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SECTION 3 PARTICIPATION IN THE CLEARING FACILITY

This Section 3 covers Participation in ASX Clear's Clearing Facility. A Participant may be either a Direct Participant or a General Participant. An applicant will only be admitted as a Direct Participant or a General Participant if they satisfy the admission requirements of this Section. In addition, an applicant for admission as a Participant must meet any additional admission requirements specified by ASX Clear and set out in the Procedures. Once admitted to participate, a Participant will be authorised to clear a specific category or categories of Market Transactions effected through one or more specified Approved Market Operators. The Rules also provide for a Participant to apply for authorisation to clear additional categories of Market Transactions or to clear Market Transactions effected through additional Approved Market Operators.

A Direct Participant is a Participant that clears Cash CCP Transactions or Derivatives CCP Contracts for itself, its own Clients and Wholly-Owned Group Entities and their clients but not anyone else. A General Participant is a Participant that is a third party clearer that clears Cash CCP Transactions or Derivatives CCP Contracts for itself, its own Clients, Market Participants and their clients and other Participants and their clients. Admission as a General Participant only entitles a Participant to clear transactions for someone else provided the Participant has entered into a Clearing Agreement or Client Agreement as required by these Rules.

This section also covers:

- (a) the process by which an applicant may apply to ASX Clear to become a Participant;
- (b) the criteria that must be met before an applicant will be admitted as a Participant;
- (c) the power of ASX Clear to impose conditions on participation;
- (d) what ASX Clear must do if it proposes to reject an application;
- (e) the right of an applicant to appeal against a decision to reject its application or the imposition of conditions;
- (f) the circumstances in which a Participant may resign as a Participant or cease clearing a category of Market Transactions;
- (g) the circumstances in which a Participant's participation may be terminated or suspended; and
- (h) the consequences of a Participant's resignation or termination.

3.1 APPLICATION FOR PARTICIPATION

3.1.1 Application process

Subject to Rule 3.1.3A, ASX Clear will admit an applicant as a Direct Participant or a General Participant, subject to any conditions imposed under Rule 3.1.4, if the applicant:

- (a) applies to ASX Clear by completing an application in the form prescribed by ASX;
- (b) satisfies the Admission Requirements; and
- (c) pays to ASX Clear the relevant application fee determined by ASX Clear.

Note: A Participant will be admitted with authority to clear categories of Market Transaction. See Rule 3.1.4 for the ability of ASX Clear to impose standard conditions specifying the categories of Market Transaction for which Participants are authorised to clear through ASX Clear.

Introduced 11/03/04 Origin OCH 2.1.1 Amended 15/06/15

3.1.2 ASX Clear may request further information

ASX Clear may request an applicant to provide further information which ASX Clear considers necessary to establish whether the applicant satisfies the Admission Requirements.

Introduced 11/03/04 Origin OCH 2.1.2

3.1.3 ASX Clear to determine application within reasonable time

Subject to Rule 3.1.3A, ASX Clear will use all reasonable endeavours to make its decision whether to accept or reject an application for admission as a Participant within a reasonable time following the receipt of the application.

Introduced 11/03/04 Origin OCH 2.1.5 Amended 15/06/15

3.1.3A Admission as a Participant in ASX Clear's discretion

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

Introduced 15/06/15

3.1.4 Conditions on admission

Where ASX Clear admits an applicant as a Participant, it may at that time, or at any later time impose any conditions on the Participant which it considers appropriate having regard to Rule 1.15. ASX Clear must notify the applicant or the Participant (as applicable) of any condition imposed under this Rule 3.1.4 in writing.

ASX Clear will always impose a standard condition as set out in the Procedures specifying:

- (a) the categories of Market Transactions which the Participant is authorised to clear through ASX Clear; and
- (b) one or more Approved Market Operators in respect of which the Participant is authorised to clear Market Transactions through ASX Clear.

Note: ASX Clear may impose additional conditions on General Participants or applicants for admission as General Participants under Rule 3.2.2.

Introduced 11/03/04 Origin OCH 2.1.3 Amended 27/06/11

3.1.5 Right to appeal a condition to Appeal Tribunal

An applicant or Participant (as applicable) may appeal to the Appeal Tribunal against a decision of ASX Clear to impose a condition under Rule 3.1.4 in accordance with the provisions of the ASX Enforcement and Appeals Rulebook.

Introduced 11/03/04 Amended 31/03/08, 01/08/10 Origin OCH 2.1.4

3.1.6 Breach of condition does not automatically terminate admission

Where ASX Clear imposes a condition on the admission of a Participant under Rule 3.1.4 or Rule 3.2.2, a breach of that condition by the Participant does not automatically result in the termination of the admission of the Participant. Any breach of a condition is dealt with in accordance with Section 19.

Introduced 11/03/04

3.1.7 Application for authorisation to clear a further category of Market Transaction

A Participant may at any time make an application to ASX Clear to have conditions relating to the categories of Market Transactions, that a Participant is authorised to clear, amended in order to clear further categories of Market Transactions.

Introduced 11/03/04

3.1.8 Application for authorisation to clear Market Transactions effected through additional Approved Market Operator

A Participant may at any time make an application to ASX Clear to have conditions relating to the Approved Market Operators in respect of which the Participant is authorised to clear Market Transactions, amended in order to clear Market Transactions effected through additional Approved Market Operators. The application must be made in the form prescribed by ASX Clear in the Procedures. If a Participant makes an application in that form and complies with Rule 3.2.3 (if applicable), ASX Clear will approve the application and the amendment to the conditions will take effect from the time notified to the Participant by ASX Clear.

Introduced 27/06/11

3.2 ADMISSION REQUIREMENTS

3.2.1 General requirements for admission

For an applicant to be eligible to be admitted as a Participant the applicant must satisfy ASX Clear that:

- (a) it is a body corporate carrying on business in its own right and not as a trustee of a trust;
- (b) if the applicant is incorporated or carrying on business outside Australia, it complies with Rule 4.19.4;
- (c) it holds an Australian financial services licence which authorises the applicant to carry on its business as a Participant (unless such a licence is not required by the Corporations Act);
- (d) it meets the business integrity requirements of this Section;
- (e) it meets the organisational requirements of this Section;
- (f) it meets the technical and performance requirements of this Section;
- (g) it meets the capital regime requirements in Section 5;
- (h) it has insurance in place which complies with the requirements of Rule 4.3;
- (i) if the applicant seeks to be authorised to clear Options Market Transactions and/or OTC Options Market Transactions but is not, and is not seeking to be, authorised to clear the Cash Market Transactions associated with those Options Market Transactions and/or OTC Options Market Transactions, it has appointed a Participant that is authorised to clear those Cash Market Transactions and entered into, and maintains, a Clearing Agreement with that Participant; and
- (j) if the applicant is not itself able to settle Cash Market Transactions in an Approved Settlement Facility, it has appointed a Settlement Participant that is authorised to settle Cash Market Transactions and entered into, and maintains, a Settlement Agreement with that Settlement Participant.

Introduced 11/03/04 Origin OCH 2.3.1, 2.3.2 Amended 01/01/09, 28/05/12, 15/06/15

3.2.2 Additional requirements for admission

If an applicant wishes to be admitted as a Participant it must, in addition to complying with Rule 3.2.1, comply with any requirements specified by ASX Clear in the Procedures.

Introduced 11/03/04 Amended 02/08/13

3.2.3 Additional requirements for Participants clearing Market Transactions effected through multiple Approved Market Operators

If an applicant for admission, or an existing Participant, wishes to clear Market Transactions effected through two or more Approved Market Operators, the applicant or Participant must, in addition to complying with Rule 3.2.1, comply with any requirements specified by ASX Clear in the Procedures.

Introduced 27/06/11

3.3 WAIVER

3.3.1 Waiver of Admission Requirements

ASX Clear may, by notice in writing to an applicant waive any Admission Requirement on any conditions it considers appropriate having regard to Rule 1.15. If any conditions on a waiver are imposed, all of the conditions must be complied with for the waiver to be effective. ASX Clear may withdraw a waiver at any time. If a waiver lapses in accordance with its terms or is withdrawn by ASX Clear, the waiver ceases to be effective from that time and the relevant Admission Requirement the subject of the waiver applies from that time. Any request by a Participant for a waiver under this Rule must be in writing.

Introduced 11/03/04 Origin OCH 2.3.8

3.4 BUSINESS INTEGRITY REQUIREMENTS

3.4.1 Applicant to have high business integrity

The business integrity requirements of this Section are that the applicant must be of high business integrity. To enable ASX Clear to assess whether the applicant meets this requirement, the applicant must provide to ASX Clear the information set out in the Procedures.

Introduced 11/03/04 Origin OCH 2.3.6 Amended 02/08/13, 15/06/15

3.5 ORGANISATIONAL REQUIREMENTS

3.5.1 Applicant to meet organisational requirements

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

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

In assessing whether an applicant meets these requirements, ASX Clear may have regard to the matters set out in the Procedures and to any other matters it considers appropriate.

Introduced 11/03/04 Origin OCH 2.3.3C, 2.3.4 Amended 18/12/06, 27/06/11, 02/08/13 Amended 15/06/15

3.6 TECHNICAL AND PERFORMANCE REQUIREMENTS

3.6.1 Applicant to have necessary organisational and technical resources

The technical and performance requirements of this Section are that the applicant must:

- (a) have the necessary organisational and technical resources to ensure that:
 - (i) Clearing Messages submitted by the Participant do not interfere with:
 - (A) the efficiency and integrity of the Clearing System; or
 - (B) the proper functioning of the Clearing System; and
 - (ii) the Participant has the capacity to:
 - (A) communicate reliably with the Clearing System; and
 - (B) correctly process Clearing Messages, including, without limitation, the timely reconciliation of Clearing Messages transmitted to the Participant in respect of Market Transactions with communications received by the Participant from each relevant Approved Market Operator, and, where applicable, Market Participant, in respect of those Market Transactions; and
- (b) comply with any additional requirements specified by ASX Clear in the Procedures.

Introduced 11/03/04 Origin OCH 2.3.3 Amended 27/06/11

3.7 BUSINESS CONNECTION REQUIREMENTS – [DELETED]

3.7.1 Connections requiring ACH consent – [Deleted]

Introduced 11/03/04 Origin OCH 2.3A.1 Deleted 01/08/10

3.7.2 Access to records – [Deleted]

Introduced 11/03/04 Origin OCH 2.3A.3 Deleted 01/08/10

3.7.3 Undertakings – [Deleted]

Introduced 11/03/04 Origin OCH 2.3A.4 Deleted 01/08/10

3.8 APPLICANTS INCORPORATED OR CARRYING ON BUSINESS OUTSIDE AUSTRALIA

3.8.1 Power of ASX to impose additional admission requirements

If an applicant is incorporated or intends to carry on any part of its business as a Participant outside Australia, then ASX may impose additional requirements for it to be eligible for admission as a Participant, including (but not limited to) those specified in the Procedures.

Introduced 11/03/04 Origin OCH 2.3.7 Amended 15/06/15

3.9 REJECTION OF APPLICATION FOR ADMISSION AS PARTICIPANT

3.9.1 Proposed rejection

ASX Clear must not reject an application made under Rule 3.1 unless, before doing so, it:

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

Introduced 11/03/04 Origin OCH 2.4.1

3.9.2 Notice of rejection

If, after following the procedure in Rule 3.9.1, ASX Clear is not satisfied that the applicant has complied with this Rule 3 or that the applicant meets the Admission Requirements, ASX Clear will give notice to the applicant rejecting the application and giving reasons why the application is rejected.

Introduced 11/03/04 Origin OCH 2.4.2

3.9.3 Right to appeal to Appeal Tribunal

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

Introduced 11/03/04 Amended 31/03/08, 01/08/10 Origin OCH 2.4.3

3.10 RESIGNATION OF PARTICIPATION

3.10.1 Participant to notify ASX Clear of intention to cease clearing a category of Market Transaction or Approved Market Operator

If a Participant wishes to cease clearing:

- (a) a category of Market Transaction; or
- (b) Market Transactions effected through a particular Approved Market Operator, in respect of which it has authority to clear, it must:
 - (c) give at least 20 Business Days written notice to ASX Clear of its intention and proposed date of cessation and deliver a copy of that notice to:
 - (i) (in the case of ceasing to clear a category of Market Transaction) each Approved Market Operator in respect of which the Participant is authorised to clear Market Transactions through ASX Clear; and
 - (ii) (in the case of ceasing to clear Market Transactions effected through a particular Approved Market Operator) the Approved Market Operator in respect of which the Participant intends to cease clearing Market Transactions;
 - (d) satisfy ASX Clear that it has taken or will have taken before the proposed date of cessation, proper steps for the orderly winding down of its business in respect of the relevant category of Market Transaction, or Market Transactions effected through the relevant Approved Market Operator, as applicable, with ASX Clear;
 - (e) not enter into, or have the Clearing Obligations for any Market Transaction in relation to the relevant category or effected through the relevant Approved Market Operator, as applicable, nor accept allocation of any Market Transaction in relation to the relevant category or effected through the relevant Approved Market Operator, as applicable, except with the consent of ASX Clear; and
 - (f) comply with any reasonable direction of ASX Clear in relation to the orderly winding down of its business in respect of the relevant category of Market Transaction, or Market Transactions effected through the relevant Approved Market Operator, as applicable, with ASX Clear.

Introduced 11/03/04 Origin OCH 2.5.1 Amended 27/06/11

3.10.2 Participant to notify ASX Clear of intended resignation as a Participant

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

- (a) give at least 20 Business Days' written notice to ASX Clear of its intention to resign and the proposed date of resignation and deliver a copy of that notice to each Approved Market Operator in respect of which the Participant is authorised to clear Market Transactions;

- (b) satisfy ASX Clear that it has taken or will have taken before the proposed date of resignation, proper steps for the orderly winding down of its business in respect of ASX Clear;
- (c) not enter into, or have the Clearing Obligations for any Market Transaction, nor accept allocation of any Market Transaction; and
- (d) comply with any reasonable direction of ASX Clear in relation to the orderly winding down of its business in respect of ASX Clear.

Introduced 11/03/04 Amended 27/06/11, 01/10/15

3.10.3 ASX Clear to accept notice

A notice given by a Participant under Rule 3.10.1(c) or 3.10.2(a) is not effective until the notice is accepted by ASX Clear. ASX Clear may accept a Participant's notice when the Participant has:

- (a) complied with Rule 3.10.1 or Rule 3.10.2, as the case requires;
- (b) no Cash CCP Transactions or Derivatives CCP Contracts, as the case requires;
- (c) no Clearing Obligations in relation to relevant Market Transactions; and
- (d) satisfied all its obligations to ASX Clear including, without limitation, paid all outstanding fees and amounts owing by the Participant under these Rules.

ASX Clear will not unreasonably refuse to accept a notice given by a Participant under Rule 3.10.1(c) or 3.10.2(a).

Introduced 11/03/04 OCH 2.5.2 Amended 27/06/11, 01/10/15

3.10.4 Notice to Participants

ASX Clear will notify Participants when it has accepted a Participant's notice under Rule 3.10.1(c) or 3.10.2(a).

Introduced 11/03/04 Origin OCH 2.5.3 Amended 27/06/11

3.10.5 No effect on the Recovery Rules

Nothing in this Rule 3 (including without limitation Rules 3.10 and Rules 3.13) limits the Recovery Rules.

Note: The Recovery Rules will govern the resignation of a Participant in the circumstances set out in the Recovery Rules.

Introduced 01/10/15

3.11 INACTIVE PARTICIPANT

3.11.1 ASX Clear may give notice

Where ASX Clear considers a Participant has not cleared a category of Market Transaction for which it is authorised to clear under these Rules for a continuous period of 6 months, ASX Clear may notify the Participant that it intends to terminate the Participant's authority to clear that, all or any categories of Market Transaction.

Introduced 11/03/04 Origin OCH 2.5A.1

3.11.2 Participant may make submissions

On receipt of a notice given under Rule 3.11.1, the Participant may make written submissions to ASX Clear explaining why, in its view, the Participant's authority to clear all or any category of Market Transaction should not be terminated. Any written submission must be received by ASX Clear within 10 Business Days following receipt of the notice from ASX Clear, unless ASX Clear grants an extension in writing.

Introduced 11/03/04 Origin OCH 2.5A.2

3.11.3 Termination of authority to clear if no submission received

Where no submission is received by ASX Clear under Rule 3.11.2, ASX Clear may terminate the Participant's authority to clear all or any category of Market Transaction following the end of the 10 Business Day period, or any extension, referred to in that Rule.

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

3.11.4 Termination of authority to clear if submission received

Where a submission is received by ASX Clear under Rule 3.11.2, ASX Clear may terminate the Participant's authority to clear all or any category of Market Transaction if ASX Clear is not satisfied that the Participant will enter into, or clear, all or any category of Market Transaction under these Rules, within a further 20 Business Days following the receipt of the submission. If the Participant fails to enter into or clear a Market Transaction in that period, ASX Clear may terminate the Participant's authority to clear all or any category of Market Transaction following the end of that further period.

Introduced 11/03/04 Origin OCH 2.5A.4

3.12 SUSPENSION AND TERMINATION OF PARTICIPATION

3.12.1 When ASX Clear may suspend or terminate a Participant's participation

ASX Clear may also suspend or terminate a Participant's participation under Rules 15 and 19.

Introduced 11/03/04 Origin OCH 2.6

3.13 EFFECT OF RESIGNATION OR TERMINATION ON OBLIGATIONS

3.13.1 Obligations of Participant prior to resignation and termination

A Participant is bound by the Rules until ASX Clear has accepted a notice by the Participant under Rule 3.10 or until the Participant's authority to clear all or any category of Market Transaction is terminated under Rules 3.11, 15 or 19 (as the case may be).

The acceptance by ASX Clear of the Participant's notice or the termination by ASX Clear of the Participant's authority to clear does not affect any accrued rights which ASX Clear, a Related Body Corporate of ASX Clear, or other Participants have against the Participant or any accrued obligations which the Participant has to ASX Clear, a Related Body Corporate of ASX Clear or to other Participants.

Introduced 11/03/04 Origin OCH 2.7.1 Amended 01/10/15

3.13.2 Certain obligations to continue following resignation or termination of Participant

Without limiting Rule 3.13.1, following ASX Clear's acceptance of the Participant's notice or termination by ASX Clear of the Participant's authority to clear all or any category of Market Transaction under these Rules:

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

Note: The Recovery Rules may impact on the operation of this Rule.

Introduced 11/03/04 Origin OCH 2.7.2 Amended 01/10/15

3.13.3 Certain obligations to continue following resignation or termination of Regulated Person who is not a Participant – [Deleted]

Introduced 11/03/04 Deleted 15/06/15

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