rules of that system (and, if applicable, the Participant's arrangements with that participant) to transfer the Eurosecurity to the securities account of Austraclear with that operator.

Amended 01/07/21

8.2.2 The Depositing Participant must release and discharge Austraclear and all other Participants from, and indemnify and keep indemnified Austraclear and all other Participants against, any Loss or Claim of Austraclear or any other Participant where there is a breach of the warranties in Regulation 8.2.1.

Amended 01/07/21

8.3 Austraclear's Obligation

Austraclear may prescribe procedures for Austraclear to complete Deposit of a Non-Paper Security or a Euroentitlement in the System. As soon as reasonably practicable after Deposit of that Security, Austraclear must record the Security in the prescribed manner in the Security Record of the Depositing Participant.

Link to Procedures: [Rule 8.3 Prescribed Procedures ACLR](#)

8.4 Owner's Rights and Obligations

Austraclear holds a Deposited Non-Paper Security or a Deposited Euroentitlement as nominee for the Owner and must deal with that Security in accordance with directions or instructions from time to time Entered by the Owner.

The terms of a Non-Paper Security may vary from issuer to issuer and it is the responsibility of an Owner to apprise itself of those terms.

Amended 01/07/21

8.5 Owner's Title

8.5.1 The transferor who Enters particulars of any dealing affecting a Deposited Non-Paper Security or a Deposited Euroentitlement warrants to its immediate transferee for value that:

- (a) such Security is what it purports to be;
- (b) it has a right to transfer such Security; and
- (c) at the time of the transfer of such Security the transferor is not aware of any fact which renders such Security valueless.

Amended 01/07/21

8.5.2 The transferor must release and discharge Austraclear and its immediate transferee for value from, and indemnify, and keep indemnified Austraclear and that transferee against, any Loss or Claim of Austraclear or that transferee where there is a breach of any of the warranties in Regulation 8.5.1.

Amended 01/07/21

8.6 Issuer to notify Austraclear

8.6.1 The issuer of a Deposited Non-Paper Security must notify Austraclear (or procure that the Issuer's Representative notifies Austraclear) of any:

- (a) proposed changes to the terms of the Deposited Non-Paper Security which if made would result in a requirement for one or more amendments to be made to the information reflected in the System in respect of that Deposited Non-Paper Security;
- (b) changes that have been made to the terms of the Deposited Non-Paper Security resulting in a requirement for one or more amendments to be made to the information reflected in the System in respect of that Deposited Non-Paper Security; and
- (c) changes to the identity of the Issuer's Representative appointed in respect of the issuer of the Deposited Non-Paper Security;

in accordance with the prescribed procedures.

[Link to Procedures: Rule 8 6 1 Notification of change in respect of Deposited Non-Paper Security](#)

Introduced 01/07/21

8.6.2 The issuer of a Deposited Non-Paper Security must notify Austraclear (or procure that the Issuer's Representative notifies Austraclear) of any erroneous information reflected in the System with respect to the Deposited Non-Paper Security, and of the correct information to replace any such erroneous information, in accordance with the prescribed procedures.

[Link to Procedures: Rule 8 6 2 Notification to correct erroneous information in respect of Deposited Non-Paper Security](#)

Introduced 01/07/21

8.7 Voting Arrangements

If the issuer of a Deposited Non-Paper Security proposes to make any amendments to the terms of that Deposited Non-Paper Security that require the approval of legal and registered holders of the Deposited Non-Paper Security, the issuer must follow all applicable consent and voting procedures set out in the relevant constituting documents of that Deposited Non-Paper Security.

Introduced 01/07/21

8.8 Power of attorney

Where Austraclear, as legal and registered holder of a Deposited Non-Paper Security, is required to vote on resolutions in accordance with the consent and voting procedures referred to in Regulation 8.7, Austraclear hereby appoints the issuer of that Deposited Non-Paper Security to be Austraclear's attorney and in the name of Austraclear and on Austraclear's behalf:

- (a) subject to the consent and voting procedures referred to in Regulation 8.7, to execute any resolution or proxy form in accordance with the voting instructions sought and received by the issuer from the Owners; and
- (b) subject to the consent and voting procedures referred to in Regulation 8.7, and subject to the terms and conditions of the constituent documents of the relevant Deposited Non-Paper Security, to do

all things necessary or desirable to give full effect to the voting instructions sought and received by the issuer from the Owners,

and Austraclear undertakes to ratify and confirm anything done by the issuer of the Deposited Non-Paper Security in accordance with this power of attorney.

Introduced 01/07/21

8.9 Issuer may appoint delegate

The issuer of a Deposited Non-Paper Security may in writing:

- (a) appoint the relevant Issuer's Representative as a delegate for any period to perform any act that the issuer is able to perform under Regulation 8.8;
- (b) at its discretion, revoke any such appointment; and
- (c) exercise or concur in exercising any power granted to the issuer under Regulation 8.8 despite the issuer or a delegate of the issuer having a direct or personal interest in the mode or result of the exercise of that power.

Introduced 01/07/21

8.10 Issuer to indemnify Austraclear

The issuer of a Deposited Non-Paper Security must indemnify Austraclear, and keep Austraclear indemnified against any Loss or Claim that Austraclear may sustain or incur in connection with:

- (a) any act done, or required to be done, by the issuer on the issuer's own behalf pursuant to Regulations 8.6 to 8.9;
- (b) any act done by or purported to be done by:
 - (i) the issuer on behalf of Austraclear pursuant to Regulation 8.8; or
 - (ii) a delegate of the issuer on behalf of Austraclear pursuant to Regulation 8.9,

where such act was not within the scope of the power of attorney granted in Regulation 8.8.

Introduced 01/07/21

8A. DEPOSIT OF DEMATERIALIZED SECURITIES

8A.1 Deposit by Participants

Subject to Regulations 8A.2 and 8A.3, a Participant may Deposit in the System, in accordance with the prescribed procedures, a Dematerialised Security:

- (a) of which that Participant is a maker, issuer or acceptor; or
- (b) which that Participant is authorised in the prescribed manner by the maker, issuer or acceptor to Deposit.

Link to Procedures: [Rule 8A 1 Depositing Dematerialised Sec](#)

8A.2 Deposit by Associate Participants

Subject to Regulation 8A.3, if the Committee approves and on any conditions that the Committee may impose, an Associate Participant may Deposit in the System in accordance with the prescribed procedures, a Dematerialised Security of which that Associate Participant is a maker or issuer.

Link to Procedures: [Rule 8A 2 Deposit by Assoc Participant](#)

8A.3 Acceptable Dematerialised Securities

8A.3.1 The kinds of security in dematerialised or non-physical form which are acceptable for Deposit in the System as Dematerialised Securities are:

- (a) Electronically recorded single party debt obligations under which the rights as between the maker or issuer and any Participant who deals in them will be equivalent to the rights which would arise under a Bank certificate of deposit (as described in Regulation 7 for a Paper Security) ("ECD"). The Equivalent Paper Security is a Bank certificate of deposit.
- (b) Electronically recorded single party debt obligations under which the rights as between the maker or issuer and any Participant who deals in them will be equivalent to the rights which would arise under a promissory note or a non-Bank certificate of deposit (as described in Regulation 7 for a Paper Security) ("EPN"). The Equivalent Paper Security is a promissory note or a non-Bank certificate of deposit.
- (c) Electronically recorded two party debt obligations under which the rights as between the drawer, acceptor, any indorser and any Participant who deals in them will be equivalent to the rights which would arise under a Bank accepted bill of exchange (as described in Regulation 7 for a Paper Security) ("EBA"). The Equivalent Paper Security is a Bank accepted bill of exchange.
- (d) Such other form of dematerialised security as may be prescribed.

8A.3.2 A Dematerialised Security may only be Deposited in the System if it:

- (a) is created or recorded in a prescribed manner;
- (b) has at least the prescribed number of days until its maturity; and

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- (c) is not subject to any restrictions on transfer in the System other than any restrictions under Regulation 28.

Austraclear is not obliged to accept the Deposit of a Dematerialised Security unless the prescribed procedures are followed.

Explanatory Note: Dematerialised Securities that are used as Collateral in the Collateral Management System described in Regulation 28 are subject to certain restrictions on transfer in the Austraclear System, including that a transfer of a Dematerialised Security held in a Collateral Receiver's Transferred Collateral Account may only be effected by the Collateral Receiver's Collateral Manager (as those expressions are defined in Regulation 28.1).

Link to Procedures: [Rule 8A 3 Number of Days Pre Maturity](#)

Amended 05/07/13

8A.4 Restrictions

Where a Dematerialised Security has been issued upon any condition which relates to the ability of that Security to be offered for sale to or held by any person:

- (a) the Participant Depositing the Security must Enter that condition with all other particulars of that Dematerialised Security in the prescribed manner; and
- (b) it is the sole responsibility of the Owner to inform any transferee of that Dematerialised Security of the existence and nature of the condition.

Link to Procedures: [Rule 8A 4 Restrictions Dematerialise Sec](#)

8A.5 Warranties by Participant

Each Participant who Deposits a Dematerialised Security in the System warrants and represents that:

- (a) the Participant has, or has the right to pass, good and unencumbered title to the Dematerialised Security;
- (b) the Dematerialised Security is duly made, issued, drawn, accepted or indorsed, as appears on the electronic record of it; and
- (c) the Participant is liable for any apparent or concealed defects concerning the Dematerialised Security no matter when those defects are discovered.

The Participant must release and discharge Austraclear and all other Participants from, and indemnify, and keep indemnified Austraclear and all other Participants against, any Loss or Claim of Austraclear or any other Participant where there is a breach of any of these warranties.

8A.6 Additional Warranties by Participant as Acceptor

Each Participant who Deposits a Dematerialised Security in the System as acceptor also warrants and represents that:

- (a) the drawer of the Dematerialised Security has, or has a right to pass, good and unencumbered title to that Security; and
- (b) the Participant has the authority of the drawer of the Dematerialised Security to sign on Withdrawal a physical version of that Security on behalf of the drawer as well as in the Participant's capacity as acceptor.

The Participant who is the acceptor of the Dematerialised Security must release and discharge Austraclear and all other Participants from, and indemnify, and keep indemnified Austraclear and all other Participants against, any Loss or Claim of Austraclear or any other Participant where there is a breach of these warranties.

8A.7 No Obligation of Austraclear for Loss

Austraclear has no obligation or liability to any Participant or Participating Bank for any loss incurred by that Participant or Participating Bank as a result of:

- (a) the unenforceability of a Dematerialised Security against any party; or
- (b) the Deposit, negotiation, transfer, Pledge or discharge on maturity of an invalid, fraudulent or forged Dematerialised Security.

Austraclear is entitled to reverse any Entry connected with an invalid, fraudulent or forged Dematerialised Security. The Participant Depositing that Dematerialised Security must indemnify Austraclear, and keep Austraclear indemnified, against any Loss or Claim of Austraclear connected with that Dematerialised Security or that Security in physical form following Withdrawal.

8A.8 Recording

Austraclear must record a Deposited Dematerialised Security in the Security Record of the Participant who Deposited the Security.

8B. RIGHTS AND OBLIGATIONS UNDER DEMATERIALISED SECURITIES

8B.1 Owner's Title

The Owner of a Deposited Dematerialised Security has good title to it if the Participant has taken that Dematerialised Security in good faith for value and without notice at the time of taking title of any defect in the title of its immediate predecessor in title.

8B.2 Rights and Obligations to be Prescribed

In relation to Dematerialised Securities:

- (a) with respect to any Dematerialised Security or class of Dematerialised Securities, a form of instrument (an "**Equivalent Paper Security**") is described in Regulation 8A to which that Dematerialised Security or class of Securities are to be treated as corresponding to such an extent as may be provided;
- (b) the records of Austraclear prove the terms and the execution of a Dematerialised Security in the same way and with the same effect as the Equivalent Paper Security;
- (c) the rights and obligations of a person who is deemed to be the issuer, drawer, maker, acceptor, indorser or holder of a Dematerialised Security are to be equivalent to those to which that person would be entitled or subject if it were the issuer, drawer, maker, acceptor, indorser or holder (as the case may be) of an Equivalent Paper Security, notwithstanding that the relevant rights and obligations have not been embodied in a document which satisfies the requirements for formal validity of the Equivalent Paper Security;
- (d) the rights and obligations of any person for the time being bound by the Regulations arising by virtue of or in connection with any Transaction or other process within the System affecting a Dematerialised Security are to be equivalent to those which would have arisen if that Transaction or process had been the issue of or a negotiation, transfer or disposition of or other dealing with the Equivalent Paper Security of such a kind as may be specified;
- (e) any Participant or Participating Bank which is the maker, issuer or drawer, the acceptor or an indorser of a Dematerialised Security is estopped from asserting that the rights of the holder of that Security differ in any way from the rights the holder would have if it held the Equivalent Paper Security; and
- (f) without limiting the generality of paragraph (d), where a Participant acquires a Dematerialised Security by transfer to the Participant's Security Record in good faith, for value and without notice of any defect in the title of the transferor (that is, the Participant from whose Security Record the relevant Dematerialised Security is transferred), the Participant acquiring the Dematerialised Security will have rights in relation to it equivalent to those of a holder in due course of the Equivalent Paper Security and will accordingly acquire a title to that Dematerialised Security which is free of equities.

None of the foregoing matters will confer any right on any person to require the production of an Equivalent Paper Security or to Withdraw Dematerialised Securities from the System, except to the extent permitted under Regulation 10.

8B.3 Rights Enforceable

Each Participant who is a party to a Dematerialised Security acknowledges that other Participants may have rights against it in respect of the Dematerialised Security which will, by virtue of these Regulations,

be enforceable against it notwithstanding that rights in respect of the Dematerialised Security may not exist or be enforceable against the issuer, drawer or maker of that Security because that party is not a Participant and is not bound by these Regulations.

8B.4 Incompatible Rights

A Participant must not assert any right or interest in a Dematerialised Security or make any Claim against another Participant in respect of a Dematerialised Security or in respect of a Transaction affecting a Dematerialised Security, in circumstances where to do so would be contrary to or incompatible with any provision of these Regulations or the matters prescribed or with any rights in relation to Dematerialised Securities conferred by the Regulations or contemplated by them.

8B.5 Dealings only with Participants

Each Participant must only deal with other Participants in relation to Dematerialised Securities which have been Deposited and not Withdrawn, and all such dealings must be Entered. A Participant who deals with Dematerialised Securities in breach of this Regulation 8B.5 must indemnify, and keep indemnified, Austraclear and all other Participants and Participating Banks against any Loss or Claim resulting from such breach.

9. PLEDGES (ENCUMBRANCES)

9.1 Entry of Pledge

A Participant Pledges a Deposited Security in its Security Record in favour of another Participant where both Participants Enter the prescribed information identifying the Security to be Pledged, the Participant who is the Pledgor and the Participant who is the Pledgee.

Link to Procedures: [Rule 9 1 01 Entry of Pledge Paper Sec](#)

Link to Procedures: [Rule 9 1 02 Entry of Pledge Non Paper](#)

Link to Procedures: [Rule 9 1 03 Entry of Pledge Dematerialis](#)

9.2 Record of Pledge

Austraclear must amend the record of a Pledged Security in the Security Record of the Pledgor in a manner that separately identifies:

- (a) the Pledged Security; and
- (b) the Pledgee.

9.3 Role of Austraclear

In relation to a Pledged Security, Austraclear:

- (a) must recognise the Pledgee as the only Participant (including to the exclusion of the Pledgor) entitled to:
 - (i) Enter as the transferor a Transaction involving the transfer of the Security from the Pledgee; or
 - (ii) Withdraw the Pledged Security;
- (b) in the case of a Pledged Paper Security:
 - (i) must not Present the Pledged Security, even if requested to do so by the Pledgee;
 - (ii) but, if it receives any of the maturity proceeds, receives and holds those proceeds on behalf of, and as agent for, the Pledgee; and
- (c) has no duty or role to inquire as to, or to consider, the validity or terms of any dealing between the Pledgor and the Pledgee relating to the Pledged Security, or whether the Pledgor and the Pledgee perform any obligations relating to any dealing between them concerning the Pledged Security.

9.4 Indemnity

The Pledgee of a Pledged Security indemnifies Austraclear, and must keep Austraclear indemnified, against any Loss or Claim of Austraclear where Austraclear acts in accordance with Regulations 9.2 and 9.3 in relation to the Pledged Security.

9.5 Nature of Pledge (Encumbrance)

Without affecting Regulation 9.3:

- (a) as between Austraclear and the Pledgor and the Pledgee, the only obligation of Austraclear is to observe the provisions of Regulations 9.2 and 9.3; and
- (b) as between the Pledgor and the Pledgee, the terms of the dealing between those parties in relation to the Pledged Security are as agreed between them and if the only evidence of the agreement between them is the Entry under Regulation 9.1 concerning the Pledged Security:
 - (i) in the case of a Pledged Paper Security, the terms are a pledge of that Security in favour of the Pledgee where the Pledgee has constructive possession of the Security;
 - (ii) in the case of a Pledged Non-Paper Security, notwithstanding that the Encumbrance is called a Pledge, the terms are an equitable mortgage of the Security in favour of the Pledgee with the Security being registered on the issuer's register in the name of Austraclear as nominee of both the Pledgee and the Pledgor; and
 - (iii) in the case of a Pledged Euroentitlement or a Pledged Dematerialised Security, notwithstanding that the Encumbrance is called a Pledge, the terms are an equitable mortgage of the Security in favour of the Pledgee.

9.6 Release of Pledge

A Pledged Security is released from its Pledge where the Pledgee Enters the prescribed information to do so identifying the Pledged Security.

Link to Procedures: [Rule 9 6 01 Release of Pledge Paper Sec](#)

Link to Procedures: [Rule 9 6 02 Release of Pledge Non Paper](#)

Link to Procedures: [Rule 9 6 03 Release of Pledge Dematerial](#)

9.7 Effect of Release

Where a Pledged Security is released under Regulation 9.6, Austraclear must amend the record of that Security in the Security Record of the Pledgor to remove the identifying matters referred to in Regulation 9.2.

9.8 Presentment of Pledged Paper Security

Austraclear must not Present a Paper Security that remains Pledged after the prescribed time, but must continue to hold it at the disposal of the Owner, in the prescribed manner.

Link to Procedures: [Rule 9 8 Presentment of Pledged Paper](#)

10. WITHDRAWALS

10.1 Right to Withdraw

A Participant may at any time when the System is available Withdraw any Deposited Security which it then Owns by following the prescribed procedures for Withdrawal applicable to that Security, except if:

- (a) the Security is subject to restriction on Withdrawal contained in the Security's terms and conditions of issue notified to Austraclear in the prescribed manner at the time it is Deposited in the System which still applies at that time; or
- (b) the Security is the subject of a Cash Transaction where the Cash Element has not been Settled at the time; or
- (c) the Security is a Non-Paper Security and the issuer's registry is closed for the purposes of registering transfers in relation to that Security; or
- (d) that time is, or is within a period, prescribed as a time at, or period during, which Withdrawals are not permitted; or
- (e) the Security is in a Collateral Account (as that expression is defined in Regulation 28.1) in which case Regulation 28 applies.

Link to Procedures: [Rule 10 1 Right to Withdraw](#)

Amended 05/07/13

10.1.01 Time for Withdrawing Securities

- (a) A Paper Security that is not to be presented for payment must be Withdrawn before the time determined by Austraclear.
- (b) A Non-Paper Security that is not to be redeemed must be Withdrawn before the time determined by Austraclear.
- (c) A Dematerialised Security that is not to be presented for payment must be materialised in terms of Regulation 10.1.02(e) and Withdrawn before the time determined by Austraclear.
- (d) A Euroentitlement that is not to be redeemed must be Withdrawn before the time determined by Austraclear.
- (e) Due to time differences between Australia and the place of operation of a Clearance and Settlement System, a Participant's direction referred to in Regulation 10.1.02(g) will not be acted on by the operator of that system until after the close of the relevant Business Day for the System. The Participant must give instructions by the time determined by Austraclear.

Link to Procedures: [Rule 10 1 01 Time for Withdrawing](#)

10.1.02 Procedures for Withdrawals

For the purposes of and subject to Regulation 10.1, the procedure for Withdrawal of a Deposited Security is:

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- (a) A Participant Withdrawing a Security must Enter the details of the Security to be Withdrawn, obtain a print-out of the Withdrawal report and have the same signed by a person named in the Participant's Notification of Authorised Signatories. The Withdrawal report in relation to a Euroentitlement must contain the certificate of the Withdrawing Participant in the form determined by Austraclear following form:
- (b) For a **Non-Paper Security**, unless the Security is being Redeposited, the Withdrawing Participant must:
- (i) complete a transfer and acceptance form (T&A Form) in the manner determined by Austraclear;
 - (ii) either deliver or fax the T&A Form and the duly signed Withdrawal report to Austraclear; and
 - (iii) if it faxes the T&A Form or the Withdrawal report to Austraclear, ensure an original of the duly signed document is received by Austraclear on the following Business Day.
- (ba) For a **Paper Security**, the Withdrawing Participant must:
- (i) either deliver or fax the duly signed Withdrawal report to Austraclear; and
 - (ii) if it faxes the Withdrawal report to Austraclear, ensure an original of the duly signed Withdrawal report is received by Austraclear on the following Business Day.
- (c) For a **Paper Security** Austraclear will:
- (i) withdraw the Security from the vault;
 - (ii) if required print and sign an allonge bearing the name of any Participant which has undertaken to indorse the Security and attach it to the Security;
 - (iii) Enter details of the Security being Withdrawn, and remove it from the Participant's Security Record;
 - (iv) hold the Security at the disposal of the Participant entitled to receive it; and
 - (v) release the Security against production of:
 - (A) a copy of the Withdrawal report (whether an original or facsimile copy) signed in accordance with Regulation 3.3 (Notification of Authorised Signatories); and
 - (B) if an original of the Withdrawal report is received, a receipt duly signed in accordance with Regulation 3.3 or by the person or persons authorised to receive the Security as set out on the Withdrawal report.
- (ca) Where a request for Withdrawal of a Paper Security is received after the prescribed time on a Business Day, the Security will be available after the prescribed time on the next Business Day.
- (cb) Where a request for Withdrawal of a Paper Security is received before the prescribed time on a Business Day, the Security will be available within the prescribed time on that same Business Day.
- (d) For a **Non-Paper Security** Austraclear will:
- (i) execute the T&A Form (whether an original or facsimile copy) as transferor; and
 - (ii) as soon as practicable after receiving the T&A Form (whether an original or facsimile copy) from the Participant Withdrawing that Security, deliver it to the issuer's registry.
- (da) If same day processing at the registry is required, a Withdrawal report and the related T&A Form needs to be received by Austraclear no later than the prescribed time on any Business Day.
- (db) If a Withdrawal is required urgently, arrangements should be made with Austraclear.
- (e) For a **Dematerialised Security**:

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- (i) the Depositing Participant of that Dematerialised Security must within the prescribed time of receiving notice of the Withdrawal request by an Owner (unless the Depositing Participant is itself the Owner):
 - (A) prepare a version of the Security in physical form which will replicate the Dematerialised Security in all respects (including date of issue, acceptance and the payee's indorsement if applicable); and
 - (B) present it to the maker, issuer or drawer and to any acceptor and payee (if applicable) for signature by them in their respective capacities; and
 - (C) deliver the Security in physical form to Austraclear;
 - (ii) on receipt of the physical form of the Security under sub-paragraph (i)(C), Austraclear will follow the procedures set out for Paper Securities under Regulation 10.1.02(c)(ii) to (c)(v) inclusive.
 - (iii) the Security in physical form will be deemed to be a valid Security, in the case of an ECD or EPN when it is signed by the maker or issuer as the case may be, and in the case of an EBA when it is signed by the drawer, acceptor and payee (if applicable) notwithstanding that any subsequent indorsers have not signed it; and
 - (iv) thereafter, any further dealings in the Security will be based upon the physical version of it and the Dematerialised Security will not be the subject of any further dealings in the System.
- (ea) Where a request for Withdrawal of a Dematerialised Security is received on or before the prescribed time on a Business Day, the Security will be available within the prescribed period on that same Business Day.
 - (eb) Where a request for Withdrawal of a Dematerialised Security is received after the prescribed time on a Business Day, the Security will be available after the prescribed time the next Business Day.
 - (f) The physical form of a Dematerialised Security which has been Withdrawn and the rights and obligations under it will have paramountcy over the rights and obligations in respect of the same Security in dematerialised form and the discharge or performance of the obligations under the Security will be deemed to be a discharge or performance of the same obligations under the Security in dematerialised form to the same extent. However, if for any reason the Security in physical form is not enforceable or any payment made or action taken under it is void or voidable for any reason, then the same rights and obligations under the Security in dematerialised form will survive or be resuscitated until they are finally discharged or performed.
 - (g) For a **Euroentitlement**, the Withdrawing Participant must:
 - (i) in respect of the related Eurosecurity held to Austraclear's account in a Clearance and Settlement System, irrevocably direct the operator of that system (or, if the Participant is not a participant in that system, irrevocably direct such a participant) in accordance with the rules of that system (and, if applicable, the Participant's arrangements with that participant) to transfer the Eurosecurity from the securities account of Austraclear with that operator to the securities account of the participant with that operator in such manner as to record that transfer in that system as a trade without value to be settled on the Business Day (for the purposes of that system) prior to the Business Day (for the purposes of the System) on which the Withdrawal is to be effected in the System;
 - (ii) either deliver or fax to Austraclear the duly signed Withdrawal report containing the certificate of the Withdrawing Participant which must be signed by a person named in the Participant's Notification of Authorised Signatories; and
 - (iii) if it faxes the Withdrawal report to Austraclear, ensure an original of the same is received by Austraclear on the following Business Day.
 - (ga) Due to time differences between Australia and the place of operation of a Clearance and Settlement System, a Participant's direction (referred to in Regulation 10.1.02(g)(i)) required for a Withdrawal will not be acted on by the operator of that system until after the close of a Business Day for the System.

- (h) For a **Euroentitlement** Austraclear will:
- (i) in respect of the related Eurosecurity held to Austraclear's account with the operator of a Clearance and Settlement System, irrevocably direct that operator in accordance with the rules of that system to transfer the Eurosecurity to the securities account of the participant referred to in the Withdrawal report in such a manner as to record the transfer in that system as a trade without value to be settled on the Business Day (for the purposes of that system) prior to the Business Day (for the purposes of the System) on which the Withdrawal is to be effected in the System; and
 - (ii) on the Business Day on which the Withdrawal is to be effected, check that the transfer of the related Eurosecurity from its securities account with the operator of the relevant Clearance and Settlement System has occurred and, in that event, Enter details of the Security being Withdrawn, and remove it from the Participant's Security Record.
- (ha) Due to time differences between Australia and the place of operation of a Clearance and Settlement System, Austraclear will not receive information from the operator of that system that a transfer of the related Eurosecurity took place in that system on a particular Business Day for that system until, at the earliest, the next Business Day for the System and will not debit the Security Record of the relevant Participant until such information is received. Accordingly, where a duly signed Withdrawal report for a Euroentitlement is received before the prescribed time on a Business Day, Austraclear will effect the Withdrawal by doing the things required to be done by it one Business Day (for the System) after the Business Day (for the relevant Clearance and Settlement System) on which the transfer of the related Eurosecurity occurs, otherwise it will do those things on the following Business Day.

Link to Procedures: [Rule 10.1.02 Procedures for Withdrawing](#)

Amended 22/08/07

10.2 Other Withdrawal

Austraclear may prescribe circumstances when a Participant must or may Withdraw a Security even if one or more of Regulations 10.1(a), (c) or (d) apply.

10.2.01 Other Withdrawal – Voluntary. Not in use

Link to Procedures: [Rule 10.2.01 Other Withdrawal Voluntary](#)

10.2.02 Other Withdrawal – Mandatory

A Participant must Withdraw a Euroentitlement in any of the following circumstances:

- (a) if the operator of the Clearing and Settlement System in which the related Eurosecurity is held would require (whether or not in accordance with the rules of that system) Austraclear to take delivery of the Eurosecurity (or a Eurosecurity of the same series) if the Eurosecurity remained credited to Austraclear's securities account with that operator on a specified day, the Owner of the Euroentitlement must Withdraw it no later than the prescribed time;
- (b) if the terms and conditions of the related Eurosecurity provide for the issue of further securities to its legal owner and Austraclear determines that those securities, on issue, will not be a Eurosecurity of the kind prescribed for the purposes of the definition of "Euroentitlement", the Owner of the Euroentitlement must Withdraw it no later than the prescribed time;

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- (c) if at any time the related Eurosecurity ceases to be a Eurosecurity of the kind prescribed for the purposes of the definition of “Euroentitlement”, the Owner of the Euroentitlement must Withdraw it no later than the prescribed time; and
 - (d) if at any time Eurosecurities of the same series as a related Eurosecurity are subject to a partial redemption notice, the Owner of the Euroentitlement must Withdraw it no later than the prescribed time.
 - (e) Due to time differences between Australia and the place of operation of a Clearance and Settlement System, a Participant’s direction (referred to in Regulation 10.1.02(g)(i) required for a Withdrawal will not be acted on by the operator of that system until after the close of a Business Day for the System. Participants need to take this into account in performing their obligations under Regulation 10.2.02.

Link to Procedures: [Rule 10 2 02 Other Withdrawal Mandatory](#)

10.3 Prescribed Steps

Austraclear is only required to allow a Security to be Withdrawn under Regulations 10.1 or 10.2 and to assist that Withdrawal if the Participant strictly follows all the applicable prescribed procedures referred to in those Regulations.

10.4 Withdrawal of Dematerialised Securities

Upon Withdrawal of a Dematerialised Security in accordance with the prescribed procedures, the physical form of the Dematerialised Security and the rights and obligations under it will have paramountcy over the rights and obligations in respect of the same Security in dematerialised form, and the discharge or performance of the obligations under the Security will be deemed to be a discharge or performance of the same obligations under the Security in dematerialised form and to the same extent. However, if for any reason the Security in physical form is not enforceable or any payment or action under it is void or voidable for any reason, then the same obligations under the Security in dematerialised form will survive or be resuscitated until they are finally discharged or performed.

10.5 Attorney to Sign

For the purpose of facilitating the Withdrawal of a Dematerialised Security, each Participant, in consideration of that Participant being admitted to Participant Status and Austraclear and each of the other Participants from time to time agreeing to be bound with that Participant in terms of these Regulations, irrevocably appoints Austraclear, each director and each officer of Austraclear and any employee of Austraclear authorised for that purpose from time to time severally as the agent and attorney of the Participant to physically sign any Dematerialised Security in physical form upon Withdrawal for which the Participant is issuer, maker, drawer or acceptor. This is without prejudice to the provisions covering indorsement of Dematerialised Securities in Regulation 12.

11. PAYMENTS AND PRESENTMENT

11.0.01 Special provisions regarding certain Securities

For the purposes of this Regulation 11, if Regulations 11.0.02 to 11.0.04 are at variance with other Regulations in this Section, the other Regulations will not apply to, and these Regulations shall prevail only for:

- (i) Non-bank place payable Paper Securities Deposited in the System; and
- (ii) Non-Paper Securities in a series that has been accepted by Austraclear,

before 4 November 1996 and which are still in the System. When such Securities are no longer held in the System, these Regulations will have no further force or effect.

11.0.02 Paper Securities payable outside the System

If maturing Paper Securities are not payable through the System the proceeds will be transferred to the Owner's Nominated Account at the Owner's expense.

11.0.03 Payment of interest and other amounts for Non-Paper Securities, processed through the System

- (a) Payment of interest, principal and any other amounts due under Non-Paper Securities will be the responsibility of the respective issuer or its Paying Agent and will be effected through the System in accordance with Regulation 14.1.
- (b) It will be the responsibility of Owners to apprise themselves of the specific payment arrangements for the Securities.
- (c) Any payment of interest due from the Owner of a Non-Paper Security to an issuer or its Paying Agent will be effected through the System in accordance with the Procedures.

Amended 01/07/21

11.0.04 Payment of interest, and proceeds of maturing Non-Paper Securities, not processed through the System

- (a) On or before the payment date for interest, principal and any other amounts due, Austraclear must make available to the issuer, its Paying Agent or its registry a report specifying for each holding of Securities as at the relevant Books Close Date, the name of the Owner and the amount due.
- (b) The issuer or its registry will be responsible for payments on the date interest is to be paid or the date of maturity, as applicable.

11.1 Interest on Non-Paper Securities

- (a) Austraclear must facilitate payment in the prescribed manner of interest on each Deposited Non-Paper Security where the issuer of such Security pays interest in respect of it.
- (b) Any payment of interest due from the Owner of a Deposited Non-Paper Security to an issuer or its Paying Agent will be effected through the System in accordance with the Procedures.

Amended 01/07/21

11.1.01 Interest on Non-Paper Securities and Euroentitlements

For the purposes of Regulation 11.1 and Regulation 11.4(c), the manner in which Austraclear must facilitate the payment of interest to the Owner of a Deposited Non-Paper Security or a Deposited Euroentitlement is:

- (a) Payment is to occur in accordance with Regulation 14.1.
- (b) Austraclear must make available to the Paying Agent a report compiled as at close of business on the Books Close Date to determine entitlements to interest and setting out details of the Owner of the Security.
- (c) For Non-Paper Securities, the Paying Agent is responsible for reconciling the total amount of the holdings advised in the report provided under paragraph (b) with the issuer's register.
- (d) On each payment date for the interest, Austraclear must make available to the Paying Agent a report specifying for each holding of Securities as at the Books Close Date, the name of the Owner and the amount due.
- (e) Following reconciliation of the total amount of interest advised by Austraclear in a report given under paragraph (d), the Paying Agent must confirm payment through the System on the relevant interest payment date before the prescribed time (or such later time on the interest payment date as Austraclear may allow).
- (f) Confirmation under paragraph (e) will cause:
 - (i) the Paying Agent's Cash Record to be debited with the total amount of the interest payable on that day; and
 - (ii) the Cash Record of each individual Owner so specified to be credited with the amount of the interest due for the relevant Securities.
- (g) Subject to paragraph (h), where the Owner's Nominated Account is not available for the receipt of interest on the day on which the same is payable, the funds will be credited to a suspense account in the name of Austraclear maintained with a Participating Bank until the Nominated Account becomes available, at which time Austraclear must:
 - (i) debit the interest amount from the suspense account; and
 - (ii) credit the Cash Record of the Owner's Nominated Account with that amount.
- (h) Where funds are credited to a suspense account pursuant to paragraph (g) and the Owner does not wish to delay receipt of the funds until its Nominated Account becomes available, the Owner may give notice to Austraclear to transfer the interest amount from the suspense account to an available Nominated Account of the Owner or of another Participant who has given its consent for that purpose and Austraclear must do so.
- (i) Austraclear will not be responsible (and need not compensate any person) for any loss or expenditure (including without limitation, taxes, bank fees, cost of remitting proceeds or loss of interest) which may result from funds being (and remaining) credited to a suspense account.

Link to Procedures: [Rule 11.1.01 Interest on Non Paper Sec](#)

11.1.02 Rights and obligations of Owner - Tax File Numbers

If in terms of Regulation 8.4 a Non-Paper Security is held as nominee for the Owner thereof, for the purposes of the Tax File Number ("TFN") legislation, Austraclear is regarded as being an "investment

body". Accordingly, in such cases Austraclear is obliged to fulfil the obligations imposed under the TFN legislation with regard to, among other things:

- (a) the recording of TFN, Australian Business Number ("**ABN**"), or exemption details Entered by a Participant;
- (b) in the event of such details not being made available and unless an exemption has been claimed:
 - (i) deducting tax at the highest marginal rate plus the Medicare levy from the investment income, that is, from interest payments;
 - (ii) paying it to the relevant taxation authority in accordance with the requirements of the applicable legislation; and
- (c) the rendering of reports to the tax authorities as required.
- (d) Only one TFN and/or ABN may be Entered for each Sub-Participant.
- (e) Entry of a TFN and/or ABN will be deemed to relate to all present and future holdings of Securities to which the Participant is entitled, as recorded in the Security Record of that Participant, for the Sub-Participant to which the TFN and/or ABN relates.
- (f) A Participant is not obliged to Enter a TFN and/or ABN and may at any time delete a TFN and/or ABN previously quoted.
- (g) All quotations, amendments or deletions of a TFN and/or ABN must be Entered directly by the Participant. Austraclear will not respond to written requests and will at all times meet the confidentiality obligations imposed by the Regulations and the law.

Amended 22/08/07

11.1.03 Non-Payment of interest

If a Paying Agent fails to effect a payment when it is due to be made, Austraclear:

- (a) must notify the respective Owners accordingly; and
- (b) may require Owners to Withdraw the Securities involved.

11.2 Presentment of Paper Securities and Dematerialised Securities

Austraclear must Present each Deposited Paper Security and each Deposited Dematerialised Security which is:

- (a) payable in the central business district of a city where the System operates; and
- (b) not Pledged at the prescribed time on the due date for payment,

in accordance with its terms on the date on which the payment is due under it in the prescribed manner.

Link to Procedures: [Rule 11.2 Presentment of Paper Security](#)

11.2.01 Deposited Paper Securities

For the purposes of Regulation 11.2, a Deposited Paper Security:

- (a) will, subject to paragraph 11.2.03, be presented for payment unless it has been Withdrawn before the prescribed time;
- (b) may not be the subject of a Transaction (other than the lifting of a Pledge) recorded in the System after the prescribed time; and
- (c) which is to be presented for payment on its maturity date will be shown in the System with the status "maturing/matured", but this status is not a warranty or representation by Austraclear that the maturity proceeds for the Security have been paid or will be paid.

11.2.02 Manner of Presentment of Deposited Paper Securities

For the purposes of Regulation 11.2, the manner for Austraclear to present for payment each Deposited Paper Security is either:

- (a) **(Physical Presentation)** on the maturity date of the Security, Austraclear must physically deliver the Security to the Paying Agent at the place payable specified in relation to the Security under paragraph 7.1(a) (Deposit & Safekeeping of Paper Securities) in the Procedures Determinations & Practice Notes; or
- (b) **(Electronic Presentation)** Austraclear may make a report available to the Paying Agent on the maturity date for each holding of the maturing Paper Securities, specifying the prescribed information and by providing this report, Austraclear is treated for all purposes as delivering the Paper Security, and as presenting the Paper Security at the beginning of business hours on its maturity date, to the Paying Agent.

An electronically presented Paper Security is to be physically delivered to the Paying Agent against its receipt as soon as practicable after the maturity date.

11.2.03 Presentment of Deposited Paper Securities

- (a) Subject to paragraph 11.2.03(b), Austraclear will as early as possible on the maturity date, present all Paper Securities which were not Pledged as at close of business on the preceding Business Day.
- (b) If the Owner's Nominated Account is not available for the receipt of maturity proceeds, Austraclear will not present the Security for payment, but will hold it at the disposal of the Owner.
- (c) At the prescribed time each Business Day, Austraclear will list Securities maturing that day which were previously Pledged as at close of business on the preceding Business Day and for which Pledges have been released and:
 - (i) any Security that is not then Pledged will be presented for payment as soon as possible after that time; and
 - (ii) any Security that remains Pledged:
 - (A) will not be presented for payment by Austraclear; but
 - (B) will be held to the order of and at the disposal of the Pledgee or, if the Pledge is subsequently lifted, the Pledgor.
- (d) It is the responsibility of the Owner without a Nominated Account available, or the Pledgee or Pledgor, as applicable, to collect the Security from Austraclear.

11.2.04 Dishonours of Deposited Paper Securities

Where a Paper Security is presented to a Paying Agent under this Regulation 11 and that Paying Agent dishonours the Security:

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- (a) The Paying Agent must promptly advise Austraclear by telephone and facsimile of the dishonour and the answer thereon.
 - (b) On receipt of an advice of a dishonour under paragraph (a), Austraclear must:
 - (i) advise the Owner of the dishonour and the answer specified thereon by the Paying Agent under paragraph (a);
 - (ii) if applicable print and sign an allonge as provided for under Regulation 10.1.02; and
 - (iii) hold any Security which has not been delivered physically to the Paying Agent at the disposal of the Owner.
 - (c) It is the Owner's responsibility:
 - (i) to recover physical custody of the dishonoured Security; and
 - (ii) inform any other parties liable on the Security of the dishonour. Austraclear will take no action in this regard.

11.2.05 Deposited Dematerialised Securities

For the purposes of Regulation 11.2, a Deposited Dematerialised Security:

- (a) will, subject to paragraph 11.2.06, be presented for payment unless it has been Withdrawn before the prescribed time;
- (b) may not be the subject of a Transaction (other than the lifting of a Pledge) recorded in the System after the prescribed time; and
- (c) which is to be presented for payment on its maturity date will be shown in the System with the status "maturing/matured", but this status is not a warranty or representation by Austraclear that the maturity proceeds for the Security have been paid or will be paid.

11.2.06 Manner of Presentment of Deposited Dematerialised Securities

For the purposes of Regulation 11.2, the manner for Austraclear to present for payment each Deposited Dematerialised Security is by making a report available to the Paying Agent on the maturity date for each holding of the maturing Dematerialised Securities, specifying the prescribed information, and by providing this report, Austraclear is treated for all purposes as delivering the Dematerialised Security, and as presenting the Dematerialised Security at the beginning of business hours on its maturity date, to the Paying Agent.

11.2.07 Presentment of Deposited Dematerialised Securities

- (a) Subject to paragraph 11.2.07(b), Austraclear will as early as possible on the maturity date, present all Dematerialised Securities which were not Pledged as at close of business on the preceding Business Day.
- (b) If the Owner's Nominated Account is not available for the receipt of maturity proceeds, Austraclear will not present the Security for payment.
- (c) At the prescribed time each Business Day, Austraclear will list Securities maturing that day which were previously Pledged as at close of business on the preceding Business Day and for which Pledges have been released and:

- (i) any Security that is not then Pledged will be presented for payment as soon as possible after that time; and
 - (ii) any Security that remains Pledged will not be presented for payment by Austraclear.
- (d) If paragraph 11.2.07(b) or (c)(ii) applies, Austraclear will make available to the Owner without an available Nominated Account, or the Pledgee or Pledgor, as applicable, a notice addressed to the Paying Agent directing the Paying Agent to make payment of the maturity proceeds in respect of the Dematerialised Security as requested by the relevant person.

11.2.08 Dishonours of Dematerialised Securities

Where a Dematerialised Security is presented to a Paying Agent under this Regulation 11 and that Paying Agent dishonours the Security:

- (a) The Paying Agent must promptly advise Austraclear by telephone and facsimile of the dishonour and the answer thereon.
- (b) On receipt of an advice of a dishonour under paragraph (a), Austraclear must:
 - (i) advise the Owner of the dishonour and the answer specified thereon by the Paying Agent under paragraph (a);
 - (ii) request the Depositing Participant of the Security to prepare a version of the Security in physical form in accordance with Regulation 10.1.02;
 - (iii) if applicable print and sign an allonge as provided for under Regulation 10.1.02; and
 - (iv) hold any Security at the disposal of the Owner.
- (c) It is the Owner's responsibility:
 - (i) to recover physical custody of the dishonoured Security; and
 - (ii) inform any other parties liable on the Security of the dishonour. Austraclear will take no action in this regard.

11.3 Payment for Securities other than Euroentitlements

Austraclear must facilitate payment in the prescribed manner of amounts (other than interest) paid by the issuer of a Deposited Paper Security, a Deposited Non-Paper Security or a Deposited Dematerialised Security:

- (a) to the Owner on the maturity date of a Deposited Paper Security presented by Austraclear under Regulation 11.2; or
- (b) to the Owner on the Books Close Date for a payment in respect of a Deposited Non-Paper Security; or
- (c) to the Owner on the maturity date of a Dematerialised Security.

Link to Procedures: [Rule 11.3 Payment for Securities only](#)

11.3.01 Payment for Deposited Non-Paper Securities and Euroentitlements

In respect of a Deposited Non-Paper Security or a Deposited Euroentitlement:

- (a) a Transaction involving the release of a Pledge may not be Entered after the prescribed time; and

- (b) a Security in respect of which the final payment is due will be shown in the System with the status “maturing/matured”, but this status is not a warranty or representation by Austraclear that the maturity proceeds for the Security have been paid or will be paid.

11.3.02 Payment for Presented Paper Securities

For the purposes of Regulation 11.3(a), the manner in which Austraclear must facilitate the payment of maturity proceeds of a Paper Security is in accordance with Regulation 14.1, and:

- (a) if the Paying Agent of a Paper Security is a Bank Paying Agent:
- (i) except if the Security is being dishonoured, the Bank Paying Agent must before the prescribed time (or such later time on the maturity date as Austraclear may allow) confirm through the System, payment of the maturity proceeds of each Security presented for payment in terms of Regulation 11.2.02(a); and
 - (ii) confirmation by the Bank Paying Agent will cause:
 - (A) the Cash Record of the Bank Paying Agent to be debited with the amount of the maturity proceeds payable on that day; and
 - (B) the Cash Record of each individual Owner to be credited with the maturity proceeds of those Securities; and
 - (iii) where the Bank Paying Agent does not confirm payment of the maturity proceeds of a maturing Paper Security by the time specified under paragraph (a)(i), the payment of the maturity proceeds is for all purposes outstanding and the Security will be treated as having been Dishonoured.
- (b) if the Paying Agent of a Paper Security is a Non-Bank Paying Agent:
- (i) except if the security is being dishonoured, the Paying Agent must before the prescribed time (or such later time on the maturity date as Austraclear may allow) confirm through the System, payment of the maturity proceeds of each security presented for payment in terms of paragraph 11.2.02 (b);
 - (ii) confirmation under paragraph (b)(i) will cause:
 - (A) the Paying Agent's Cash Record to be debited with each amount of the maturity proceeds payable on that day; and
 - (B) the Cash Record of each individual Owner to be credited with the maturity proceeds of those Securities;
 - (iii) if either:
 - (A) the Non-Bank Paying Agent does not confirm payment of a Security under paragraph (b)(i); or
 - (B) payment is confirmed under paragraph (b)(i), but is not made on the maturity date under paragraph (b)(ii);
 the payment of the maturity proceeds is for all purposes outstanding and treated as having been Dishonoured.

11.3.03 Payment for Non-Paper Securities and Euroentitlements

For the purposes of Regulation 11.3(b) and Regulation 11.4(c), the manner in which Austraclear must facilitate the payment of amounts (other than of interest) in respect of a Non-Paper Security or a Deposited Euroentitlement is as follows:

- (a) On the due date for the relevant payment, Austraclear must make available to the Paying Agent a report compiled at the close of business on the relevant Books Close Date specifying for each holding of the Securities, the name of the Owner of each Security and the amount payable to each of those Owners on the due date.

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- (b) The Paying Agent must, before the prescribed time (or such later time on the due date as Austraclear may allow) confirm through the System payment on the due date of the relevant amounts to the persons specified in the report referred to in paragraph 11.3.03(a).
 - (c) Confirmation under paragraph 11.3.03(b) will cause:
 - (i) the Paying Agent's Cash Record to be debited with the total amount payable in respect of the relevant holding of Securities on that day; and
 - (ii) the Cash Record of each Owner to be credited with the amount due to the Owner in respect of the relevant Securities.
 - (d) Subject to paragraph (e), where the Owner's Nominated Account is not available for the receipt of the amount due on the day on which the same is payable, the funds will be credited to a suspense account in the name of Austraclear maintained with a Participating Bank until the Nominated Account becomes available, at which time Austraclear will:
 - (i) debit the maturity proceeds from the suspense account; and
 - (ii) credit the Cash Record of the Owner's Nominated Account with that amount.
 - (e) Where funds are credited to a suspense account pursuant to paragraph (d) and the Owner does not wish to delay receipt of the funds until its Nominated Account becomes available, the Owner may give notice to Austraclear to transfer the maturity proceeds from the suspense account to an available Nominated Account of the Owner or of another Participant who has given its consent for that purpose and Austraclear must do so.
 - (f) Austraclear will not be responsible (and need not compensate any person) for any loss or expenditure (including without limitation, taxes, bank fees, cost of remitting proceeds or loss of interest) which may result from funds being (and remaining) credited to a suspense account.

11.3.04 Non-Payment of amounts for Non-Paper Securities and Euroentitlements in the System

- (a) If the Paying Agent does not confirm payment of the amount due under a Deposited Non-Paper Security or a Deposited Euroentitlement by the time specified under Regulation 11.3.03(b), the payment of that amount is for all purposes outstanding and the Security will be treated as having been Dishonoured.
- (b) If paragraph (a) is applicable, Austraclear:
 - (i) will re-Enter the Security in the Owner's Security Record in such a way that the Owner is able to Withdraw the Security;
 - (ii) may require the Owner to Withdraw the Security; and
 - (iii) must notify the Owner accordingly.

11.3.05 Pledged Non-Paper Securities and Euroentitlements

- (a) If the Pledge on a Pledged Non-Paper Security or a Pledged Euroentitlement is not released by the prescribed time, the amount of payment will be credited to a suspense account in the name of Austraclear maintained with a Participating Bank, pending receipt of specific written disposal instructions from the Pledgee.
- (b) Austraclear will not be responsible (and need not compensate any person) for any loss or expenditure (including without limitation, taxes, bank fees, cost of remitting proceeds or loss of interest) which may result from funds being (and remaining) credited to a suspense account.

11.3.06 Payment for Presented Dematerialised Securities

- (a) For the purposes of Regulation 11.3(c), the manner in which Austraclear must facilitate payment of maturity proceeds of a Dematerialised Security is in accordance with Regulation 14.
- (b) Except if the Security is being dishonoured, the Paying Agent must before the prescribed time (or such later time on the maturity date as Austraclear may allow) confirm through the System, payment of the maturity proceeds of each Security presented for payment in terms of paragraph 11.2.06.
- (c) Confirmation by the Paying Agent will cause:
 - (i) the Cash Record of the Paying Agent to be debited with the amount of the maturity proceeds payable on that day; and
 - (ii) the Cash Record of each individual Owner to be credited with the maturity proceeds of those Securities.
- (d) Where the Paying Agent does not confirm payment of the maturity proceeds of a maturing Dematerialised Security by the time specified under paragraph (b), the payment of the maturity proceeds is for all purposes outstanding and the Security will be treated as having been Dishonoured.

11.4 Payments and other rights under Euroentitlements

Austraclear must, in the prescribed manner:

- (a) arrange for the collection of securities (including those issued upon the exercise of any option, right or warrant of or attached to a Eurosecurity) and cash amounts distributable or payable (whether in respect of principal, interest or otherwise) in respect of each Eurosecurity related to a Euroentitlement;
- (b) facilitate the distribution of the collected securities in accordance with directions given in the prescribed manner by the Owner of the relevant Euroentitlement;
- (c) facilitate the distribution of any cash amount it receives to the Owner of the relevant Euroentitlement; and
- (d) direct the operator of the Clearance and Settlement System in which is held the Eurosecurity related to a Euroentitlement to take any action (including to attend on behalf of or represent the Owner of that Euroentitlement or arrange for any person to do any of those things) at meetings of holders of Eurosecurities or on any other occasion where actions by such holder is required or permitted.

Link to Procedures: [Rule 11.4 Payments and other Rights](#)

11.4.01 Payments under Euroentitlements

For the purposes of Regulation 11.4(c), the provisions of Regulations 11.1.01, 11.1.03, 11.3.01, 11.3.03, 11.3.04, 11.3.05 and 11.6 apply.

11.4.02 Exercise of options, rights and warrants under Euroentitlements

For the purposes of Regulation 11.4(a) and (b) and subject to Regulation 10.2.02:

- (a) the Owner of the Euroentitlement that relates to a Eurosecurity having an option, right or warrant attached to it must instruct Austraclear as to the exercise of such option, right or warrant in a manner consistent with the terms and conditions of the Eurosecurity and the rules of the Clearance and Settlement System in which the Eurosecurity is held. It is the responsibility of Owners to appraise themselves of those matters;
- (b) provided the instructions referred to in Regulation 11.4.02(a) are received from the Owner by Austraclear by the prescribed time, Austraclear will act in accordance with those instructions;
- (ba) Due to time differences between Australia and the place of operation of a Clearance and Settlement System, a Participant's instruction will be passed on by Austraclear to the relevant operator for action by that operator after the close of the Business Day for the purposes of the System.
- (c) on the exercise of an option, right or warrant Austraclear will take delivery of a new Eurosecurity by directing the operator of the relevant Clearance and Settlement System to credit the Eurosecurity to Austraclear's securities account with that operator on the same Business Day as the Eurosecurity is issued; and
- (d) in relation to the new Eurosecurity expected to be issued as a result of Austraclear acting on those instructions, the Owner must follow the Regulations for Depositing the new Euroentitlement related to the new Eurosecurity. The Owner must ensure that Austraclear receives the Deposit report for the new Euroentitlement by the prescribed time.

11.4.03 Exercise of voting rights under Euroentitlements

For the purposes of Regulation 11.4(d):

- (a) the Owner of a Euroentitlement that relates to a Eurosecurity for which its holder has a right or is permitted to take action (either at meetings of holders of Eurosecurities or on any other occasion), must instruct Austraclear to direct the operator of the Clearance and Settlement System in which the Eurosecurity is held to exercise such right in a manner consistent with the terms and conditions of the Eurosecurity and the role of that Clearance and Settlement System. It is the responsibility of Owners to appraise themselves of those matters; and
- (b) provided the instructions referred to in Regulation 11.4.03(a) are received from the Owner by Austraclear by the prescribed time, Austraclear will act in accordance with those instructions.
- (c) Due to time differences between Australia and the place of operation of a Clearance and Settlement System, a Participant's instruction will be passed on by Austraclear to the relevant operator for action by that operator after the close of the Business Day for the purposes of the System.

11.5 Austraclear's Obligation

- (a) Austraclear does not, by facilitating the payment of interest under Regulation 11.1, presenting a Deposited Paper Security under Regulation 11.2 or performing its functions under Regulations 11.3 and 11.4, become in any way liable to make any payment for or on behalf of the issuer of the relevant Deposited Security, the issuer of the relevant Eurosecurity or any other person, and its sole obligation is to carry out the relevant prescribed functions.
- (b) Austraclear has no obligation:
 - (i) to take any action with respect to any rights, options or warrants attached to a Eurosecurity related to a Euroentitlement except to the extent the Owner of the Euroentitlement strictly complies with its obligations under the procedures prescribed for the purposes of

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- Regulation 11.4(a) and (b) and indemnifies Austraclear in respect of any Loss or Claim of any person in connection with such action; or
- (ii) to take any action (including to direct the operator of the Clearance and Settlement System in which is held the Eurosecurity related to a Deposited Euroentitlement to take any action (including to attend on behalf of or represent any Owner or arrange for any person to do those things)) at meetings of holders of Eurosecurities related to Euroentitlements nor on any other occasion where action by such holder is required or permitted,

in either case, except to the extent the Owner of the Euroentitlement strictly complies with its obligations under the procedures prescribed for the purposes of Regulation 11.4(d) and indemnifies Austraclear in respect of any Loss or Claim of any person in connection with such action.

- (c) If Austraclear is required to provide information which an operator of a Clearance and Settlement System is required to submit to a legal, regulatory or market authority, the Owner of the Euroentitlement related to the Eurosecurity for which that information is required:
 - (i) must promptly provide that information to Austraclear;
 - (ii) warrants the completeness and accuracy of that information;
 - (iii) authorises Austraclear to provide that information to that operator for that purpose;
 - (iv) acknowledges that Austraclear need not investigate that information or its use by the operator; and
 - (v) indemnifies Austraclear in respect of any Loss or Claim of any person in connection with the provision of that information for that purpose.

11.6 Reporting to Taxation Authorities

Austraclear may report prescribed information to the Australian Taxation Office or any other prescribed authority.

Link to Procedures: [Rule 11_6 Reporting to Tax Authorities](#)

12. TRANSACTIONS

12.1 Entry of Dealings

Subject to these Regulations,

- (a) Each Participant may Enter any dealing of the following kind:
 - (i) Paper Security transactions;
 - (ii) Non-Paper Security transactions;
 - (iii) Dematerialised Security transactions;
 - (iv) Cash Transactions;
 - (v) Foreign Exchange transactions;
 - (vi) Forward transactions;
 - (vii) Euroentitlement transactions;
 - (viii) RBA Manual Repos (as defined in Regulation 24);
 - (ix) Market Repos (as defined in Regulation 25); and
 - (x) Other transactions.

- (b) No Participant may Enter a dealing in respect of a Deposited Euroentitlement in the period during which the operator of the Clearance and Settlement System in which is held the Eurosecurity related to that Euroentitlement blocks or prohibits a dealing in that Eurosecurity including, without limitation, in connection with that operator's receipt of directions from Austraclear given in the circumstances contemplated by Regulation 11.4(d). For the avoidance of doubt, nothing in this paragraph (b) prohibits in that period:
 - (i) the Entry of transactions of the type referred to in paragraph (b) of the definition of Cash Transaction in respect of that Euroentitlement; or
 - (ii) the Pledging or release of a Pledge over that Euroentitlement.

12.2 Records

Austraclear must not record the result of any Transaction in the Security Record or Cash Record of a Participant unless and until:

- (a) the Transaction has been Entered in accordance with these Regulations or in the prescribed manner relevant to that Transaction; and
- (b) all Elements of that Transaction have been Settled on its Settlement Date.

12.3 Indorsement of Paper Securities

Any dealing between Participants in a Deposited Paper Security involving the transfer of that Paper Security may be on terms that the Paper Security is indorsed by the transferring Participant and, in that case:

- (a) the Participants who are parties to that dealing must include in the information concerning the dealing Entered by them their agreement to make the indorsement;
- (b) Austraclear must record in the description of the Paper Security the name of each Participant who has agreed to indorse the Security (each an "**Indorsing Participant**");
- (c) upon Settlement of the dealing, each Indorsing Participant is liable to other Participants to the full extent as if the Indorsing Participant had signed it as indorser and the indorsement had been made

by the Participant at the time of Settlement and remains so liable even if that Paper Security is presented for payment before any indorsement is actually made on it;

- (d) if the Owner wishes to Withdraw the Paper Security, the Indorsing Participant must actually indorse that Security at the time of Withdrawal;
- (e) Austraclear may present the Paper Security for payment on its due date without the indorsements being physically present;
- (f) if on presentment the Paper Security is Dishonoured, the Indorsing Participant must actually indorse that Security if it is presented to it for that purpose; and
- (g) where a Paper Security is presented to an Indorsing Participant for indorsement in accordance with this Regulation 12, and the Indorsing Participant does not indorse it, the Indorsing Participant must indemnify, and keep indemnified Austraclear and every other Participant jointly and severally, against any Loss or Claim of any of them by reason of the Paper Security not being indorsed by the Indorsing Participant.

12.4 Entering of Paper Security transactions

Subject to Settlement for Cash Transactions being effected in accordance with Regulation 14, the manner of Entering Cash Transactions and Non-Cash Transactions in respect of Paper Securities is:

- (a) **(Trading)** Participants may effect buy/sell Value Transactions affecting a Security held in the System by Entering matching entries.
- (b) **(Pledging)** Participants may effect Value Transactions which Pledge (or remove a Pledge over) a Security held in the System by Entering matching entries.
- (c) **(Indorsement)** Indorsement of a Paper Security, if specifically requested by the buying Participant and agreed to by the selling Participant, will be effected by Entering matching entries.

12.5 Entering of Non-Paper Security Transactions, Dematerialised Security Transactions and Euroentitlement Transactions

- (a) **(Entering Transaction)** Participants may effect a Value Transaction affecting a Non-Paper Security, Euroentitlement or Dematerialised Security by Entering matching entries.
- (b) **(Automatic Settlement)** On the Settlement Date, if there is no current instruction to process the Value Transaction in accordance with the deferred settlement arrangements or the linked settlement arrangements pursuant to Regulation 12.5(c) or Regulation 12.5(d) (as applicable), the System will automatically process the Value Transaction in accordance with Regulation 14 without further action required by the relevant Participants.
- (c) **(Deferred Settlement)** A Participant that is the seller for the Value Transaction may Enter an instruction for the System to process the Value Transaction in accordance with the deferred settlement arrangements in this Regulation 12.5(c). The Participant may Enter this instruction at the time it Enters the Value Transaction or at any time prior to the Value Transaction being matched in the System. Where the System receives such an instruction, and the Value Transaction is subsequently matched in the System, the System will hold the Value Transaction in a matched status until the earlier of the following events:
 - (i) the Participant that is the seller for the Value Transaction cancels the instruction for the System to process the Value Transaction in accordance with deferred settlement arrangements in this Regulation 12.5(c), following which the System will process the Value

Transaction in accordance with the automatic settlement arrangements in Regulation 12.5(b) without further action required by the Participants; or

- (ii) both Participants that are a party to the Value Transaction provide an instruction pursuant to Regulation 12.5(d) for the System to process the Value Transaction in accordance with the linked settlement arrangements, following which the System will automatically cancel the instruction to process the Value Transaction in accordance with the deferred settlement arrangements and will process the Value Transaction in accordance with the linked settlement arrangements in Regulation 14.6; or
 - (iii) the prescribed time on the Settlement Date for the Value Transaction (being a time after EOD for that day), at which time the arrangements in Regulation 14.4 shall apply.
- (d) **(Linked Settlement)** On the Settlement Date, a Participant that is a party to an eligible Value Transaction (as defined in Regulation 14.6) may Enter an instruction for the System to process the Value Transaction in a nominated linked settlement group in accordance with the linked settlement arrangements in Regulation 14.6. The System must not process a Value Transaction in accordance with the linked settlement arrangements unless it receives an instruction to do so from both Participants that are a party to the Value Transaction.

Amended 01/03/21

12.6 Indorsement of Dematerialised Securities

Any dealing between Participants in a Deposited Dematerialised Security involving the transfer of that Dematerialised Security in a manner equivalent to the transfer of the Equivalent Paper Security by the holder of it may be on terms that the Dematerialised Security is indorsed by the transferring Participant and, in that case:

- (a) the Participants who are parties to that dealing must include in the information concerning the dealing Entered by them their agreement to make the indorsement;
- (b) Austraclear must record in the description of the Dematerialised Security the name of each Participant who has agreed to indorse the Security (each an "**Indorsing Participant**");
- (c) upon Settlement of the dealing, each Indorsing Participant is liable to other Participants to the full extent as if the Dematerialised Security was the Equivalent Paper Security, the Indorsing Participant had signed it as indorser and the indorsement had been made by the Participant at the time of Settlement;
- (d) if the Owner wishes to Withdraw the Dematerialised Security, the Indorsing Participant must actually indorse that Security in physical form at the time of Withdrawal;
- (e) Austraclear may present the Security in physical form for payment on its due date without the indorsements being physically present;
- (f) if on presentment the Security is Dishonoured, the Indorsing Participant must actually indorse the Security in physical form if it is presented to the Indorsing Participant for that purpose; and
- (g) where a Security in physical form is presented to an Indorsing Participant for indorsement in accordance with this Regulation 12, and the Indorsing Participant does not indorse it, the Indorsing Participant must indemnify, and keep indemnified, Austraclear and every other Participant jointly and severally, against any Loss or Claim of any of them by reason of the Security not being indorsed by the Indorsing Participant.

12.7 Attorney to Indorse

Without affecting Regulation 12.3(g) (Indorsement of Paper Securities) or Regulation 12.6(g) (Indorsement of Dematerialised Securities), for the purpose of facilitating any indorsement referred to in Regulation 12, and in consideration of a Participant being admitted to Participant Status, and Austraclear and each of the other Participants from time to time agreeing to be bound with that Participant in terms of these Regulations, each Participant irrevocably appoints Austraclear, each director and each officer of Austraclear and any employee of Austraclear authorised for that purpose from time to time severally as the agent and attorney of the Participant to physically indorse any Deposited Paper Security or Dematerialised Security in physical form upon Withdrawal in relation to which it is an Indorsing Participant at any time after the Participant first becomes an Indorsing Participant in relation to that Paper Security or Dematerialised Security.

12.8 Entering of Cash Transactions

- (a) **(Cash Transfers)** A Cash Transfer in Australian currency is a Cash Transaction which is effected by the Paying Participant and the Payee Participant Entering matching entries which, on Settlement in terms of Regulation 14.1, will result in the Cash Element being removed from the Cash Record of the Paying Participant to the Cash Record of the Payee Participant.
- (b) **(Payments)** For the purposes of the Regulations, the procedures for presentation of Paper Securities, and payment of amounts due in respect of Non-Paper Securities and Euro entitlements, are also Cash Transactions between the relevant Paying Agent and the Owner of the Securities.
- (c) **(Cash Transfers in a Foreign Currency)** A Cash Transfer in a Foreign Currency is a Cash Transaction which is effected by the Paying Participant Entering an instruction which will result in the Cash Element being removed from the Cash Record of the Paying Participant to the Cash Record of the Payee Participant.

Amended 25/07/14

12.9 Foreign Exchange Transactions

12.9.1 Entering of Foreign Exchange Transactions

In relation to the Entering of Foreign Exchange Transactions:

- (a) **(Confirmation)** Participants may effect Foreign Exchange Transactions in the System by Entering matching entries.
- (b) **(Value Date)** The Value Date of a Foreign Exchange Transaction recorded under paragraph (a) may be either:
 - (i) the date of the Entering of that Foreign Exchange Transaction; or
 - (ii) a date other than the date specified in paragraph (b)(i), as Entered by the relevant Participants
- (c) **(Alteration)** The particulars of a Foreign Exchange Transaction may not be altered by either Participant after it has been Entered under paragraph (a). However, the Participants may, by Entering matching entries:
 - (i) cancel a Foreign Exchange Transaction recorded under paragraph (a); and
 - (ii) record a replacement Foreign Exchange Transaction (which is to be treated as having been recorded under paragraph (a)).

(d) **(Delivery Instructions)** At the time a Foreign Exchange Transaction is Entered or at any time before its Value Date, the Participants may:

- (i) Enter the settlement basis of that Foreign Exchange Transaction; and
- (ii) vary or rescind any of those delivery instructions.

In relation to an Australian Currency FX Transaction, the Participants may give, vary or rescind any delivery instructions by which delivery and receipt of the Australian Currency Element of that Australian Currency FX Transaction is to be effected through the System on the Value Date.

(e) **(Currency)** For the purposes of this Regulation 12.9, a Foreign Exchange Transaction may only be delivered and received through the System in a currency determined by Austraclear as specified in the PDP.

(f) **(Delivery Confirmation)** If the Participants have given instructions under paragraph (d) for delivery and receipt of a Foreign Exchange Transaction to be effected on the Value Date, and the relevant currency is to be so delivered and received, each of the relevant Participants must confirm that mode of receipt and delivery by Entering matching entries on the Value Date.

(g) **(Settlement)** If the relevant Participants have made a confirmation under paragraph (f) in relation to a Foreign Exchange Transaction, the effect of that confirmation is to record the delivery and receipt of that currency in each Participant's Foreign Exchange Cash Record for the Value Date.

Amended 01/12/15

12.9.2 Entering Foreign Exchange Confirmations

(a) Participants may Enter Foreign Exchange Confirmations for the purpose of being matched in the System.

(b) Alternatively, Participants may positively affirm Foreign Exchange Confirmations Entered by other Participants.

(c) (Alteration) The particulars of a Foreign Exchange Confirmation may not be altered by either Participant after it has been matched under paragraph (a) or affirmed under paragraph (b). However, the Participants may:

- (i) cancel a Foreign Exchange Confirmation recorded under paragraph (a) or (b); and
- (ii) record a replacement Foreign Exchange Confirmation (which is to be treated as having been recorded under paragraph (a) or (b)).

(d) (Messaging service only) It is acknowledged that in relation to Foreign Exchange Confirmations the System acts only as a messaging service.

12.10 Forward Transactions

Link to Procedures: [Rule 12_10_Forward_Transactions](#)

12.10.1 Types of Forward Non-Delivery Transactions

(a) The System may cater for the types of Forward Non-Delivery Transactions determined by Austraclear and set out in the PDP. This Regulation 12.10 (including specific requirements in relation to FRAs and IRSs) only applies to the extent that the relevant type of Forward Non-Delivery Transaction is set out in the PDP.

- (b) Participants may effect Forward Transactions by Entering matching entries.
- (c) Austraclear reserves the right to postpone the recording of the Cash Elements of Settlements of Forward Non-Delivery Transactions until the Business Day next succeeding the relevant Settlement Date.

Amended 01/12/15

12.10.2 Forward Non-Delivery Transactions

At the prescribed time on the, or each, Settlement Date of a Forward Non-Delivery Transaction, Austraclear:

- (a) must determine (and, if necessary, calculate) the Settlement Value, and the Specified Value for that Settlement Date of that Transaction in the prescribed manner; and
- (b) must determine the difference between the Settlement Value for that Settlement Date of that Transaction and the Specified Value for that Settlement Date of that Transaction as a Cash Element which is to be recorded for Settlement at that time,

and where that has been done:

- (c) if the Transaction has only one Settlement Date, or the relevant Settlement Date is the last of several Settlement Dates for the Transaction, the Transaction automatically becomes at that time a Value Transaction, the Cash Element of which is the amount of money so determined; and
- (d) if that Settlement Date is not the last Settlement Date of the Transaction, the payment of the amount of money so determined is a separate Value Transaction (forming part of the Transaction) the Cash Element of which is the amount of money so determined.

12.10.3 Forward Transactions – Amendment of Particulars

The Participants who are party to a Forward Transaction may, at any time before the applicable prescribed time, amend the prescribed particulars of the Forward Transaction by Entering the amended particulars that they have agreed and Austraclear must record that amendment in the prescribed manner.

In the case of IRSs, a variation may take the form of a final termination of the Forward Transaction and, in that case, following settlement of the Forward Transaction as so varied, the Forward Transaction ceases to have any effect in the System.

Link to Procedures: [Rule 12.10.3 Variation Forward Transact](#)

12.10.4 Forward Delivery Transactions – Applicable Security

The Participant who is the party to a Forward Delivery Transaction with the obligation to transfer the relevant Security to the other Participant must satisfy that obligation by using:

- (a) if the Participant is also party to a Forward Delivery Transaction under which it will acquire a Deposited Security of the same description which has the same Settlement Date, the Security the subject of that other Forward Delivery Transaction; and
- (b) if paragraph (a) does not apply, the Deposited Security (being a Security of which the Participant is the Owner and which is not the subject of a Transaction whose Settlement Date is later than that

of the relevant Forward Delivery Transaction) particulars of which are Entered by the Participant before the prescribed time.

12.10.5 Forward Delivery Transactions – Settlement Preparation

At the prescribed time on the Settlement Date of a Forward Delivery Transaction:

- (a) the Deposited Security determined to be the subject of the Forward Delivery Transaction under Regulation 12.10.4 (Forward Delivery Transactions – Applicable Security) becomes the subject of that Transaction; and
- (b) that Transaction automatically becomes a Value Transaction relating to the Security which is recorded in the System at that time.

12.10.6 Recording of Information

- (a) Input in the System of details of an FRA or an IRS is, as between the parties only, to be treated as any required confirmation or notification of the transaction in terms of any relevant agreement between those parties.
- (b) If the recorded details of an IRS includes an amount for a premium or fee, the Entry of the IRS is to be treated as also constituting the Entry of a Cash Transfer of the premium or fee from the payer the payee to be settled in accordance with Regulation 14.1 on the day the IRS is recorded in the System.
- (c) The recording of any conditions or other terms in the Entered details of an IRS does not affect the making of any payments on any Settlement Date but only operates as a record between the parties to the IRS of those terms or conditions.

12.10.7 Settlement of Forward Transactions

For the purposes of Regulation 12.7 (Attorney to Indorse), settlement of Forward Transactions will be arranged automatically by the System without any intervention by the parties involved, except:

- (a) **(FRAs)** Where settlement is not to be effected against the BBSW (average) and it is necessary for the parties to the Transaction to input the rate against which settlement is to be effected.
 - (i) An FRA which is not settled against the BBSW (average) rate will not be settled in the System unless, by the prescribed time, both parties to the Forward Transaction have input and matched the agreed rate on which settlement is to be based.
- (b) **(IRSS)** Where both or either of the Specified Value and/or the Settlement Value for a Settlement Date is not to be calculated either by reference to a fixed interest rate specified in the recorded details of the IRS (a "**Recorded Fixed Rate**") or by reference to one of the average BBSW rate and the bid, mid or offer BBSY rate (a "**System Rate**") and it is necessary for the parties to the Transaction to input the rate for the calculation of the value.
 - (i) An IRS, one or both of the Settlement Value and the Specified Value of which, for a Settlement Date, is not calculated either by reference to a Recorded Fixed Rate or a System Rate will not be settled in respect of a particular Settlement Date unless both parties to the Forward Transaction have input and matched the relevant agreed rate for the relevant calculation.

Link to Procedures: [Rule 12_10_7 Settlement Forward Transact](#)

12.10.8 Obligations in relation to Forward Transactions

(a) For the purposes of Regulation 12.10.4 (Forward Delivery Transactions – Applicable Security), a Participant:

- (i) who has an obligation to sell a Security under a Forward Delivery Transaction; and
- (ii) who does not have a corresponding obligation to buy that Security under a Forward Delivery Transaction,

must Enter the ISIN of the Security to be the subject of that Forward Delivery Transaction by the prescribed time.

(b) Failure to comply with paragraph (a) will be regarded as a default in the System and could result in action being taken under Regulation 3.11 (Breach of Regulations).

Link to Procedures: [Rule 12_10_8_Obligation_Forward_Transact](#)

12.10.9 Forward Transaction – Conversion

The Participants which are parties to a Forward Transaction may, by Entering the prescribed information, convert:

- (a) a Forward Delivery Transaction into a Forward Non-Delivery Transaction; or
- (b) a Forward Non-Delivery Transaction into a Forward Delivery Transaction,

at any time before the prescribed time and Austraclear must record that conversion in the prescribed manner.

12.11 Entering RBA Manual Repos

Participants may enter RBA Manual Repos by Entering the data prescribed.

Link to Procedures: [Rule 12_11_Entering_RBA_Manual_Repos](#)

12.12 Entering Market Repos

Participants may enter Market Repos by Entering the data prescribed.

Link to Procedures: [Rule 12_12_Entering_Market_Repos](#)

12.13 Other Transactions

Other transactions may be approved by the Committee from time to time. Such other transactions include:

- (a) **(Funds Transfers)** If a Participant requires immediate access to a Security the subject of a Transaction the Cash Element of which is to be settled in terms of Regulation 14, it may arrange with the relative Participating Bank for an Immediate Settlement of that Cash Element by Entering a Funds Transfer which will only be of full effect if the amount of it is equal to or in excess of the Cash Element(s) of previous Cash Transaction(s) that day relating to the Security which is the subject of the Funds Transfer; and

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- (b) **(Upgrading)** If a Participant requires to upgrade a Non-bank bill of exchange by having it indorsed by a Bank, it may do so by Entering details requesting the Bank to confirm the request.

13. NOMINATED ACCOUNT AND DEBIT CAP

13.1 Nominated Clearing Branch

Each Participating Bank when so requested by Austraclear must nominate in writing a branch of that Participating Bank in the central business district of each capital city in Australia in which both that Participating Bank and the System operates as the branch of that Participating Bank to be the Nominated Clearing Branch for that city. For the purposes of the System a Participating Bank may give Austraclear notice of change of that nomination, which will take effect at the prescribed time.

Link to Procedures: [Rule 13 1 Nominated Clearing Branch](#)

13.2 Nominated Account

13.2.1 Each Participant must maintain with its Participating Bank one or more facilities under which the Participant opens and maintains one or more accounts with the Participating Bank which are available for use by the Participant in relation to the System and the Participant:

- (a) must give Austraclear notice of the prescribed particulars of that account or those accounts; and
- (b) may by giving Austraclear notice, amend any of those prescribed particulars.

Notwithstanding the above, a Participant may utilise an account with a Participating Bank of another Participant with the consent of that other Participant in the prescribed form.

13.2.2 A Sub-Participant:

- (a) that has more than one Nominated Account; and
- (b) that acquires or disposes of a Security by way of a Cash Transaction the Cash Element of which is to be Settled in accordance with Regulation 14.1,

must at the time of Entering that Transaction, designate the Nominated Account through which the Cash Element is to be Settled. Until the Cash Element is Settled, the Participant must not dispose of a Security so acquired except through the same Nominated Account;

Link to Procedures: [Rule 13 2 Details Nominated Account](#)

Amended 22/08/07, 15/09/21

13.3 Terms of Facility

The terms of a facility entered into under Regulation 13.2 are as agreed between the relevant Participating Bank and the Participant concerned. Austraclear has no duty or role to inquire as to, or to consider the validity or terms of the facility or whether those terms are complied with by that Participant.

13.4 Cash Limit Managed or Bank Managed

Each Participating Bank may, in respect of each Cash Record of a Participant that relates to a Nominated Account that the Participant may have opened and maintains with it, Enter an election as to the management of the relevant Participating Bank's credit exposure to the Participant arising from Transactions to be recorded in that Cash Record, which provides that such exposure must be either:

- (a) managed by use of a Cash Limit in the System; or
- (b) managed by the Participating Bank itself, except that, where Austraclear considers that information to permit the Participating Bank to do so is not being made available to the Participating Bank by means of the AIF then paragraph (a) applies during the period that Austraclear considers that such state exists.

The Participating Bank may at any time Enter a new election in accordance with this Regulation 13.4 and if no election is made (or if an election made is not in force at any time) the Participating Bank is treated as having made an election under paragraph (b).

Notwithstanding the foregoing, a Foreign Currency Cash Record may only be Cash Limit Managed.

Amended 25/07/14, 01/04/15

13.5 Cash Limit

- (a) Each Participating Bank may, in respect of each Cash Record of a Participant that relates to a Nominated Account that the Participant may have opened and maintains with it, Enter an amount (which may be zero) up to which the Participating Bank authorises Austraclear to allow that Participant's Cash Record to go into debit during any day which is to apply whenever Cash Elements affecting that Cash Record are to be Cash Limit Managed.
- (b) The Participating Bank may at any time Enter any amendment of the amount previously Entered. Any amendment to that amount previously Entered under this Regulation does not in any way affect the liability of the Participating Bank in respect of any payment obligations undertaken by the Participating Bank before the time the amount was amended.
- (c) Subject to paragraph (d), if at any time there is no Entry under this Regulation of an amount in force, the relevant Participant's Cash Record will not be Cash Limit Managed.
- (d) During the period in which the circumstances referred to in the exception to Regulation 13.4(b) prevail and if, at that time, there is no Entry under this Regulation of an amount in force, the amount will be deemed to be zero.
- (e) Each Foreign Currency Settlement Bank may, in respect of a Foreign Currency Cash Record of a Participant that relates to a Foreign Currency Account that the Participant may have opened and maintains with it, Enter an amount (which may be zero) up to which the Foreign Currency Settlement Bank authorises Austraclear to allow that Participant's Foreign Currency Cash Record to go into debit during any day.
- (f) The Foreign Currency Settlement Bank may at any time Enter any amendment of the amount previously Entered. Any amendment to that amount previously Entered under this Regulation does not affect in any way the liability of the Foreign Currency Settlement Bank in respect of any obligations undertaken by the Foreign Currency Settlement Bank before the time the amount was amended.

Amended 01/04/15

14. SETTLEMENT

14.1 Settlement in Australian Currency

Subject to any contingency procedures agreed between Austraclear and the Participating Banks which may apply in a particular circumstance, the System may Settle the Cash Elements of Cash Transactions in Australian currency:

- (a) if RITS is operating and Austraclear is a feeder system to RITS and paragraph (b) does not apply, through RITS in accordance with Regulation 15; and
- (b) if RITS is not available because the Committee declares that it is not operating appropriately or if Austraclear has been informed by the Reserve Bank that any of the following is not operating correctly:
 - (i) RITS; or
 - (ii) the AIF; or
 - (iii) any other component of the RITS system which the Reserve Bank and Austraclear have previously agreed to be integral to RITS,

in accordance with Regulation 16.

Amended 22/08/07, 25/07/14

14.1A Settlement in Foreign Currency

The System may Settle the Cash Elements of Cash Transactions in Foreign Currency if:

- (a) the Foreign Currency has been approved by Austraclear under these Regulations;
- (b) the Paying Participant and Payee Participant for the Cash Element each have a Cash Record relating to a Foreign Currency Account in the relevant Foreign Currency with the same Foreign Currency Settlement Bank; and
- (c) in respect of each Cash Element of a Cash Transaction in a Foreign Currency, the Foreign Currency Settlement Bank satisfies the requirements of these Regulations applicable to Foreign Currency Settlement Banks.

The System may Settle the Cash Elements of Cash Transactions in Foreign Currency through the Foreign Currency Cash Records in accordance with Regulation 29. However, with the agreement of the Reserve Bank, the System may Settle Cash Elements of Cash Transactions in Foreign Currency in accordance with Regulation 16.

Introduced 25/07/14

14.2 Austraclear Liability

Austraclear's liability in relation to Settlement is limited to any Loss or Claim of a Participant or a Participating Bank arising from a failure by Austraclear to perform its obligations under Regulation 15 or Regulation 16 (as applicable).

14.3 Security Elements

Each Security Element of a Value Transaction on each Business Day is Settled by Austraclear making the appropriate amendments to the Security Records of the Participants who are parties to the Value Transaction having those Security Elements which it may only do:

- (a) in the case of a Non-Cash Transaction where the Deposited Security the subject of the Transaction is not itself subject to a Cash Transaction which has not yet Settled, immediately the Transaction has been Entered by the Participants who are party to it;
- (b) in the case of a Non-Cash Transaction to which paragraph (a) does not apply, immediately the Cash Element of the Cash Transaction referred to in paragraph (a) has Settled; and
- (c) if the Security Element is an element of a Cash Transaction, immediately all Cash Elements of that Transaction have been Settled in accordance with Regulation 15 or Regulation 16 (as applicable).

Each of those Security Elements is Settled at the time that the provisions of paragraphs (a) to (c), as applicable, apply to it.

14.4 Unsettled Value Transactions (Australian Currency)

If any Element of a Value Transaction in Australian currency has not been Settled under this Regulation 14 and whichever of Regulations 15 and 16 are applicable by the prescribed time on any Business Day (being a time after EOD for that day):

- (a) the Participants party to the Transaction are informed through the System that the Transaction has not Settled;
- (b) the Transaction is removed from the System if it is not a Bank to Bank Transaction; and
- (c) the Transaction is removed from the System if it is a Bank to Bank Transaction and one of the Banks is not approved to participate in the RITS evening session.

Link to Procedures: [Rule 14 4 Unsettled Value Transactions \(Australian Currency\)](#)

Amended 22/08/07, 25/07/14

14.4A Unsettled Value Transactions (Foreign Currency)

If any Element of a Value Transaction in Foreign Currency has not been Settled by the time on any Business Day specified by Austraclear:

- (a) the Participants party to the Transaction are informed through the System that the Transaction has not Settled; and
- (b) the Transaction is removed from the System.

Link to Procedures: [Rule 14 4A Unsettled Value Transactions \(Foreign Currency\)](#)

Introduced 25/07/14

14.5 Daily Foreign Currency Reports

For Foreign Currency Cash Records:

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- (a) before the time on each Business Day specified by Austraclear, each Foreign Currency Settlement Bank must make available to Austraclear a report containing in respect of each Participant that maintains a Foreign Currency Account with that Foreign Currency Settlement Bank the total net cash position to be entered in the Foreign Currency Cash Record of that Participant that relates to that Foreign Currency Account; and
- (b) promptly after the time specified by Austraclear on each Business Day, Austraclear must make available to each Foreign Currency Settlement Bank a report containing in respect of each Participant that maintains a Foreign Currency Account with that Foreign Currency Settlement Bank the total net cash position between the Participant and all other Participants arising from the Settlement on that Business Day of Cash Transfers affecting the Foreign Currency Cash Record of that Participant that relates to that Foreign Currency Account.

Link to Procedures: [Rule 14 5 a Daily Foreign Currency Reports](#)

Link to Procedures: [Rule 14 5 b Daily Foreign Currency Reports](#)

Introduced 25/07/14

14.6 Linked Settlement

- (a) A Value Transaction is eligible to be processed by the System in a nominated linked settlement group in accordance with the linked settlement arrangements in this Regulation 14.6 where:
- (i) it is a Value Transaction affecting a Non-Paper Security, Dematerialised Security or Euroentitlement;
 - (ii) the parties to the Value Transaction are the same as the parties to each other Value Transaction in the nominated linked settlement group;
 - (iii) the Settlement Date for the Value Transaction is the same as the Settlement Date for each other Value Transaction in the nominated linked settlement group and is the current Settlement Date;
 - (iv) the Security Element of the Value Transaction relates to a Security that has the same characteristics as the Security that relates to the Security Element of each other Value Transaction in the nominated linked settlement group;
 - (v) the Cash Record and Security Record for each party to the Value Transaction is the same as the Cash Record and Security Record for that party in each other Value Transaction in the nominated linked settlement group; and
 - (vi) the Cash Element of the Value Transaction is to be settled in Australian currency and the simultaneous settlement of the Cash Elements of all Value Transactions in the nominated linked settlement group will result in an amendment to the Cash Records of the Participants that are a party to the Value Transactions that is not an amount of zero Australian dollars (AUD 0.00).
- (b) If the Participants that are a party to an eligible Value Transaction have Entered matching Entries, and both Participants have Entered an instruction for the System to process the Value Transaction in the same nominated linked settlement group in accordance with the linked settlement arrangements, then on the Settlement Date:
- (i) the System will test for simultaneous settlement all Value Transactions in the linked settlement group by testing for the net amount of Cash and Securities required to simultaneously Settle the Cash Elements and Security Elements of all Value Transactions

in the linked settlement group (as determined by the System and confirmed by the Participants that are a party to the Value Transactions); and

- (ii) if all Value Transactions in the linked settlement group pass testing for simultaneous settlement, then the System will simultaneously Settle all Value Transactions in the linked settlement group by:
 - (A) simultaneous settlement of the Cash Elements of all Value Transactions in the linked settlement group together in accordance with Regulation 14.1 (and Regulation 15 or Regulation 16 as applicable) with the resulting amendments to the Cash Records of the Participants that are a party to the Value Transactions reflecting the net amount of Cash required to Settle all Value Transactions in the linked settlement group (as determined by the System and confirmed by the Participants that are a party to the Value Transactions); and
 - (B) simultaneous settlement of the Security Elements of all Value Transactions in the linked settlement group together in accordance with Regulation 14.3 with the resulting amendment to the Security Records of the Participants that are a party to Value Transactions reflecting the net amount of Securities required to Settle all Value Transactions in the linked settlement group (as determined by the System and confirmed by the Participants that are a party to the Value Transactions). Where that net amount of Securities is zero, the relevant Security Records will be amended by recording an adjustment of “zero”,

and the applicable Regulations will be interpreted to give effect to this paragraph (b), including by giving notices and sending messages pursuant to Regulation 15 or Regulation 16 in respect of the net amounts of Cash and Securities required to simultaneously Settle the Cash Elements and Security Elements of all Value Transactions in the linked settlement group.

- (c) If the System is unable to simultaneously Settle any Element of all Value Transactions in the linked settlement group by the prescribed time on Settlement Date (being a time after EOD for that day), then each Element of each Value Transaction in the linked settlement group will not Settle and the arrangements in Regulation 14.4 will apply with respect to each Value Transaction in the linked settlement group.
- (d) A Participant may cancel a linked settlement instruction for a Value Transaction at any time prior to Settlement. If a Participant cancels a linked settlement instruction, the cancellation has effect with respect to all Value Transactions in the linked settlement group. The System will then process each Value Transaction in the linked settlement group in accordance with the settlement arrangements (deferred or automatic) applicable to the Value Transaction immediately prior to receiving the linked settlement instruction for that Value Transaction.
- (e) Each Value Transaction in a linked settlement group will be retained in the System at all times during the settlement process. The linked settlement arrangements will not result in the termination by the System of each Value Transactions in a linked settlement group and the subsequent creation of a new Value Transaction to be processed by the System. On Settlement, each Element of each Value Transaction in the linked settlement group is Settled on a gross basis and is not subject to bilateral netting.

Introduced 01/03/21

15. CASH ELEMENTS – SETTLEMENT BY IRREVOCABLE PAYMENT

15.1 Application

This Regulation 15 applies to a Cash Element if and only if Regulation 14.1 provides that the Cash Element is to be Settled under this Regulation 15. This Regulation 15 does not apply to Cash Transactions in a Foreign Currency.

Amended 25/07/14

15.2 Order of Processing for Settlement

The Cash Elements of Value Transactions of which a Participant is the Paying Participant are to be processed on the Settlement Date in the order:

- (a) nominated by the Participant by Entry; or
- (b) if no order is Entered in relation to a Value Transaction, in the order determined in the manner notified by Austraclear to Participants,

provided that if the Value Transaction also includes a Security Element, the Cash Elements of the Value Transaction will not be processed on the Settlement Date unless the seller has sufficient eligible Securities available in the System to Settle the Security Element of the Value Transaction.

Amended 01/03/21

15.3 Cash Limit Permitted

A Cash Element is Cash Limit Permitted at any time if the Cash Element is Cash Limit Managed at that time and the sum of the following amounts is less than the Cash Limit for the relevant Cash Record of the Paying Participant:

- (a) the amount of the Cash Element;
- (b) the amount of all Cash Elements relating to that Cash Record of which the Participant is the Paying Participant where testing of those Elements for Settlement has started but the Elements have not yet Settled (these are described in the System as "reserved"); and
- (c) the amount then shown in that Cash Record (treating a "credit" amount as a negative number and a "debit" amount as a positive number).

For clarification, no account is to be taken, for these purposes, of any Cash Element not yet Settled of which the Participant concerned is the Payee Participant.

15.4 Cash Limit Permitted – IntraBank

Where the Cash Element is Cash Limit Managed and Cash Limit Permitted and both the Paying Participant and the Payee Participant have the same Participating Bank in respect of the relevant Nominated Accounts, the Cash Element Settles and Austraclear must:

- (a) where Cash Elements affecting the Nominated Account of the Payee Participant are then Bank Managed, allow RITS to collect a message (to be sent through RITS and the AIF) to the Payee

Participant's Participating Bank giving particulars of the Transaction to which the Cash Element relates and informing the Participating Bank that the Cash Element has Settled; and

- (b) amend the Cash Records of the Paying Participant and the Payee Participant accordingly.

Amended 22/08/07

15.5 Cash Element Bank Managed – Intrabank

Where the Cash Element is Bank Managed and both the Paying Participant and the Payee Participant have the same Participating Bank in respect of the relevant Nominated Accounts, Austraclear must allow RITS to collect a message to be sent to the Participating Bank (on behalf of the Paying Participant and the Payee Participant) through RITS and the AIF:

- (a) giving particulars of the Cash Element and of the Transaction of which the Cash Element is an element; and
- (b) requesting the Participating Bank to send Austraclear (on behalf of the Paying Participant) a message through RITS and the AIF if the Cash Element is Settled.

If, and only if, Austraclear (on behalf of the Paying Participant) receives a message from the Participating Bank through RITS and the AIF that the Cash Element is Settled before the prescribed time on the relevant Business Day, the Cash Element is Settled and Austraclear must amend the Cash Records of the Paying Participant and the Payee Participant accordingly.

Link to Procedures: [Rule 15_5 Cash Element Bank Managed](#)

Amended 22/08/07

15.6 Cash Limit Permitted – Interbank

Where the Cash Element is Cash Limit Managed and Cash Limit Permitted and the Participating Bank for the Nominated Account of the Paying Participant is different from the Participating Bank for the Nominated Account of the Payee Participant, Austraclear must allow RITS to collect a message on behalf of both Participating Banks:

- (a) giving particulars of the Cash Element and of the Transaction of which the Cash Element is an element;
- (b) requesting the making of a transfer in RITS from the Participating Bank of the Paying Participant to the Participating Bank of the Payee Participant of an amount equal to the Cash Element; and
- (c) requesting that RITS generate a message to Austraclear if that is done.

If, and only if, Austraclear receives a message from RITS in accordance with paragraph (c) before the prescribed time on the relevant Business Day, the Cash Element is Settled and Austraclear must amend the Cash Records of the Paying Participant and the Payee Participant accordingly.

Link to Procedures: [Rule 15_6 Cash Limit Permitted](#)

Amended 22/08/07

15.7 Cash Element Bank Managed – Interbank

Where the Cash Element is Bank Managed and the Participating Bank in relation to the Nominated Account of the Paying Participant is different from the Participating Bank in relation to the Nominated Account of the Payee Participant, Austraclear must allow RITS to collect a message requesting:

- (a) on behalf of the Participating Banks, that a transfer from the Participating Bank of the Paying Participant to the Participating Bank of the Payee Participant in RITS of an amount equal to the Cash Element be entered in RITS as a "Settlement Transaction";
- (b) on behalf of the Paying Participant, to the Participating Banks, that the Cash Element be Settled; and
- (c) that RITS send Austraclear (on behalf of itself, the Payee Participant and the Paying Participant) a message if the Cash Element is Settled.

If, and only if, Austraclear receives a message from RITS in accordance with paragraph (c) before the prescribed time on the relevant Business Day, the Cash Element is Settled and Austraclear must amend the Cash Records of the Paying Participant and the Payee Participant accordingly.

Link to Procedures: [Rule 15 7 Cash Element Bank Managed](#)

Amended 22/08/07

15.8 Daily Cash Record Settlement Report

Promptly after the time prescribed for the purposes of Regulation 14.4 on each Business Day, Austraclear must make available to each Participating Bank a Daily Cash Record Settlement Report containing in respect of each Participant that maintains a Nominated Account with that Participating Bank the total net cash position between the Participant and all other Participants arising from the Settlement on that Business Day of Cash Elements of Value Transactions affecting the Cash Record of that Participant that relates to that Nominated Account.

16. CASH ELEMENTS – NET END-OF-DAY SETTLEMENT

16.1 Application

This Regulation 16 applies to a Cash Element if and only if Regulation 14.1 or Regulation 14.1A provides that the Cash Element is to be Settled under this Regulation 16.

Amended 25/07/14

16.2 Methods of Settlement

Where a Cash Element is to be Settled under this Regulation 16, it may only be Settled in one of the following ways:

- (a) **(Daily Settlement)** Subject to the PSN Act, once a Cash Element of a Cash Transaction has passed any requisite testing of the Paying Participant's Cash Record, that Cash Element is Settled and the related Cash Transaction is final and may not be unwound by a party to that Cash Transaction or the Participating Bank with whom that Participant maintains its Nominated Account, even if that Participant or Participating Bank becomes subject to an Insolvency Event;
- (b) **(External Settlement)** if:
 - (i) the Cash Element is part of a Value Transaction which also has a Security Element; and
 - (ii) the Security the subject of that Security Element is not the subject of the Security Element of any prior Cash Transaction whose Cash Element has not been Settled,by each Participant party to the Transaction Entering that the Cash Element has been Settled; or
- (c) **(Immediate Settlement)** if the Cash Element is of a prescribed kind by its being dealt with in the prescribed manner so that it is Settled on an immediate settlement basis.

Link to Procedures: [Rule 16 2 Methods of Settlement](#)

16.3 Amendment to Cash Record

Where a Cash Element has been Settled in accordance with Regulation 16.2(a) or (c), the Cash Records of the Payee Participant and the Paying Participant must be amended accordingly.

16.4 Reporting

- (a) Promptly after the prescribed time on each Business Day, Austraclear must make available to each Nominated Clearing Branch a Daily Cash Record Settlement Report containing in respect of each Participant that maintains a Nominated Account at a branch of a Participating Bank that is cleared by that Nominated Clearing Branch the total net cash position between that Participant and all other Participants.
- (b) At any time before the prescribed time, a Nominated Clearing Branch may request Austraclear to make available to it, in respect of a Participant that maintains a Nominated Account at the relevant Participating Bank, the prescribed particulars of all Cash Transactions to which that Participant is a party. Austraclear must immediately make the prescribed particulars available to the requesting Nominated Clearing Branch.

Link to Procedures: [Rule 16 4 01 Report](#)

Link to Procedures: [Rule 16 4 02 Details of Cash Transaction](#)

16.5 Multilateral Netting Arrangement

- (a) Promptly after the prescribed time on each Business Day, Austraclear, or the Reserve Bank using information provided to it by Austraclear, must set-off the aggregate amount of each Participating Bank's interbank payment obligations within the System against the aggregate amount of interbank receipts due to that Participating Bank within the System to establish a multilateral net position for that Participating Bank to the System.
- (b) For so long as these Regulations remain an approved netting arrangement for the purposes of the PSN Act, each Participating Bank, if it becomes subject to an Insolvency Event, may do anything permitted or required by section 10 of the PSN Act or these Regulations, or as prescribed, in order to net obligations of that Participating Bank, or obligations of a Participant on whose behalf that Participating Bank maintains a Nominated Account under these Regulations (even if that Participant has itself become subject to an Insolvency Event), incurred before or on the day on which the Participating Bank becomes subject to an Insolvency Event.

Link to Procedures: [Rule 16 5 Time for Multilateral Netting](#)

16.6 Failure to Settle

- (a) In this Regulation:
 - (i) **"Defaulter"** means, in relation to an FTS Event, a Participating Bank that fails to Settle the obligations incurred by it to the System under Regulation 16.5 in a manner which results in that FTS Event.
 - (ii) **"Electing Survivor"** means, in relation to an FTS Event, each Surviving Participating Bank that elects to have Austraclear pursue recovery action on its behalf in accordance with paragraph (h).
 - (iii) **"FTS Contribution"** means, in relation to a Surviving Participating Bank, the amount determined in accordance with paragraph (f) which it must contribute under these Regulations to enable any settlement to proceed if that settlement is affected by an FTS Event.
 - (iv) **"FTS Event"** means the failure for any reason of a Participating Bank to Settle the obligations incurred by it to the System under Regulation 16.5 because that Participating Bank has insufficient funds in its exchange settlement account with the Reserve Bank. A deferral of settlement does not constitute a failure to settle.
 - (v) **"Revised Settlement"** means, in relation to an FTS Event, the revised Settlement referred to in paragraph (d)(i).
 - (vi) **"Shortfall Amount"** means, in relation to an FTS Event, the amount allocated to the System for the purposes of a Revised Settlement in relation to that FTS Event.
 - (vii) **"Surviving Participating Bank"** means, in relation to an FTS Event, each Participating Bank other than the Defaulter that is responsible, in accordance with this Regulation 16.6, to share the burden of losses resulting from that FTS Event.
 - (viii) **"Total FTS Contribution"** means, in relation to an FTS Event, the total amount of all FTS Contributions to be provided under this Regulation 16.6 by all Surviving Participating Banks.
 - (ix) **"Total FTS Contribution Share"** means, in relation to an Electing Survivor, its percentage share of the Total FTS Contribution.
- (b) Each Participating Bank is responsible in accordance with this Regulation 16.6 and as prescribed to share the burden of any losses arising as a result of the failure of another Participating Bank to Settle for the obligations incurred to the System under Regulation 16.5 by that other Participating Bank.

- (c) Surviving Participating Banks are not responsible for any failure to deal further with the Defaulter in relation to Cash Elements of Cash Transactions involving the Defaulter or Participants who maintain a Nominated Account with the Defaulter or to perform other obligations arising from the same (excluding any such obligations under this Regulation 16.6).
- (d) If an FTS Event occurs:
- (i) the relevant settlement figures for each Surviving Participating Bank given in the Daily Cash Record Settlement Report will be recalculated for a revised settlement to include, as part of that Surviving Participating Bank's settlement obligations, that Participating Bank's FTS Contribution;
 - (ii) Austraclear must give notice to each Surviving Participating Bank of the amount of that Participating Bank's settlement obligations for the Revised Settlement, inclusive of that Participating Bank's FTS Contribution, and the calculations used to determine that amount; and
 - (iii) each Surviving Participating Bank must, at the time prescribed for the Revised Settlement, Settle for the revised amount of its settlement obligations, inclusive of that Bank's FTS Contribution, notified to that Bank under sub-paragraph (d)(ii).

If any Surviving Participating Bank disagrees with the amount of its FTS Contribution reflected in the revised amount of its settlement obligations notified under sub-paragraph (d)(ii) and that disagreement cannot be resolved before the time prescribed for the Revised Settlement, then that Bank must nevertheless Settle for the revised amount notified under sub-paragraph (d)(ii). Compliance by any Surviving Participating Bank with this paragraph (d) in no way prejudices any action which that Bank may pursue under the law if it disagrees with the amount of its FTS Contribution included in the amount of its settlement obligations for the Revised Settlement.

Link to procedures: [Rule 16.6 Time for Revised Settlement](#)

- (e) Each Participating Bank acknowledges that there is no absolute limit on the amount of that Bank's FTS Contribution which might be required under this Regulation 16.6 from time to time and at any particular time.
- (f) Each Surviving Participating Bank's FTS Contribution under this Regulation 16.6 will be determined using the following formula:

$$C = \frac{FTS \times ADV}{SADV}$$

Where:

C is the amount of that Surviving Participating Bank's FTS Contribution;

FTS is the Shortfall Amount;

SADV is the sum of the ADV of all Surviving Participating Banks; and

ADV is the average daily value of all Cash Elements of Cash Transactions made and received by that Surviving Participating Bank (whether for itself or on behalf of any Participant for whom it maintains a Nominated Account), calculated using the 65 Business Days (excluding each day on which RITS is, during the whole or any part of that day, not available pursuant to Regulation 14.1(b)) immediately preceding the relevant FTS Event. If that Surviving Participating Bank has not been a Participating Bank for 65 Business Days (excluding each day on which RITS is, during the whole or any part of that day, not available pursuant to Regulation 14.1(b)) immediately preceding the relevant FTS Event, then that Bank's average daily value of all Cash Elements of

Cash Transactions made and received by that Participating Bank (whether for itself or on behalf of any Participant for whom it maintains a Nominated Account) will be calculated using the period commencing on and from the date on which that Participating Bank first Entered a Cash Transaction up to but excluding the date of the FTS Event.

- (g) Austraclear will maintain, whether by arrangement with the Reserve Bank or otherwise, statistical data sufficient to enable calculation of the amount of each Surviving Participating Bank's FTS Contribution at any particular time.
- (h) Each FTS Contribution contributed by each Surviving Participating Bank pursuant to this Regulation 16.6 in relation to an FTS Event represents, and each Participating Bank, including without limitation the Defaulter, acknowledges that each FTS Contribution represents, a debt payable by the Defaulter in relation to the Defaulter's outstanding settlement payment obligations with respect to the settlement affected by that FTS Event.

If an amount which equals the Total FTS Contribution is not, or amounts which in aggregate equal the Total FTS Contribution are not, received in full or partial satisfaction as the case may be of those outstanding settlement payment obligations within such time as the Committee considers reasonable, then the Committee may require Austraclear to take action to recover the outstanding amounts. If the Committee requires Austraclear to take such action to recover those outstanding amounts, Austraclear must, on behalf of each Surviving Participating Bank that may so elect:

- (i) make a claim against the Defaulter, or if the Defaulter is subject to liquidation, lodge a proof of debt in the winding up of the Defaulter, for any amounts owed by the Defaulter in respect of its unsatisfied payment obligations to Electing Survivors in relation to the settlement affected by the relevant FTS Event;
 - (ii) take all steps which a prudent creditor would take in order to enforce that claim, including, where appropriate, making an application for the winding up of the Defaulter or lodging a proof of debt in a winding up of the Defaulter or both; and
 - (iii) not waive or compromise that claim or debt without the consent of all Electing Survivors.
- (i) If Austraclear is required by determination of the Committee under paragraph (h) to take recovery action in accordance with that paragraph, Austraclear must give notice to each Surviving Participating Bank accordingly requesting that Bank to elect whether to have Austraclear pursue recovery action on that Bank's behalf in accordance with paragraph (h) and specifying a date by which that election must be made. Any election by a Surviving Participating Bank under this paragraph (i) must be notified to Austraclear before the date specified in Austraclear's notice to that Bank as the latest date for that election under this paragraph (i). Austraclear is not required to, but may if the Committee so determines, act on any purported notice of election received by Austraclear after that date.
 - (j) :-
 - (i) Costs, disbursements and other expenses incurred or to be incurred by Austraclear in connection with any recovery action Austraclear takes in accordance with paragraph (h) must be borne by the Electing Survivors in proportion to their respective Total FTS Contribution Shares.
 - (ii) Any costs, disbursements and other expenses to be borne by Electing Survivors under this paragraph (j) must be paid to Austraclear at such times and in such manner as Austraclear reasonably determines from time to time, including without limitation payment in advance of any of those costs, disbursements or other expenses actually incurred by Austraclear if Austraclear requires such payment in advance. Austraclear may account for any payment or part of any payment owed to it by any Electing Survivor by way of set-off by Austraclear against amounts payable by Austraclear under sub-paragraph (j)(iii).
 - (iii) If Austraclear recovers any amount from the Defaulter or any liquidator of the Defaulter as a consequence of the steps under paragraph (h) then, subject to sub-paragraph (j)(ii), Austraclear must ensure that each Electing Survivor receives as soon as practicable an amount equal to that Electing Survivor's Total FTS Contribution Share of that amount recovered from the Defaulter or liquidator of the Defaulter.

17. SUB-PARTICIPANTS, PARTICIPANT PROXIES AND SECURITY RECORDS

17.1 Sub-Participants

Where an entity has been accepted under these Regulations as a Participant, subject to Regulation 4.2, Austraclear must:

- (a) facilitate the establishment of a Sub-Participant to enable the Participant to access and operate in the System; and
- (b) if requested by the Participant, facilitate the establishment of additional Sub-Participants.

Amended 22/08/07

17.2 Security Records and Security Sub-Accounts of Participants

- (a) Austraclear may authorise a Participant to hold Deposited Securities through the System if the Participant satisfies the prescribed eligibility requirements. Austraclear must keep a Security Record in respect of each authorised Participant.
- (a2) If a Participant ceases to satisfy the prescribed eligibility requirements under paragraph (a) or becomes aware of circumstances which will, or would reasonably be likely to, result in it ceasing to satisfy those requirements, the Participant must notify Austraclear as soon as practicable. The notice must specify in reasonable detail the circumstances giving rise to the actual or anticipated failure to satisfy the prescribed eligibility requirements.
- (a3) If Austraclear receives a notice under paragraph (a2) or otherwise becomes aware that a Participant has ceased, or is reasonably likely to cease, to satisfy the prescribed eligibility requirements under paragraph (a), the Committee may direct the Participant to make other arrangements for holding Deposited Securities through the System. If the Participant fails to comply with the direction, the Committee may take one or both of the following actions:
 - (i) suspend or terminate the Participant Status of the Participant;
 - (ii) direct the Participant to Withdraw all Securities then appearing in its Security Record.
- (a4) A Participant has no right of appeal against an exercise of the Committee's rights under paragraph (a3). Regulation 3.12 does not apply to the suspension of the Participant Status of a Participant under paragraph (a3). Regulation 3.14 applies to the suspension or termination of the Participant Status of a Participant under paragraph (a3).
- (b) Each Sub-Participant of a Participant may have one or more sub-records (each a "**Security Sub-Account**" or "**Security Sub-Record**") which together with those of any other Sub-Participant of the Participant comprise the relevant Participant's Security Record.
- (c) Austraclear will create the first Security Sub-Account for each Sub-Participant (which is to be designated the "**House**" Security Sub-Account for that Sub-Participant) and the relevant Participant may create and maintain in the prescribed manner one or more additional Security Sub-Accounts for each Sub-Participant of that Participant.

Link to Procedures: [Rule 17.2.c Creation of Security Sub Acc](#)

Link to Procedures: [Rule 17.2.c Maintain Security Sub Acc](#)

Amended 22/08/07, 01/01/17

17.3 Deposits

A Deposited Security must be recorded in the House Security Sub-Account of the relevant Sub-Participant through which it is Deposited unless, at the time of Deposit, the Participant Enters in the prescribed manner that the Security is to be Entered in another Security Sub-Account of the same Sub-Participant.

Link to Procedures: [Rule 17 3 Deposits](#)

Amended 22/08/07

17.4 Transactions

If as a result of a Transaction a Deposited Security is to be recorded in the Security Record of a Participant, that Security must be recorded in the House Security Sub-Account of the relevant Sub-Participant of that Participant unless, at the time of the recording, that Participant Enters in the prescribed manner that the Security is to be Entered in another Security Sub-Account of the same Sub-Participant.

Link to Procedures: [Rule 17 4 Transactions](#)

Amended 22/08/07

17.5 Transfer of Securities to and from Security Sub-Accounts

A Participant may in the prescribed manner remove a Security that is not Pledged from any Security Sub-Account of that Participant to any other Security Sub-Account of that Participant.

This Regulation does not apply to a Security which is in a Collateral Account (as that expression is defined in Regulation 28.1). Instead Regulation 28 applies.

Explanatory Note: Regulation 28 relates to the Collateral Management System provided within the Austraclear System. Transactions in relation to Securities that are transferred or secured as Collateral in a Participant's Collateral Accounts may be Entered only by that Participant's Collateral Manager (as those expressions are defined in Regulation 28.1). Generally, Securities transferred or secured as Collateral will only be removed from a Collateral Account in the circumstances described in Regulation 28 or where they are no longer required as Collateral.

Link to Procedures: [Rule 17 5 Transfer of Securities](#)

Amended 05/07/13

17.6 Participant Proxy

Subject to prior approval by Austraclear in its absolute discretion:

- (a) a Participant (the authorising Participant) may appoint one or more other Participants as its Participant Proxy to access and operate in the System in the name of the authorising Participant; and
- (b) a Sub-Participant of a Participant (the authorising Sub-Participant) may appoint one other Sub-Participant of a Participant at a time as its Participant Proxy to access and operate in the System in the name of the authorising Sub-Participant.

Introduced 22/08/07

18. AUDIT

18.1 Appointment of Auditor

Austraclear must appoint an auditor who will be responsible for conducting an audit of Austraclear's information technology control environment procedures in relation to the System ("**Procedures**") on a regular basis.

18.2 Scope of Audit

In conducting an audit of the Procedures, the Auditor must at least ascertain that the Procedures:

- (a) are suitably designed to meet Austraclear's internal control objectives; and
- (b) have operated effectively to provide reasonable assurance that Austraclear's internal objectives were achieved throughout the audit period under review.

18.3 Report by Auditor

The Auditor must issue an annual report to Austraclear in the prescribed form and within the prescribed time after the financial year end for Austraclear based on the Auditor's latest audit of the Procedures.

Link to Procedures: [Rule 18 3 Auditors Annual Report](#)

18.4 Participant Report by Austraclear

At the request and expense of a Participant, Austraclear will issue a report relating to Securities held in safekeeping by Austraclear in the prescribed form, either to that Participant or as that Participant may direct by notice to Austraclear.

Link to Procedures: [Rule 18 4 Participants Report by ACLR](#)

18.5 Rights of Access

A Participant, or auditor or other representative of a Participant, has no right of access to or right to sight or inspect:

- (a) any Deposited Securities except by Withdrawing the Security from the System; or
- (b) Austraclear's computer and operational facilities.

19. CONFIDENTIALITY

19.1 Participants Entitled to Confidentiality

Each Participant is entitled to confidentiality of all dealings with, and communications to, Austraclear consistent with the proper and efficient operation of the System in the manner contemplated by these Regulations.

19.2 Non-Disclosure

Austraclear must not disclose any Confidential Information of a Participant in any form to any other person, unless:

- (a) the Participant concerned has approved disclosure;
- (b) authorised by these Regulations;
- (c) the law or a directive by a regulatory or market authority requires the disclosure;
- (d) the information is available generally (but not if it is because Austraclear has contravened a confidentiality obligation (including this Regulation 19));
- (e) the information is required to be provided to the Reserve Bank pursuant to any agreement between the Reserve Bank and Austraclear; or
- (f) the information is required to be provided to a Related Body Corporate of Austraclear, for the purpose of enabling that Related Body Corporate to assess whether the Participant is complying with, will comply with or has complied with the operating rules of, or any contractual arrangement with, that Related Body Corporate.

Amended 30/12/09

19.3 Confidential Information

For the purposes of this Regulation 19, the expression "Confidential Information" in relation to a Participant includes information concerning that Participant in any form in the possession or control of Austraclear or any Related Body Corporate of Austraclear, including proprietary or confidential information of that Participant.

20. LIMITATION OF LIABILITY

20.1 No Liability of Austraclear

Without affecting any other provision of these Regulations, in relation to the System Austraclear is not liable for any Loss or Claim of any person (including without limitation any Participant, Participating Bank or Foreign Currency Settlement Bank) arising out of:

- (a) any act, failure or inability to act by any person other than Austraclear, its officers, employees or agents (including without limitation any errors, omissions or delays, any breach of warranty or undertaking or representation, any breach of these Regulations or the terms of any other document relating to the System, any Insolvency Event, any failure to settle any Transaction or any fraud or forgery);
- (b) any act or any failure or refusal to act (including without limitation any decision or calculation made) by Austraclear, its officers, employees or agents in good faith or in reliance on:
 - (i) any act, failure to act, conduct or consent of any other person;
 - (ii) any instructions, information or document provided to Austraclear, its officers, employees or agents by any other person; or
 - (iii) any failure of Austraclear, its officers, employees or agents to receive any instructions, information or document from any other person;
- (c) any fraud or forgery on the part of any officer, employee or agent of Austraclear outside the scope of their employment with Austraclear except to the extent to which Austraclear would have been responsible at common law for such fraud or forgery;
- (d) the failure of Austraclear, its officers, employees or agents to receive any instructions, information or document from any other person by the relevant due time or date for receipt by Austraclear of such instructions, information or document or at all unless the failure has resulted from a negligent act or omission of Austraclear, its officers, employees or agents;
- (e) the terms of (including without limitation any errors or omissions in) any instructions, information or document given to Austraclear, its officers, employees or agents by any other person;
- (f) any:
 - (i) error or omission in; or
 - (ii) any failure by Austraclear, its officers, employees or agents to identify and correct any error or omission in; or
 - (iii) amendment or correction by Austraclear, its officers, employees or agents to,

any document, information, calculation or advice issued, displayed, announced, transferred or transmitted by or on behalf of Austraclear other than any matter in sub-paragraphs (i) to (iii) which results from a negligent act or omission of Austraclear, its officers, employees or agents;
- (g) any technological failure of any sort (including without limitation any communications, computer software or electrical failure);
- (h) any unauthorised access to, or participation in:
 - (i) the System by any person other than an officer, employee or agent of Austraclear; or
 - (ii) a Clearance and Settlement System by any person;
- (i) the suspension or closure of:

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- (i) the System by Austraclear in accordance with the Regulations or the terms of any other document relating to the System; or
 - (ii) a Clearance and Settlement System for any reason;
- (j) the imposition by:
- (i) Austraclear of any conditions on, the termination or suspension by Austraclear of, or the resignation by a Participant of Participant Status; or
 - (ii) the operator of a Clearance and Settlement System of any condition on, the termination or suspension by such operator of, or the resignation by Austraclear of, Austraclear's participation in that Clearance and Settlement System;
- (k) the breach or incorrectness of any warranty given by any issuer, Participant, Participating Bank or Foreign Currency Settlement Bank;
- (l) the failure by a Participant, Participating Bank or Foreign Currency Settlement Bank to meet an obligation under or in respect of a Security or Transaction;
- (m) the failure by an issuer, Participant, Participating Bank or Foreign Currency Settlement Bank to comply with any requirements or discharge any obligations under these Regulations;
- (n) any representation or warranty made or given by an issuer, Participant, Participating Bank, or Foreign Currency Settlement Bank which is incorrect, incomplete, or misleading;
- (o) any fraud or forgery on the part of any person giving or purporting to give to Austraclear any instructions;
- (p) the terms of any instructions given by an issuer, Participant, Participating Bank or Foreign Currency Settlement Bank to Austraclear or entered by a Participant, Participating Bank or Foreign Currency Settlement Bank into the System;
- (q) a breach of the confidentiality of any passwords or access codes other than a breach of confidentiality caused solely by Austraclear, its officers, employees or agents;
- (r) Austraclear acting on any instructions received or purportedly received from an issuer, Participant, Participating Bank or Foreign Currency Settlement Bank;
- (s) the inability of Austraclear to act on any instructions received;
- (t) any breach of the security of the connection between:
- (i) a Participant, Participating Bank or Foreign Currency Settlement Bank and the computers operated by Austraclear; or
 - (ii) Austraclear and the computers operated by an operator of a Clearance and Settlement System;
- (u) the performance or otherwise by:
- (i) Austraclear of any obligation imposed on the legal owner of a Security; or
 - (ii) an operator of a Clearance and Settlement System (or that operator's officers, employees or agents) of any obligation imposed on the owner of a Eurosecurity;
- (v) any erroneous entry in a Security Record or Cash Record or the reversal of any such entry (other than by Austraclear);
- (w) the suspension of the System, whether wholly or partly, in the circumstances contemplated by Regulation 22.1;

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- (x) any addition, modification or amendment:
- (i) to the Procedures Determinations and Practice Notes or the failure of Austraclear to give or the failure of any Participant, Participating Bank or Foreign Currency Settlement Bank to receive notification of any addition, modification or amendment to the Procedures Determinations and Practice Notes; or
 - (ii) to the terms and conditions governing the operation of a Clearance and Settlement System (and Austraclear is not obliged to notify any Participant, Participating Bank or Foreign Currency Settlement Bank of any such addition, modification or amendment);
- (y) the bona fide exercise of any discretion, right or power authorised, conferred upon or delegated to Austraclear, its officers, employees or agents, by these Regulations or the Procedures Determinations and Practice Notes or by any Participant, Participating Bank or Foreign Currency Settlement Bank or by any other person including any such powers as are incidental thereto, or any obligation imposed on the legal owner of a Security or the owner of a Eurosecurity; or
- (z) a Foreign Currency Account.

Amended 22/08/07, 25/07/14, 01/07/21

20.2 Maximum Liability

- (a) In relation to the System, the total aggregate limit of Austraclear's liability under these Regulations or otherwise in respect of all claims made by Participants, Participating Banks or Foreign Currency Settlement Banks in respect of or arising out of any one event will not exceed \$50 million.
- (b) For the purposes of this Regulation 20.2 all inter-related events which give rise to Austraclear's liability under these Regulations or otherwise will be treated as one event.
- (c) In the event of any 2 or more Participants, Participating Banks or Foreign Currency Settlement Banks suffering losses which exceed the total aggregate limit of \$50 million, the liability of Austraclear to each of those Participants, Participating Banks or Foreign Currency Settlement Banks in accordance with this Regulation 20.2 will be proportional to the total loss suffered by each of those Participants, Participating Banks or Foreign Currency Settlement Banks respectively.

Amended 22/08/07, 25/07/14

20.3 Counterparty risk assessment

A Participant is responsible for undertaking its own counterparty risk assessment. One or more Participants may undertake state banking or state insurance business in the course of their activities on the System and may therefore have the benefit of sovereign immunity. Participants should consider this in their counterparty risk assessment.

Introduced 06/07/20

21. NOTICES

21.1 Method of giving Notices

A notice, consent, approval or other communication (each a "**Notice**") under these Regulations must be in writing, signed by or on behalf of the person giving it (and in the case of a Participant must be signed by a person who appears on the Notification of Authorised Signatories), addressed to the person to whom it is to be given and:

- (a) delivered to that person's address; or
- (b) sent by pre-paid mail to that person's address; or
- (c) transmitted by facsimile to that person's address.

Amended 22/08/07

21.2 Electronic forms of communication

Notwithstanding the other provisions of this Regulation 21, Austraclear may determine that Participants must establish a facility for electronic communications, such as email; may determine the types of Notices under the Regulations which may be served by email (in which event the email itself is deemed to be sufficient compliance with the requirements of Regulation 21.1 regarding writing and signature); and may determine ancillary matters relating to effective electronic communications and service of documents.

Link to Procedures: [Rule 21_2_Electronic_Forms_Communication](#)

21.3 Time of Receipt

A Notice given to a person in accordance with this Regulation 21 is treated as having been given and received:

- (a) if delivered to a person's address, on the day of delivery if a Business Day, otherwise on the next following Business Day;
- (b) if sent by pre-paid mail, on the second Business Day after posting;
- (c) if transmitted by facsimile to a person's address and a correct and complete transmission report is received, on the day of transmission if a Business Day, otherwise on the next following Business Day; and
- (d) For the purpose of this Regulation 21.3 (Time of Receipt), an invoice or Notice permitted to be served by email is deemed to have been served at the earlier of:
 - (i) when the sender receives an automated message confirming delivery, or
 - (ii) four hours after the time sent, unless the sender receives an automated message that the email has not been delivered.

If an email was received in accordance with this Regulation on a day other than a Business Day or after 5:00 pm on a Business Day, it is deemed to have been received on the next Business Day.

Amended 22/08/07

21.4 Notice to all Participants

If Austraclear fails to give notice to all Participants where required by these Regulations so to do, then the omission to give a copy of that notice to, or the non-receipt of a copy of that notice by, a Participant will not affect the validity or the effectiveness of that notice.

21.5 Addresses

For the purposes of this Regulation 21, the address of a Participant is the address of that Participant as shown in its application for Participant Status, or such other address which that Participant may from time to time notify to Austraclear.

21.6 Notices relating to Insolvency Events and Changes in Control and Security Record Eligibility

In addition to all other requirements as to notices under this Regulation 21, any notice given under Regulation 3.9 or Regulation 17.2(a2) to Austraclear must specifically be addressed to the prescribed person.

Link to Procedures: [Rule 21_6 Insolvency Change in Control](#)

Amended 01/01/17

22. EMERGENCY SITUATIONS

22.1 Declaration

Where any of the following events occurs, Austraclear may declare an emergency situation, which declaration may result in the whole or partial suspension of the System:

- (a) an Insolvency Event happening to a Participant or a Participating Bank; or
- (b) significant damage to the premises of Austraclear or its computer facility; or
- (c) discovery of a theft of a Security from the premises of Austraclear; or
- (d) significant breakdown in or disruption to the Austraclear communications network or in Austraclear's communications link with a Clearance and Settlement System; or
- (e) significant power failure; or
- (f) any closure, suspension or disruption of the operations of a Clearance and Settlement System; or
- (g) any other event which may materially jeopardise the integrity of the Austraclear System.

22.2 Management of Emergency Situations

- (a) Austraclear may call upon the advice or assistance of any other person or corporation as it regards as appropriate.
- (b) Austraclear will manage the emergency situation and take any action as, having regard to all of the circumstances in the particular case, it considers appropriate to resolve the emergency situation as soon as practicable.
- (c) Austraclear may inform any person from time to time as it considers appropriate as to any action which it decides to take.

22.3 End of Emergency Situation

Upon Austraclear determining that the emergency situation has sufficiently abated to permit the orderly and secure functioning of the System, Austraclear may declare that the emergency situation no longer exists.

23. GENERAL

23.1 Set-Off

Nothing in these Regulations is to be construed so as to negate or exclude any right of set-off which may otherwise arise.

23.2 No Derogation

Unless otherwise expressly provided, the rights and powers conferred by these Regulations on Austraclear, or on any Participant, Participating Bank or Foreign Currency Settlement Bank are in addition to, and will not have the effect of prejudicing or derogating from, any rights and powers conferred on the relevant person by statute or by general law.

Amended 25/07/14

23.3 Effect as Contract

Each Participant, Austraclear and each Participating Bank and Foreign Currency Settlement Bank acknowledges that:

- (a) the System has been established by and for the benefit of the Participants;
- (b) in the case of Participants, Participating Banks and Foreign Currency Settlement Banks, by and in consideration of becoming a Participant, a Participating Bank or a Foreign Currency Settlement Bank (as the case may be) it must comply with these Regulations and fulfil and perform every obligation imposed on it by or pursuant to these Regulations;
- (c) for the avoidance of doubt, the use by a Participant, Participating Bank or Foreign Currency Settlement Bank (in any capacity) of the System constitutes acceptance of these Regulations by that person;
- (d) these Regulations are a valid binding and enforceable contract between each and every Participant, Participating Bank, Foreign Currency Settlement Bank and Austraclear; and
- (e) in contracting pursuant to the preceding paragraph with each Participant and each Participating Bank and Foreign Currency Settlement Bank, Austraclear contracts as agent and trustee for each other Participant, each other Participating Bank and each other Foreign Currency Settlement Bank as well as on its own behalf, so that the rights which Austraclear thereby has to enforce these Regulations as a contract against any person will be rights exercisable on its own behalf as well as on behalf of and for the benefit of all other persons which are Participants, Participating Banks or Foreign Currency Settlement Banks from time to time.

Amended 25/07/14

23.4 No Fiduciary Relationship

Unless expressly agreed, neither Austraclear nor another person, by reason of these Regulations, the Procedures Determinations and Practice Notes or any other document relating to the System has a fiduciary relationship with, or is trustee for a Participant, a Participating Bank, a Foreign Currency Settlement Bank or another person.

Amended 25/07/14

23.5 Governing Law and Jurisdiction

- (a) These Regulations are governed by and are to be construed in accordance with the law in force in New South Wales, Australia.
- (b) Without limiting the generality of paragraph (a), each Participant, Participating Bank and Foreign Currency Settlement Bank acknowledges the application and effect of the PSN Act as a result of the System being an approved RTGS system and the Regulations being an approved netting arrangement under that Act.
- (c) Each Participant, each Participating Bank and each Foreign Currency Settlement Bank:
 - (i) irrevocably and unconditionally submits to the exclusive jurisdiction of the courts of New South Wales and any courts that may hear appeals from them; and
 - (ii) waives any right it has to object to an action brought in those courts including, without limitation, by claiming that the action has been brought in an inconvenient forum or that those courts do not have jurisdiction.

Amended 25/07/14

23.6 Austraclear as Feeder System to RITS

For so long as Austraclear is a feeder system to RITS, each Participant and each Participating Bank acknowledges and agrees that the Reserve Bank may deal with all settlement requests, recall requests and other messages collected by it by means of the RITS feeder interface process in accordance with, and subject to, the Reserve Bank Information and Transfer System Regulations and Conditions of Operation.

Amended 22/08/07

23.7 Reserve Bank's rights and Austraclear's obligations

Despite any other provision of these Regulations, each Participant, Austraclear, each Participating Bank and each Foreign Currency Settlement Bank acknowledges that the Reserve Bank and Austraclear have agreed that in certain circumstances the Reserve Bank (either itself or through a nominee) may assume day to day responsibility for the ongoing operation of the System on behalf of Austraclear.

Amended 25/07/14

24. RBA MANUAL REPOS

24.1 Definitions

In this Regulation 24:

"Approved Deposited Security" means a Deposited Security in the System that is specified in the RITS Regulations as acceptable for the purpose of an RBA Manual Repo.

"RBA Manual Repo" means a Repurchase Transaction between a Participating Bank and the Reserve Bank in respect of Approved Deposited Securities Owned by that Participating Bank which is regulated by the RITS Regulations.

24.2 Conduct

An RBA Manual Repo may only be conducted in the manner and circumstances determined by the Reserve Bank in its sole discretion and otherwise as set out in these Regulations or as prescribed.

Without limiting the generality of this Regulation 24.2 in relation to an RBA Manual Repo:

- (a) a Participating Bank must comply with all provisions in the RITS Regulations applicable to an "RBA Manual Repo" (as defined in the RITS Regulations) to be settled through an "Approved Securities Settlement System" (as defined in the RITS Regulations); and
- (b) each Participating Bank acknowledges that the Reserve Bank may, in its sole discretion, request Austraclear to suspend the conduct of RBA Manual Repos in the System and Austraclear will do so.

24.3 Eligible Securities

Only an Approved Deposited Security is eligible to be used for a RBA Manual Repo.

24.4 Settlement of Present Component

The Present Component of a RBA Manual Repo is to be Settled as a Value Transaction having the same characteristics as the Present Component without regard to the Future Component of that RBA Manual Repo.

24.5 Conversion of Future Component

At the same time as the Present Component of a RBA Manual Repo is Settled the Future Component automatically becomes a Forward Delivery Transaction on the same terms as the Future Component.

24.6 Unwind

A Participating Bank that is a party to a RBA Manual Repo, the Present Component of which has already Settled, may make an Entry to unwind that Transaction, whereupon the Forward Delivery Transaction automatically becomes a Value Transaction on the same terms as the Future Component of that RBA Manual Repo.

25. MARKET REPOS

25.1 Definitions

In this Regulation 25:

"**Market Repo**" means a Repurchase Transaction between two Participants that is not a RBA Manual Repo.

25.2 Terms of Market Repos

- (a) Subject to Regulation 25.3, Participants who are counterparties to a Market Repo may in the prescribed manner record their agreement that all Market Repos between them which are confirmed and settled through the System will be, or will cease to be, governed by the prescribed terms.
- (b) Where no Entry under paragraph (a) is made or where Participants record in the prescribed manner that Market Repos between them which are confirmed and settled through the System will cease to be governed by the prescribed terms, then the terms of any Market Repos between them will be as agreed between the Participants.
- (c) Austraclear is under no obligation to consider the terms of any Market Repo or to determine how onerous are its terms.

25.3 Conduct of Market Repos with the Reserve Bank

A Market Repo between a Participant and the Reserve Bank may only be conducted in the manner and circumstances determined by the Reserve Bank in its sole discretion and otherwise as set out in these Regulations or as prescribed.

Without limiting the generality of this Regulation 25.3, in relation to a Market Repo with the Reserve Bank, the Participant who is the counterparty to that Market Repo must comply with all provisions in the RITS Regulations applicable to a "Reciprocal Purchase Transaction" (as defined in the RITS Regulations) with the Reserve Bank to be settled through the System.

25.4 Settlement of Present Component

- (a) The Present Component of a Market Repo is to be Settled as a Value Transaction having the same characteristics as the Present Component without regard to the Future Component of that Market Repo.
- (b) A Present Component of a Market Repo that is to be Settled as a Value Transaction affecting a Non-Paper Security, Euroentitlement or Dematerialised Security will be processed by the System in accordance with Regulation 12.5(b)-(d).

Amended 01/03/21

25.5 Conversion of Future Component

At the same time as the Present Component of a Market Repo is Settled the Future Component automatically becomes a Forward Delivery Transaction on the same terms as the Future Component.

25.6 Settlement of Future Component

- (a) The Future Component of a Market Repo may only be Settled where:
- (i) the Present Component of that Market Repo has already Settled (whereupon the Future Component automatically becomes a Forward Delivery Transaction in accordance with Regulation 25.5); and
 - (ii) an Entry has been made to unwind that Transaction by or on behalf of each Participant that is a party to the Market Repo,

whereupon the Forward Delivery Transaction automatically becomes and is to be Settled as a Value Transaction on the same terms as the Future Component of that Market Repo.

- (b) For the purposes of Regulation 25.6(a)(ii):
- (i) a Participant that is a party to a Market Repo may make an Entry to unwind that Transaction either before or after the Present Component of the Market Repo has Settled; and
 - (ii) a Participant may make an election in the System with the effect that on the Settlement Date for the Future Component of a Market Repo to which it is party, the System will automatically make an Entry on its behalf to unwind that Transaction unless the Participant has already made an Entry to unwind that Transaction in accordance with Regulation 25.6(b)(i).

Explanatory note: The effect of a Participant making an Entry to unwind a Market Repo Transaction before the Present Component of the Market Repo has Settled is that at the time the Present Component is Settled the Future Component will automatically become a Forward Delivery Transaction in accordance with Regulation 25.5 and then immediately automatically become a Value Transaction in accordance with Regulation 25.6(a).

- (c) A Future Component of a Market Repo that is to be Settled as a Value Transaction affecting a Non-Paper Security, Euroentitlement or Dematerialised Security will be processed by the System in accordance with Regulation 12.5(b)-(d).
- (d) A Participant that is the seller for a Future Component of a Market Repo affecting a Non-Paper Security, Euroentitlement or Dematerialised Security may make an Entry for the System to process that Future Component in accordance with the deferred settlement arrangements in Regulation 12.5(c) upon it automatically becoming a Value Transaction in accordance with Regulation 25.6(a). The Participant may make this Entry at the time it makes the relevant Entry to unwind the Market Repo or at any time prior to the Future Component being matched in the System.
- (e) A Participant may make an election in the System with the effect that where the System automatically makes an Entry on its behalf to unwind a Market Repo affecting a Non-Paper Security, Euroentitlement or Dematerialised Security in accordance with Regulation 25.6(b)(ii), and the Participant is the seller for the Future Component of that Market Repo, the System will process that Future Component in accordance with the deferred settlement arrangements in Regulation 12.5(c) upon it automatically becoming a Value Transaction in accordance with Regulation 25.6(a).

Amended 01/03/21

26. SOFTWARE LICENCE

Link to Procedures: [Rule 26 Software Licence](#)

26.1 Licence over Austraclear Software

By meeting and continuing to meet the conditions set out in Regulation 26.2, a Participant is granted by Austraclear and continues to hold a non-transferable, non-exclusive Licence to use such part of the Austraclear Software as is approved by Austraclear for the purpose of the Participant carrying out its activities as a Participant of Austraclear.

26.2 Conditions of Licence

The conditions of a Licence granted by Austraclear under Regulation 26.1 are that the Participant must:

- (a) use the Licensed Software solely for purposes in the ordinary course of business directly related to the Participant's activities as a Participant of Austraclear;
- (b) pay the Software Fee and any Support Fee;
- (c) not breach any Intellectual Property rights of Austraclear or any other third party in relation to the Licensed Software;
- (d) use the Licensed Software only in accordance with the Regulations;
- (e) not make or permit others to make any copy of the Licensed Software other than for back-up purposes and only in the ordinary course of its back-up procedures;
- (f) not sub-license or otherwise transfer, assign, disclose or otherwise make available or supply the Licensed Software, or any part, version, copy, adaptation, enhancement, amendment, modification or new release of the Licensed Software to any other person without the consent of Austraclear;
- (g) not transfer the Licensed Software to or network it with any site other than the site authorised by Austraclear from time to time;
- (h) not use the Licensed Software to process the data of any third party for the purposes of the business of such third party, except in accordance with the Regulations;
- (i) not change, modify, amend or alter the Licensed Software or permit, employ or contract any other party (other than Austraclear or a party authorised by Austraclear) to do so;
- (j) not remove or deface any identification of ownership of copyright, trade mark or other proprietary rights connected with the Licensed Software;
- (k) not reverse assemble, reverse compile, reverse engineer, adapt, alter, decompile, modify, unlock or permit, assist or cause any other person to reverse assemble, reverse compile, reverse engineer, adapt, alter, decompile, modify or unlock the Licensed Software;
- (l) not derive works from the Licensed Software which infringe the Copyright Act 1968 (Cth);
- (m) not use or permit the use of the Licensed Software by any persons not authorised to do so;

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- (n) not disseminate data or confidential information generated by the System to a third party or allow a third party access to the System for the purpose of dissemination of that data or confidential information to others;
 - (o) install any enhancements or upgrades to the Licensed Software as Austraclear may from time to time direct;
 - (p) upon Austraclear giving the Participant reasonable notice, allow Austraclear to effect any enhancements or upgrades to the Licensed Software as required by Austraclear;
 - (q) only use the Licensed Software on a site or sites as Austraclear may from time to time agree to in writing;
 - (r) use the Licensed Software in accordance with any operating instructions supplied by Austraclear or by any other party on behalf of Austraclear;
 - (s) use all reasonable endeavours to maintain an environment suitable to keep the Licensed Software in effective working order and condition;
 - (t) use all reasonable endeavours to prevent reckless or negligent use or wilful abuse of the Licensed Software;
 - (u) bear all costs of repairing or replacing damaged Licensed Software where such damage results from negligent or reckless use or wilful abuse of the Licensed Software on the part of the Participant, its officers or agents;
 - (v) notify Austraclear as soon as possible in the event of a breakdown of, or malfunction in, or defect in, the Licensed Software;
 - (w) not permit any unauthorised software to be installed or loaded in conjunction with the Licensed Software.

26.3 Title to Licensed Software

26.3.1 With the exception of the non-exclusive Licence granted pursuant to Regulation 26.1, use by a Participant of the System will not confer upon the Participant any right, title or interest in the Licensed Software.

26.3.2 Ownership of any Intellectual Property rights in:

- (a) the Licensed Software; and
- (b) any works within the meaning of the Copyright Act 1968 (Cth) derived from the Licensed Software,

will vest or remain vested in Austraclear or the relevant Licensor or any other entity as Austraclear or its Licensor (as the case may be) may in their sole discretion elect.

26.4 Warranty as to Title

Austraclear warrants to each Participant to whom it grants a Licence in accordance with Regulation 26.1 that it is authorised to grant the Licence and that the Participant is entitled to use the Licensed Software in accordance with the Regulations.

26.5 Intellectual Property Rights Indemnity

26.5.1 Austraclear agrees to indemnify each Participant to whom a Licence has been granted against any loss the Participant may suffer due to any claim by any third party that the use or possession by the Participant of the Licensed Software infringes any Intellectual Property right of that third party but only to the extent to which Austraclear is actually indemnified by its Licensors under the relevant licence agreements and provided that:

- (a) Austraclear is given notice of the claim as soon as practicable after receipt of a written claim by the Participant from any such third party;
- (b) Austraclear or its Licensors (as the case may be) are given complete control over such claim, and the Participant fully co-operates with Austraclear at Austraclear's or its Licensor's reasonable expense in the conduct of such claim;
- (c) the Participant does not prejudice in any manner Austraclear's or the Licensor's conduct of such claim;
- (d) the claim is not based upon the use of the Licensed Software in a manner:
 - (i) not authorised under these Regulations;
 - (ii) for which the Licensed Software was not designed; or
 - (iii) not in accordance with the documentation provided by Austraclear and/or its Licensors; and
- (e) Austraclear will not be obliged to indemnify the Participant for any claim of infringement based on the:
 - (i) use of an altered version of the Licensed Software unless such alteration was authorised in writing by Austraclear;
 - (ii) combination, operation or use of the Licensed Software with software, hardware or other materials not supplied by Austraclear; or
 - (iii) use of a superseded version of the Licensed Software where the Participant has failed to install an upgraded or enhanced version of the Licensed Software as directed by Austraclear.

26.5.2 If a final injunction is obtained against the use of any part of the Licensed Software as a result of a claim under which Austraclear is obliged to indemnify the Participant under Regulation 26.5, and provided the Participant has fully complied with its obligations regarding any such claim, Austraclear may, at its absolute option and expense either:

- (a) procure for the Participant the right to continue to use the Licensed Software;
- (b) modify the Licensed Software so that it becomes non-infringing;
- (c) replace the Licensed Software with software offering substantially similar functions; or
- (d) terminate the Licence without any further liability to the Participant.

26.5.3 The Participant agrees to indemnify Austraclear for any loss or damage Austraclear may suffer due to any claim by a third party for actual or alleged infringement of any Intellectual Property right arising out of the Participant's use of the System in any manner prohibited by these Regulations.

26.6 Responsibility of Austraclear

Austraclear will:

- (a) supply and service the Licensed Software in the Sydney central business district, or such other location(s) as Austraclear may designate in writing, in accordance with the installation and servicing instructions for the Licensed Software or as otherwise provided by Austraclear from time to time;
- (b) subject to Regulation 26.2(u) as soon as reasonably possible repair or replace damaged Licensed Software;
- (c) liaise with the Participant concerning the Participant's requirements for the Licensed Software;
- (d) Co-ordinate additions, reductions and relocations of the Licensed Software;
- (e) maintain an inventory of the Licensed Software and provide a copy of the same to the Participant upon reasonable request;
- (f) provide a facility for the Participant to report faults in the Licensed Software to operational staff;
- (g) provide the Participant with upgrades or enhancements of the Licensed Software as and when they become available;
- (h) in consideration for payment by the Participant of the Support Fee, provide the Participant with on-going support services at the prescribed times, which will consist of:
 - (i) telephone support;
 - (ii) remote access support;
 - (iii) on-site support where Austraclear determines that support cannot be provided through the use of telephone support, or remote access capability.

Amended 22/08/07

26.7 Responsibility for Security

The Participant will be solely responsible for the use of the System by any person not authorised by Austraclear or for any misuse, damage or destruction of the System resulting from the use of the System by the Participant.

26.8 Termination of Licence

Austraclear may terminate the Licence granted under Regulation 26.1 and the Participant's access to the System in the event that the Participant ceases to be a Participant pursuant to the Regulations.

26.9 Suspension of Licence

Austraclear may suspend the Participant's access to the System in the event that:

- (a) the Participant has been suspended in accordance with these Regulations;
- (b) in Austraclear's opinion an emergency situation (as described in these Regulations) occurs and Austraclear determines that such suspension is necessary to deal with the emergency; or

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- (c) except where such amount is disputed in good faith and without prejudice to any other rule relating to rights for late payment of fees in these Regulations, the Participant fails to pay the Software Fee or any Support Fee within 30 days of the due date where Austraclear has issued a notice in writing to that effect to the Participant requiring payment, the Participant has failed to pay the amount set out in that notice within thirty days, Austraclear has issued a second notice, the Participant has failed to pay the amount set out in Austraclear's second notice within a further seven days and the total amounts referred to in the second notice exceed 25% of the total amount due under that invoice.

26.10 Suspension to be lifted

If:

- (a) the Participant is no longer suspended; or
- (b) an emergency situation ceases to exist; or
- (c) the Participant pays to Austraclear the amount referred to in Regulation 26.9(c) as well as any other outstanding amount which has accrued from the date of the last notice issued by Austraclear,

then Austraclear must immediately lift the suspension of the Participant's access to the System.

26.11 Participant's Obligations on Termination of Licence

Upon termination of the Licence granted in accordance with this Regulation, the Participant will within 7 days of termination:-

- (a) cease use of the System, return all documentation relating to the System to Austraclear and certify in writing to Austraclear that it has complied with the foregoing; and
- (b) return the Licensed Software to Austraclear; and
- (c) pay any outstanding Software Fee, Support Fee and other amounts payable under these Regulations.

27. ELECTRONIC CONVEYANCING SETTLEMENT FACILITY – [Deleted]

Introduced 22/08/07 Amended 06/01/09 Deleted 01/07/21

28. COLLATERAL MANAGEMENT SYSTEM

Introduced 05/07/13

Explanatory Note:

The Collateral Management System allows Participants to give and receive Collateral in the Austraclear System in the form of Securities and Cash, to satisfy collateral obligations arising in relation to principal agreements entered into outside the Austraclear System. For principal agreements that are repurchase agreements the Collateral Management System also allows Participants to give and receive Cash in exchange for Collateral. For principal agreements that are securities lending agreements, the Collateral Management System also allows Participants to give and receive Loan Securities in exchange for Collateral.

A Participant can only participate in the Collateral Management System through a service provider called a Collateral Manager. A Collateral Manager must be admitted as a Special Purpose Participant. A Participant who meets the requirements for participating in the Collateral Management System can hold Securities as Collateral in special Security Sub-Accounts called Collateral Accounts established in the Austraclear System and can manage the giving and receiving of Collateral through its Collateral Manager.

28.1 Definitions

In Regulation 28, unless the context otherwise requires:

"**Austraclear System**" has the meaning given to "System" in Regulation 1.1.

"**Cash**" means cleared funds that are transferred between one Participant and another using the Austraclear System.

"**Collateral**" means a Security or Cash that is eligible to be provided as collateral under a principal agreement.

Amended 23/01/17

"**Collateral Account**" means a Transferred Collateral Account or a Secured Collateral Account.

"**Collateral Giver**" means a Full Participant who is providing or has provided Collateral to a Collateral Receiver.

"**Collateral Manager**" means a Special Purpose Participant who has been approved by Austraclear under these Regulations to operate in the Austraclear System as a Collateral Manager.

"**Collateral Management Agreement**" means an agreement meeting the requirements of these Regulations and the Procedures, Determinations and Practice Notes between either a Collateral Giver or a Collateral Receiver and its Collateral Manager setting out the terms and conditions on which the Collateral Manager is appointed and provides its services.

"**Collateral Management System**" means a service provided within the Austraclear System for the management and movement of Collateral, Cash and/or Loan Securities to and from Collateral Givers and Collateral Receivers by a Collateral Manager.

Amended 23/01/17

"**Collateral Receiver**" means a Full Participant who is to be, or has been, provided with Collateral by a Collateral Giver (including by way of security interest).

"**Collateral Source Account**" means a Participant's Security Sub-Account that has been designated by the Participant as a source of Securities to satisfy its obligations as a Collateral Giver. A Collateral Source Account may also be designated as a Loan Securities Source Account and/or a Loan Securities Account.

Amended 23/01/17

"Equivalent Securities" means, with respect to a Security, a security of the same issuer, forming part of the same issue and being of an identical type, nominal value, description and (except where otherwise stated) amount to that Security.

"Income" means any dividends, interest or other distributions of any kind whatsoever with respect to any Securities (excluding all proceeds of redemption).

"Loan Security" means a Security that is, or is to be, provided for loan under a securities lending agreement.

Introduced 23/01/17

"Loan Securities Account" means Collateral Giver's Security Sub-Account which has been designated by the Collateral Giver to receive Loan Securities provided by a Collateral Receiver. A Loan Securities Account may also be designated as a Collateral Source Account and/or a Loan Securities Source Account.

Introduced 23/01/17

"Loan Securities Source Account" means a Collateral Receiver's Security Sub-Account which has been designated by the Collateral Receiver as a source of Loan Securities which may be provided to a Collateral Giver. A Loan Securities Source Account may also be designated as a Collateral Source Account and/or a Loan Securities Account.

Introduced 23/01/17

"provided" in relation to Collateral means either provided by way of transfer or provided in another manner, and in relation to Loan Securities means provided by way of transfer.

Amended 23/01/17

"Re-Use" means the provision by a Participant of a Security which is in its Transferred Collateral Account to another Participant as Collateral within the Collateral Management System.

Amended 23/01/17

"Secured Collateral" means a Security provided as Collateral under a principal agreement other than by way of transfer.

"Secured Collateral Account" means a Security Sub-Account of a Collateral Giver that is used to record Secured Collateral provided to a Collateral Receiver.

"Security" has the meaning given to it in Regulation 1.1 but for purposes of Regulation 28 does not include Paper Securities.

"Standards" means the Reserve Bank of Australia's Financial Stability Standards for Securities Settlement Facilities.

"Transferred Collateral" means a Security provided as Collateral under a principal agreement by way of transfer.

"Transferred Collateral Account" means a Security Sub-Account of a Collateral Receiver that is used to record Transferred Collateral provided by a Collateral Giver to that Collateral Receiver.

28.2 Interpretation

In Regulation 28:

- (a) Subject to Regulation 28.2(b), capitalised terms not defined in Regulation 28 have the meanings given in Regulation 1.1, and the rules of interpretation in Regulation 1 apply.

- (b) If any part of Regulation 28 is inconsistent with another part of these Regulations, Regulation 28 will take priority to the extent necessary to permit the proper functioning of the Collateral Management System.

28.3 Rights and interests

Without affecting the rights and obligations of Austraclear, this Regulation 28 does not:

- (a) vary the rights, obligations and interests between the Collateral Giver or the Collateral Receiver under the principal agreement; or
- (b) create rights, obligations or interests between a Collateral Giver and a Collateral Receiver.

Austraclear is entitled to assume that the Collateral Giver has absolutely transferred all right, title and interest in any Transferred Collateral to the Collateral Receiver and to ignore any notice of any interest of any person other than the Collateral Receiver in Transferred Collateral. Each Participant irrevocably authorises Austraclear to effect such transfers of Transferred Collateral, or Pledges or releases from Pledges of Secured Collateral, or transfers of Loan Securities, or to perform any act to give effect to the movement of Cash, as directed by the Collateral Manager. The power to perform this function is expressly delegated to Austraclear by each Participant for purposes of Regulation 6.7(a). Each Participant releases and discharges Austraclear from, and indemnifies, and must keep indemnified Austraclear against, any Loss or Claim arising in connection with the exercise or non-exercise by Austraclear of any powers under this Regulation.

Amended 23/01/17

28.4 Requirement to appoint and retain Collateral Manager

- (a) The Collateral Management System may only be used by a Participant who is a Full Participant, whose Participant Status is not resigned, suspended or terminated, or subject to a condition restricting such use, and who has appointed and retains the services of a Collateral Manager meeting the requirements of these Regulations under a Collateral Management Agreement.
- (b) A Collateral Manager may only Enter a Transaction involving Collateral, Cash or Loan Securities if it has been and remains authorised to do so under the terms of a Collateral Management Agreement with both the Collateral Giver and the Collateral Receiver for the Transaction.
- (c) If at any time Austraclear considers, in its absolute discretion, that a Participant no longer meets the requirements of Regulation 28.4(a), Austraclear may direct the Participant immediately to:
- (i) transfer all Securities out of its Collateral Accounts into another Security Sub-Account of the Participant which is not a Collateral Account; and
- (ii) in the case of Securities transferred out of a Secured Collateral Account, immediately on transfer, record that the Securities are Pledged in favour of the relevant Collateral Receiver.

Each Participant irrevocably authorises Austraclear to effect such transfers and/or Pledges if the Participant fails or is otherwise unable immediately to effect the required transfers and/or Pledges when directed by Austraclear. The power to perform this function is expressly delegated to Austraclear by each Participant for purposes of Regulation 6.7(a). Each Participant releases and discharges Austraclear from, and indemnifies, and must keep indemnified Austraclear against, any Loss or Claim arising in connection with the exercise or non-exercise by Austraclear of any powers under this Regulation.

Explanatory Note: Without limiting the circumstances in which this Regulation may apply, they include the following:

- (a) Where the Collateral Management Agreement between the Participant and its Collateral Manager is terminated.
- (b) Where the Collateral Manager no longer meets the requirements of the Regulations - for example, because its Participant Status is suspended.
- (c) Where the Participant's Participant Status is suspended. In this case, the default rules in Regulation 28.12 may also apply.

Amended 23/01/17

28.5 Requirements for Collateral Managers

- (a) To be a Collateral Manager, an entity must be accepted by Austraclear as a Special Purpose Participant and its Participant Status must not be resigned, suspended or terminated. A Collateral Manager must satisfy and continue to satisfy any requirements for Collateral Managers imposed by Regulation 28 and the Procedures Determinations and Practice Notes and by Austraclear on or after admission.
- (b) A Collateral Manager appointed by a Participant for the purposes of Regulation 28 must lodge with Austraclear a Notification of Authorised Signatories and the Authorised Signatories of the Collateral Manager will be deemed to be appointed as Authorised Signatories of the Participant for the purposes of Regulation 28. The appointment of the Authorised Signatories of the Collateral Manager (including their appointment as Authorised Signatories of the Participant):
 - (i) may be amended or revoked at any time by the Collateral Manager by lodging a new Notification of Authorised Signatories in a form approved by Austraclear; and
 - (ii) otherwise may only be revoked by the termination of the relevant Collateral Management Agreement.

28.6 Making Securities available for use as Collateral or Loan Securities

- (a) A Participant may make Securities available for use as Collateral in the Collateral Management System by holding them in a Collateral Source Account.
- (b) A Participant may make Securities available for use as Loan Securities in the Collateral Management System by holding them in a Loan Securities Source Account.
- (c) Information, instructions and Transactions may be Entered in relation to a Collateral Source Account or a Loan Securities Source Account of a Participant by that Participant or its Collateral Manager.

Amended 23/01/17

28.7 Providing Securities as Collateral or Loan Securities

- (a) A Collateral Giver may use the Collateral Management System to provide Securities as Collateral to a Collateral Receiver by transfer by instructing its Collateral Manager to move the Securities to a Transferred Collateral Account of the Collateral Receiver or other than by way of transfer by instructing its Collateral Manager to move the Securities to a Secured Collateral Account of the Collateral Giver and to record the Collateral Receiver as the Pledgee.
- (b) A Collateral Receiver may use the Collateral Management System to provide Loan Securities to a Collateral Giver by instructing its Collateral Manager to move the Securities to a Loan Securities Account of the Collateral Giver.

- (c) A Security which is subject to a Pledge under Regulation 9 cannot be given as Collateral or Loan Securities. For the avoidance of doubt, the Pledge provisions of Regulation 9 do not apply to a Security which is Secured Collateral under Regulation 28.

Amended 23/01/17

28.7A Receiving Securities as Collateral or Loan Securities

- (a) A Collateral Receiver may use the Collateral Management System to receive Securities as Collateral from a Collateral Giver by transfer by instructing the Collateral Manager to move the Securities to its Transferred Collateral Account or other than by way of transfer by instructing its Collateral Manager to record the Collateral Receiver as the Pledgee of Securities in a Secured Collateral Account of the Collateral Giver.
- (b) A Collateral Giver may use the Collateral Management System to receive Loan Securities from a Collateral Receiver by instructing its Collateral Manager to move the Securities to a Loan Securities Account of the Collateral Giver.
- (c) Information, instructions and Transactions may be Entered in relation to a Loan Securities Account of a Participant by that Participant or its Collateral Manager.

Introduced 23/01/17

28.8 Transfers of Securities to and from a Collateral Account

Despite any other provisions of these Regulations relating to a Participant's power to Deposit or Withdraw, Enter Transactions in or Pledge or release from Pledge, Securities or give instructions to Austraclear (but subject to Regulation 28.4(c)), information, instructions and Transactions may be Entered in relation to:

- (a) a Secured Collateral Account of a Collateral Giver only by the Collateral Giver's Collateral Manager, acting on behalf of the relevant Collateral Receiver, and not by the Collateral Giver or the Collateral Receiver; and
- (b) a Transferred Collateral Account of a Collateral Receiver only by the Collateral Receiver's Collateral Manager and not by the Collateral Receiver or the Collateral Giver.

Explanatory Note: Securities can only be transferred to and from a Collateral Account by a Collateral Manager appointed by the Collateral Giver and Collateral Receiver. For example, a Collateral Giver cannot unilaterally cause a transfer of a Security held by it in a Secured Collateral Account but requires the transfer to be effected by the Collateral Manager acting on behalf of the Collateral Receiver. The Collateral Manager may, for example, substitute a Security held in a Secured Collateral Account, under regulation 28.11 and the terms of its Collateral Management Agreement.

Amended 23/01/17

28.8A Processing of contingent transactions

Where the transfer, Pledge or release from Pledge of Securities or the movement of Cash for purposes of the Collateral Management System (“**relevant Securities**” or “**relevant Cash**” (as applicable)) is contingent on another transfer, Pledge or release from Pledge of Securities or the movement of Cash (“**contingent transactions**”), and a Collateral Manager Enters any information, instruction or Transaction to effect the transfer, Pledge or release from Pledge of the relevant Securities or the movement of the relevant Cash under one or more of the contingent transactions (“**relevant Entry**”), then Austraclear may:

- (a) withhold giving effect to the relevant Entry until it considers (at its discretion) that each of the other contingent transactions is able to be performed; and

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- (b) reject the relevant Entry if it considers (at its discretion) that one or more of the contingent transactions is not able to be, or otherwise will not be performed.

If, before the relevant Entry is effected or rejected by Austraclear, any other Entry not forming part of the contingent transactions is submitted to the System by a Participant to effect the transfer, Pledge or release from Pledge of the relevant Securities or any of them, Austraclear may withhold giving effect to or reject that other Entry.

Introduced 23/01/17

28.9 Re-Use of Collateral

- (a) Secured Collateral may not be Re-Used.
- (b) Transferred Collateral may be Re-Used unless otherwise agreed by the Collateral Receiver.

28.10 Income and maturity proceeds for Securities held in a Transferred Collateral Account

- (a) A Collateral Receiver (through its Collateral Manager) may direct Austraclear that Income or redemption proceeds which are paid by the issuer in respect of any Securities on or by reference to a date on which the Securities are held in a Transferred Collateral Account of the Collateral Receiver, are to be paid to a Collateral Giver. A Collateral Giver to whom such proceeds are directed may (through its Collateral Manager) also direct Austraclear that those proceeds are to be paid to another Collateral Giver. Austraclear is authorised to advise the issuer and/or its Paying Agent of the details of the relevant Collateral Giver for this purpose.
- (b) Each Collateral Receiver directs the issuer of each Security held by it in a Transferred Collateral Account to pay any Income or redemption proceeds in accordance with a direction in Regulation 28.10(a) above.
- (c) For the avoidance of doubt, the direction to pay Income or Redemption proceeds under Rule 28.10 (a) & (b) does not apply to Loan Securities, irrespective of whether those Loan Securities are held in a Loan Securities Account or otherwise.

Explanatory Note: Each Collateral Receiver provides an irrevocable direction to the Collateral Manager under the Collateral Management Agreement that Income or redemption proceeds paid in respect of any Securities held in its Transferred Collateral Account are to be paid as if those Securities are held in an account of the relevant Collateral Giver.

Amended 23/01/17

28.11 Substitution of Collateral

- (a) A Collateral Manager may Enter Transactions (including a transaction consisting of a movement of Securities between Security Sub-Accounts of the Participant) regarding Securities or Cash for the purpose of substituting one Security for another in a Collateral Account or between Collateral Accounts of Participants for whom they act.
- (b) Without limiting Regulation 28.11(a), a Collateral Receiver may request that its Collateral Manager transfer Securities from its Transferred Collateral Account to any other Security Sub-Account of the Collateral Receiver if the Collateral Receiver instructs the Collateral Manager to replace those Securities with Equivalent Securities from its Collateral Source Account.

Amended 23/01/17

28.12 Removal of securities provided as Collateral from Collateral Management System

- (a) A Collateral Manager may Enter Transactions (including a transaction consisting of a movement of Securities between Security Sub-Accounts of the Participant) regarding Securities provided as Collateral for the purpose of responding to a notification of default or termination given to it under a Collateral Management Agreement.
- (b) Without limiting Regulation 28.12(a), if a Collateral Receiver notifies its Collateral Manager that a Collateral Giver is in default of its obligations to the Collateral Receiver under the principal agreement, then the Collateral Manager may Enter any Transactions (including a transaction consisting of a movement of Securities between Security Sub-Accounts of a Participant) on the sole instructions of the Collateral Receiver to transfer Securities that are held in a Secured Collateral Account of the Collateral Giver subject to a security interest of the Collateral Receiver, to any Security Sub-Account of the Collateral Receiver.
- (c) Without limiting Regulation 28.12(a), if a Collateral Receiver notifies its Collateral Manager that the amount of Transferred Collateral in its Transferred Collateral Account exceeds its obligations to transfer Equivalent Securities under the principal agreement because one or more of those obligations has ceased or reduced then the Collateral Manager may Enter any Transactions (including a transaction consisting of a movement of Securities between Security Sub-Accounts of a Participant) on the sole instructions of the Collateral Receiver to transfer Securities held in a Transferred Collateral Account, to any other Security Sub-Account of the Collateral Receiver.
- (d) The Collateral Giver and Collateral Receiver acknowledge that the Collateral Manager may rely on any notification received by it under Regulations 28.12(a) to 28.12(c) it believes to be genuine and correct and to have been signed or sent by the appropriate person. Each Participant releases and discharges the Collateral Manager from, and indemnifies, and must keep indemnified the Collateral Manager against, any Loss or Claim arising in connection with any act or omission of Austraclear, the Collateral Manager or any other Participant under (or purporting to be under) this Regulation 28.12.
- (e) Each Participant releases and discharges Austraclear from, and indemnifies, and must keep indemnified Austraclear against, any Loss or Claim arising in connection with any act or omission of Austraclear, a Collateral Manager or any other Participant under (or purporting to be under) this Regulation 28.12.

Amended 23/01/17

28.13 Using Cash in the Collateral Management System

Cash may be given and received for the purposes of the Collateral Management System, but only by means of the Cash Transfer function in the Austraclear System. Entries for the movement of such Cash may be Entered by the Collateral Manager on behalf of a Collateral Giver or a Collateral Receiver.

Explanatory Note: The Austraclear System contains a function for the secure movement of cleared funds between Participants through the RBA's real-time gross settlement system. In the case of the Collateral Management System, the Collateral Manager can, on behalf of a Collateral Giver and a Collateral Receiver (one of whom is a Paying Participant and the other a Payee Participant), Enter matching entries in the Austraclear System to give effect to the movement of funds between the Participants via their Participating Banks. Whether funds are available to be transferred in this way depends on the arrangement each Participant has with their Participating Bank.

Amended 25/07/14, 23/01/17

28.14 Disclosure of information

Each Participant who is or proposes to become a user of the Collateral Management System authorises its Collateral Manager and Austraclear to disclose Confidential Information of the Participant to a third party if such Confidential Information is required for the purpose of that third party performing calculations or administrative or other functions as part of the Collateral Management System, or where required by law.

28.15 Detailed Requirements for Collateral Managers

- (a) (Compatibility with the System) A Collateral Manager must:
- (i) take all reasonable steps to ensure that its services, including the reliability and availability of its services do not interfere with the operational efficiency or proper functioning of Austraclear; and
 - (ii) provide Austraclear with technical and other assistance and support reasonably requested by Austraclear in connection with ensuring the Collateral Manager's systems and operations do not interfere with the operation of Austraclear.
- (b) (Operating hours, system availability, system capacity and outage reporting) A Collateral Manager must:
- (i) satisfy the operational criteria prescribed in the PDP for its Collateral Management System on an ongoing basis; and
 - (ii) keep a written record of all of interruptions to, disruptions or outages of its service, including their length, cause and resolution. "Outage" includes circumstance where any of a Collateral Manager's clients are unable to access the Collateral Manager's service or provide instructions to the Collateral Manager. The written record must be maintained for a period of 5 years and be made immediately available to Austraclear upon request.
- (c) (Operational reliability and business continuity arrangements) A Collateral Manager must:
- (i) have, maintain and comply with a business continuity plan and procedures designed to enable the Collateral Manager to ensure prompt recovery from either a technical failure or the failure of an operational process critical to the collateral management service, including problem resolution, root cause analysis and identification of mitigation or preventative actions to prevent recurrence and should be tested at least annually;
 - (ii) at a minimum, maintain a primary and a secondary site for its collateral management service (including any site where administration services or system administration services or outsourced services relating to the collateral management service are carried out) and each of the sites must:
 - have physical attributes requisite for a critical financial market computer facility, including as a minimum the attributes prescribed in the PDP;
 - have full capability sufficient to ensure that each site is able to operate continuously and independently even in extreme circumstances for an extended period including an appropriate level of resiliency;
 - have sufficient capacity to process volumes that are at least double projected stress volumes;
 - be geographically isolated from each other, such that an extreme event at the primary site would be highly unlikely to affect the backup site;
 - have separate support infrastructure which is fully redundant including having electricity supplied from a different power grids; using fibre over geographically diverse paths or where reliance is on carrier based communications service using multiple providers to provide vendor diversity;

- be fully maintained and regularly tested for contingency, including proving recovery capability for various component failures, complete primary site outage and prolonged operations at the alternate site and on each occasion that there is a significant change to the Collateral Management System's configuration.

In this Regulation 28.15(c)(ii):

"**primary site**" means any site where the Collateral Manager's computer system, including system administration services and any outsourced services, relating to the operation of the collateral management service are located, or any combination of physical sites through which the primary collateral management service is provided; and

"**secondary site**" means any site secondary to the primary site; and

(iii) at a minimum:

- design and implement intra-site redundancy measures that function, as far as practicable, to ensure that recovery from component failure is immediate and that critical operations can resume within two hours following disruptive events. This includes, but is not limited to: having the capability to undertake and store real-time mirroring of all production data generated at the primary site; having robust and timely procedures to recover data and transactions submitted in the interval between the last data replication and successful failover to a secondary site; having contingency plans to ensure the status of all messages at the time of the disruption can be identified with certainty in a timely manner; having the capability to access a full test environment to seek to reproduce incidents and find resolutions to production issues; having appropriate hardware, disk arrays, network infrastructure redundancy and power alternates available; having appropriately qualified technical and other support staff available to immediately initiate rectification of the disruptive events; and
- satisfy the notification requirements prescribed in section 28.15(i) of the PDP on an ongoing basis.

- (d) (Communication links) A Collateral Manager must ensure all critical communications links meet Austraclear's requirements for communicating with the Austraclear System and comply with any operational criteria prescribed in the PDP on an ongoing basis.

For the purposes of this regulation 28.15(d), "critical communications links" includes but is not limited to links between the Collateral Manager and Austraclear, between primary and secondary sites, and between the Collateral Manager and any third party to whom it outsources critical functions or services.

Explanatory Note: Austraclear's requirements for communicating with the Austraclear System are published on the ASX website at <http://www.asx.com.au/professionals/asx-austraclear-technical-documents.htm>.

- (e) (Operational support) A Collateral Manager must have and maintain adequate resources necessary to support its collateral management service system including:
- having appropriately skilled and experienced staff available to perform all required activities for the collateral management service including, but not limited to, having a dedicated computer operations area responsible for all aspects of the collateral management technical infrastructure and a service desk or equivalent, dedicated to the day-to-day operational performance and monitoring of the collateral management service; and
 - ensuring that it has access at all times to vendor support for all hardware, operating system and database components used by in its collateral management service.

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- (f) (Change management) A Collateral Manager must:
- (i) have, maintain and comply with change management policies and procedures that are designed and function to ensure that changes to the operation of its collateral management service (including but not limited to changes to hardware, software, operating systems and firewalls) are thoroughly assessed, tested and authorised, and that appropriate fall-back and contingency plans are in place before changes are implemented;
 - (ii) not implement any changes to the operation of its collateral management service that may affect the operations of the Austraclear Feeder System for RITS unless the Reserve Bank has given prior written approval to those changes. The Reserve Bank and the Collateral Manager may agree procedures to be followed for approval of those changes.
- (g) (Data storage and backup) A Collateral Manager must:
- (i) have adequate, secure onsite and offsite storage facilities for all its records of transactions in its collateral management service;
 - (ii) design and implement procedures to regularly archive software, files and data while ensuring the back-up frequency and retention is sufficient to enable recovery within two hours;
 - (iii) at a minimum, be able to demonstrate successful data retrieval from its on-site and off-site archived copies of software, files and data on an annual basis by conducting data retrieval tests.
- (h) (IT governance and security) A Collateral Manager must design, implement, maintain and comply with:
- (i) appropriate IT governance policies and procedures in relation to roles, accountability, resource skills, control processes and process frameworks including: project management methodology, quality assurance methodology, testing methodology, incident management, vendor contract management, issue and risk management and service delivery (ITIL or equivalent); and
 - (ii) appropriate IT test governance policies and procedures that include:
 - confirmation of adequacy of specific test strategy and plans for all feeds and interfaces;
 - appropriateness of test scope and listing the types of testing undertaken;
 - a requirement to document and confirm relevant test cases, logged results, tracked issue resolution and retesting;
 - a requirement that no outstanding high severity defects remain after retesting;
 - physical, and logical security, audit and system controls;
 - a strategy addressing cyber security;
 - a requirement that performance and stress testing will be conducted regularly; and
 - a requirement that the disaster recovery and test environments mirror the production environment.
- (i) (Notifications) A Collateral Manager must satisfy the notification requirements prescribed in the PDP on an ongoing basis.
- (j) (Step-in) A Collateral Manager must maintain such documented step-in arrangements with the Reserve Bank or its nominee as the Reserve Bank may require from time to time to ensure that the Collateral Manager's activities do not compromise the integrity and operation of the System.
- (k) (Outsourcing) A Collateral Manager that outsources functions or services to a third party must:

- (i) (if the functions or services would be subject to these Regulations if performed by the Collateral Manager) take reasonable steps to ensure that the outsourced functions and services are delivered to the Collateral Manager as if the third party and the services were subject to these Regulations; and
- (ii) satisfy the requirements prescribed in the PDP on an ongoing basis.

Amended 23/01/17

29 FOREIGN CURRENCY SETTLEMENT

29.1 Foreign Currency Daily Settlement Finality

The System is an approved RTGS system under the PSN Act. Subject to the PSN Act, once a Cash Element of a Cash Transaction in a Foreign Currency has passed any requisite testing of the Paying Participant's Foreign Currency Cash Record, that Cash Element is Settled and the related Cash Transaction is final and may not be unwound by a party to that Cash Transaction, even if that Participant becomes subject to an Insolvency Event.

Introduced 25/07/14

29.2 Approval of Foreign Currencies

- (a) In considering whether to approve a Foreign Currency for settlement through the System Austraclear may have regard to any matters that it considers relevant including, without limitation, the following:
- (i) the integrity and security of the Austraclear System;
 - (ii) the obligations on Austraclear under the Reserve Bank of Australia's Financial Stability Standards for Securities Settlement Facilities;
 - (iii) the obligations on Austraclear as the holder of an Australian CS facility licence; and
 - (iv) whether Austraclear is prepared to provide a service in that Foreign Currency.
- (b) Approved Foreign Currencies are listed in the Procedures, Determinations and Practice Notes.
- (c) Austraclear may suspend or terminate its approval of a Foreign Currency for settlement through the System at any time, having regard to relevant matters including, without limitation, the matters in Regulation 29.2(a). Austraclear will provide reasonable notice of any such suspension or termination to affected Foreign Currency Settlement Banks, and Participants, if it is able to do so consistently with its regulatory obligations.

Link to Procedures: [Rule 29.2 Approval of Foreign Currencies](#)

Introduced 25/07/14

29.3 Approval of Foreign Currency Settlement Banks

- (a) In considering whether to approve an entity as a Foreign Currency Settlement Bank, Austraclear may have regard to any matters that it considers relevant including, without limitation, the following:
- (i) the integrity and security of the Austraclear System;
 - (ii) the obligations on Austraclear under the Reserve Bank of Australia's Financial Stability Standards for Securities Settlement Facilities;
 - (iii) the obligations on Austraclear as the holder of an Australian CS facility licence;
 - (iv) the regulation and supervision of the entity seeking approval;
 - (v) the creditworthiness, capitalisation and access to liquidity of the entity seeking approval;
 - (vi) the operational capacity, reliability and business continuity arrangements of the entity seeking approval;
 - (vii) the business integrity, reputation, operational expertise and experience of the entity seeking approval; and
 - (viii) whether Austraclear is prepared to provide a service in that Foreign Currency,

and may impose any requirements on the entity that it considers necessary or appropriate having regard to such matters.

- (b) Without limiting Regulation 29.3(a), the following requirements relate to Foreign Currency Settlement Banks:
- (i) (Operating hours, system availability, system capacity and outage reporting):
 - a Foreign Currency Settlement Bank's system's operating hours must at least match those of Austraclear;
 - a Foreign Currency Settlement Bank must adjust its operating hours if Austraclear notifies the Foreign Currency Settlement Bank by giving reasonable notice that such an adjustment is necessary or desirable;
 - a Foreign Currency Settlement Bank's service should be, with a high degree of confidence, available and operational for 99.9 per cent of the opening hours of Austraclear, or such other percentage of time as Austraclear notifies the Foreign Currency Settlement Bank in writing; and
 - a Foreign Currency Settlement Bank must ensure that the production, test and development environments and associated infrastructure required to support the settlement of the Foreign Currency are adequate, subject to appropriate capacity planning, and are capable of supporting anticipated peak capacity loads.
 - (ii) (Operational reliability and business continuity arrangements) A Foreign Currency Settlement Bank must maintain a primary and a secondary site for its Foreign Currency settlement services (including any site where administration services or system administration services or outsourced services relating to the Foreign Currency settlement services are carried out) that comply with the following requirements:
 - technology should be configured and plans and processes should be in place so that, in the event of a disruption at a primary site, Foreign Currency settlement operations can be recovered and resumed at the secondary site with minimal downtime that is to the satisfaction of Austraclear;
 - sufficient technology in place at the primary and secondary sites so that Foreign Currency settlement operations can occur at each location, independently of the other; and
 - each computer facility should have protection of all equipment against power surges or fluctuations, fully redundant air conditioning, a suitable fire detection and suppressant systems and appropriate physical security arrangements
 - (iii) (Communication links) A Foreign Currency Settlement Bank must ensure communications equipment that provides critical communications links is duplicated to remove the possibility of any single point of failure.
 For the purposes of this Regulation 29.3(b)(iii), "critical communications links" includes but is not limited to links between the Foreign Currency Settlement Bank and Austraclear, between primary and secondary sites, and between the Foreign Currency Settlement Bank and any third party to whom it outsources critical functions or services.
 - (iv) (Notifications) A Foreign Currency Settlement Bank must immediately notify Austraclear of any significant operational outage or other significant service disruptions to the Foreign Currency Settlement Bank's services.
 - (v) (Outsourcing) A Foreign Currency Settlement Bank that proposes to outsource any part of its business as a Foreign Currency Settlement Bank (including, without limitation, any gateway or other appropriate means of communicating messages), or to locate any of its personnel engaged in its business as a Foreign Currency Settlement Bank (including, without limitation, system technical support or maintenance), outside Australia must:
 - provide prior written notification to Austraclear including details of the proposed arrangements;
 - obtain all necessary regulatory approvals from any relevant governmental agency or regulatory authority in Australia or elsewhere; and
 - comply with the directions of Austraclear and any relevant governmental agency or regulatory authority in Australia concerning the supervision of the arrangements.

- (vi) (Risk Disclosure) A Foreign Currency Settlement Bank must disclose in writing to each Participant who holds a Foreign Currency Account with the Foreign Currency Settlement Bank that:
- opening and maintaining a Foreign Currency Account with the Foreign Currency Settlement Bank results in credit risk being taken by the Participant on the Foreign Currency Settlement Bank; and
 - Austraclear has no responsibility or liability for the recovery of indebtedness or other amounts owing by the Foreign Currency Settlement Bank to any Participant including indebtedness which arises as a result of Cash Transactions in a Foreign Currency which are Settled in the System.
- (c) Approved Foreign Currency Settlement Banks are listed in the Procedures, Determinations and Practice Notes.

Link to Procedures: [Rule 29.3 Approval of Foreign Currency Settlement Banks](#)

Introduced 25/07/14

29.4 Foreign Currency Settlement Banks

- (a) A Foreign Currency Settlement Bank must satisfy and continue to satisfy any requirements for Foreign Currency Settlement Banks imposed by Regulation 29.3 and the Procedures, Determinations and Practice Notes and by Austraclear on or after approval.
- (b) With respect to a Cash Transaction in a Foreign Currency Settled in the System, the relevant Foreign Currency Settlement Bank for that Foreign Currency must debit and credit the Foreign Currency Account of Participants consistently with instructions it receives through Austraclear. However, Settlement of the Cash Transactions takes place in the System in accordance with these Regulations and Settlement is not conditional on these debits and credits to the Foreign Currency Accounts.

Each Foreign Currency Settlement Bank acknowledges that, at any time, it is indebted to Participants which hold a Foreign Currency Account with it for the current amount of the Participant's related Foreign Currency Cash Record in the System. Although, this indebtedness is to form part of, and is to be combined with, the Participant's Foreign Currency Account with the Foreign Currency Settlement Bank, the Foreign Currency Settlement Bank's liability for that indebtedness under these Regulations is not conditional on:

- (i) the Foreign Currency Settlement Bank making debits or credits to the Foreign Currency Account of the Participant; or
- (ii) the provision of the report referred to in Regulation 14.5(b).

This Regulation 29.4(b) forms a condition of the Participant's Foreign Currency Account and prevails over any other conditions of that account to the extent of any inconsistency.

- (c) A Foreign Currency Settlement Bank must notify Austraclear as soon as practicable after it becomes subject to an Insolvency Event.
- (d) A Foreign Currency Settlement Bank must notify Austraclear as soon as practicable after it becomes subject to any Change in Control, as that expression is defined in Regulation 3.9(d).
- (e) A Foreign Currency Settlement Bank may also be a Participant and a Participating Bank, and may engage in Transactions in any or all of its capacities as a Participant, a Participating Bank and a Foreign Currency Settlement Bank.

29.5 Right to Suspend or Terminate Approval as a Foreign Currency Settlement Bank

Austraclear may suspend or terminate its approval of an entity as a Foreign Currency Settlement Bank if:

- (a) Austraclear determines that the entity has failed to meet an obligation of a Foreign Currency Settlement Bank under the Austraclear Regulations; or
- (b) Austraclear determines that the entity no longer satisfies the requirements for approval as a Foreign Currency Settlement Bank, having regard, without limitation, to the matters in Regulation 29.3(a); or
- (c) Austraclear becomes aware that the entity has become subject to an Insolvency Event, or there is a reasonable suspicion that the entity may become subject to an Insolvency Event; or
- (d) Austraclear becomes aware that the entity has become subject to a Change in Control, as that expression is defined in Regulation 3.9(d).

Without limiting the foregoing, Austraclear's approval of an entity as a Foreign Currency Settlement Bank:

- (e) will be suspended while Austraclear's approval of the relevant Foreign Currency is suspended under Regulation 29.2(c); and
- (f) will terminate immediately on termination of Austraclear's approval of the relevant Foreign Currency under Regulation 29.2(c).

Introduced 25/07/14

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