

## SECTION 17 ASX CLEAR TERMINATION OF DERIVATIVES CCP CONTRACTS

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## SECTION 17 ASX CLEAR TERMINATION OF DERIVATIVES CCP CONTRACTS

This Section only deals with the termination of a Derivatives CCP Contract in accordance with Rules 13.4.2, 13.4.5 and Rule 16 and sets out:

- (a) the circumstances in which ASX Clear may terminate a Derivatives CCP Contract;
- (b) the time the termination becomes effective; and
- (c) the process by which the termination is to occur including the determination of a Termination Price and the payment of a Termination Amount.

### 17.1 GENERAL

#### 17.1.1 Application of Rule

This Rule applies to the termination of Derivatives CCP Contracts in accordance with Rules 13.4.2, 13.4.5 and Rule 16 only.

Introduced 11/03/04 Origin OCH 14.1.1 Amended 01/10/15

#### 17.1.2 Termination

The termination of a Derivatives CCP Contract under this Rule 17 will be effective from the time registration of the Derivatives CCP Contract is cancelled, or from the time notified by ASX Clear to the relevant Participant.

Introduced 11/03/04 Origin OCH 14.1.2

#### 17.1.3 Role of Approved Listing Market Operator in setting termination price

Rules 17.1.3 to 17.1.7 (inclusive) apply to Derivatives CCP Contracts other than those resulting from the registration of OTC Options Market Transactions.

Before terminating a Derivatives CCP Contract under this Rule 17, ASX Clear will request the Approved Listing Market Operator:

- (a) to determine whether a market is available in the relevant Series or Delivery Month; or
- (b) if the Approved Listing Market Operator determines that a market is not available, to determine a price at which the Derivatives CCP Contract will be terminated ("Termination Price"),

and to notify ASX Clear of its determination.

Introduced 11/03/04 Origin OCH 14.2.1 Amended 27/06/11, 28/05/12

#### **17.1.4 Meaning of 'available market'**

ASX Clear and Participants acknowledge that the Approved Listing Market Operator will, in determining whether a market is available for the purpose of this Rule 17 consider whether it is possible, practicable or desirable to enter into a transaction on the Approved Listing Market Operator, having regard to all relevant circumstances, including without limitation, the size of the transaction, the liquidity of the relevant market conducted by the Approved Listing Market Operator for the relevant transaction, the potential delay in effecting the transaction, and the potential effects of the transaction on the relevant market conducted by the Approved Listing Market Operator or any Underlying Market.

Introduced 11/03/04 Origin OCH 14.2.2 Amended 27/06/11

#### **17.1.5 Available market determination**

If, pursuant to a request under Rule 17.1.3, the Approved Listing Market Operator determines and notifies ASX Clear that there is an available market:

- (a) ASX Clear will instruct a Participant to enter into a Derivatives Market Contract with another Market Participant, in the relevant Series or Delivery Month but in the opposite position to the position which had been held under the terminated Derivatives CCP Contract; and
- (b) if a Derivatives Market Contract is entered into, the price of that Derivatives Market Contract will be the Termination Price for the terminated Derivatives CCP Contract.

Introduced 11/03/04 Origin OCH 14.2.3 Amended 27/06/11

#### **17.1.6 No available market determination**

If the Approved Listing Market Operator determines and notifies ASX Clear that there is no available market for the purposes of this Rule 17.1 and notifies ASX Clear of a Termination Price for the Derivatives CCP Contract, that price will be the Termination Price for the terminated Derivatives CCP Contract.

Introduced 11/03/04 Origin OCH 14.2.4 Amended 27/06/11

#### **17.1.7 Failure to obtain Termination Price**

If, within a reasonable time following a request under Rule 17.1.3:

- (a) the Approved Listing Market Operator has not notified ASX Clear that there is an available market for the purposes of this Rule 17.1;
- (b) the Approved Listing Market Operator has notified ASX Clear that there is an available market for the purposes of this Rule 17.1, but the Participant instructed by ASX Clear under Rule 17.1.5 to enter into a Derivatives Market Contract in the relevant Series or Delivery Month has failed to enter into a Derivatives Market Contract in that Series or Delivery Month; or
- (c) the Approved Listing Market Operator has not notified ASX Clear of a Termination Price as requested under Rule 17.1.3(b),

ASX Clear may determine a Termination Price, which it considers fair and reasonable in the circumstances. The determination as to whether a reasonable time in the circumstances has elapsed following a request to the Approved Listing Market Operator is at the absolute discretion of ASX Clear.

Introduced 11/03/04 Origin OCH 14.2.5 Amended 27/06/11

#### **17.1.7A Termination of Derivatives CCP Contracts – OTC Options Market Transactions**

For a Derivatives CCP Contract resulting from the registration of an OTC Options Market Transaction, ASX Clear will determine a price at which the Derivatives CCP Contract will be terminated (“Termination Price”) in accordance with the Procedures.

Introduced 28/05/12

#### **17.1.8 Determination final and binding**

Any determination by the Approved Listing Market Operator or, if applicable, by ASX Clear under this Rule 17.1 as to:

- (a) whether there is an available market; or
- (b) the Termination Price,

is final and binding on ASX Clear, Participants and any other person affected by the determination.

Introduced 11/03/04 Origin OCH 14.2.6 Amended 27/06/11

#### **17.1.9 Termination Price may be zero**

For the purpose of this Rule 17.1, the Participant and ASX Clear acknowledge that the Termination Price may be zero (except in the case of Rule 17.1.5(b)).

Introduced 11/03/04 Origin OCH 14.2.7

### **17.2 TERMINATION PROCESS**

#### **17.2.1 Where Termination Price is obtained through a Derivatives Market Contract under Rule 17.1.5(b)**

Despite Rules 12.2.1 and 12.2.2, immediately upon registration of a Derivatives Market Contract entered into under Rule 17.1.5(b), the Derivatives Market Contract is discharged and replaced by novation with only one Derivatives CCP Contract on the same terms, subject to the Rules, as the Derivatives Market Contract. In particular, no Derivatives CCP Contract arises between ASX Clear and the Participant which ASX Clear instructed to enter into the Derivatives Market Contract under Rule 17.1.5(b).

Introduced 11/03/04 Origin OCH 14.3.1 Amended 04/06/10

#### **17.2.2 Where Termination Price is determined in another way**

Unless the Termination Price of a Derivatives CCP Contract is determined under Rule 17.1.5(b), ASX Clear must terminate and cancel the registration of another Derivatives

CCP Contract in the same Series or Delivery Month as the first Derivatives CCP Contract but in the opposite position to the position held under the first Derivatives CCP Contract. That Derivatives CCP Contract must be a Derivatives CCP Contract registered in the Account of another Participant selected by ASX Clear in its discretion. That Derivatives CCP Contract will be terminated at the Termination Price determined in respect of the first Derivatives CCP Contract under Rule 17.1.

Introduced 11/03/04 Origin OCH 14.3.2

### **17.2.3 Selection final and binding**

In exercising its discretion to select a Participant under Rule 17.2.2, ASX Clear will have regard, as far as practicable, to the total number of Derivatives CCP Contracts in the opposite position then held by all other Participants. That selection is final and binding on the Participant selected and any other person affected by that selection.

Introduced 11/03/04 Origin OCH 14.3.3

## **17.3 NO LIABILITY OF ASX CLEAR**

### **17.3.1 ASX Clear not liable to Participants**

Without limiting Rule 1.10, none of ASX Clear its officers, agents, contractors or persons acting for or on behalf of ASX Clear are liable to a Participant or to any other person for any loss, liability, damage, cost or expense arising in any way from the actions or determinations of ASX Clear under this Rule 17.

Introduced 11/03/04 Origin OCH 14.4

## **17.4 TERMINATION AMOUNT AND ACCOUNTING FOR TERMINATION**

### **17.4.1 Payment of Termination Amount**

If ASX Clear terminates a Derivatives CCP Contract under this Rule 17:

- (a) the Participant whose Derivatives CCP Contract has been terminated must pay ASX Clear an amount by way of liquidated damages equal to the amount which would have been payable by the Participant to ASX Clear; and
- (b) ASX Clear must pay to the Participant whose Derivatives CCP Contract has been terminated an amount by way of liquidated damages equal to the amount which would have been payable by ASX Clear to the Participant,

if the terminated Derivatives CCP Contract had been closed out by an opposite Derivatives CCP Contract at the Termination Price under Rules 13.2.1 to 13.2.4. In these Rules, the amount payable under paragraph (a) or (b) of this Rule is referred to as the "**Termination Amount**".

Introduced 11/03/04 Origin OCH 14.5.1

#### **17.4.2 Genuine pre-estimate**

ASX Clear and any Participant whose Derivatives CCP Contract is terminated under this Rule 17 acknowledge that the Termination Amount determined under Rule 17.4.1 fairly represents and is a genuine pre-estimate of the loss or damages which the Participant or ASX Clear will suffer from the termination of a Derivatives CCP Contract under this Rule 17.

Introduced 11/03/04 Origin OCH 14.5.2

#### **17.4.3 Accounting**

ASX Clear will account for the termination of a Derivatives CCP Contract under this Rule 17 by debiting or crediting the Participant's relevant Account with the Termination Amount in accordance with the Procedures.

Introduced 11/03/04 Origin OCH 14.5.3

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