

SECTION 4 RIGHTS AND OBLIGATIONS OF PARTICIPANTS

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SECTION 4 RIGHTS AND OBLIGATIONS OF PARTICIPANTS

This Section sets out various rights and obligations of Participants.

4.1 PARTICIPANTS ONGOING COMPLIANCE

4.1.1 General compliance

A Participant must at all times:

- (a) continue to satisfy the applicable Admission Requirements;
- (b) comply with any conditions on admission imposed under Rule 3.1.4;
- (c) comply with any provisions of the Corporations Act governing:
 - (i) the provision of periodic reports or statements to the Participant's Clients in relation to the service provided by the Participant;
 - (ii) the treatment of money paid, or property given, to the Participant in connection with services provided to, or products held by, clients of the Participant in respect of their business. In addition to the client arrangements required under this Rule, ASX Clear may, having regard to Rule 1.15, prescribe additional client arrangements by way of Procedures, practices, directions or requirements;
- (d) not dispose, transfer, lease, assign or encumber any rights or obligations under these Rules, except:
 - (i) as expressly permitted under these Rules; or
 - (ii) with the prior written approval of ASX Clear.
- (e) ensure that it does not engage (by act or omission) in Unprofessional Conduct;
- (f) [deleted]
- (g) comply with the disaster recovery requirements of this Section;
- (h) comply with the insurance requirements of this Section;
- (i) comply with the financial record requirements of this Section;
- (j) comply with the audit requirements of this Section;
- (k) comply with the record keeping requirements of this Section;
- (l) comply with the notification requirements of this Section;

- (m) [deleted]
- (n) [deleted]
- (o) [deleted]
- (p) comply with the credit requirements of this Section;
- (q) comply with the nominee holding requirements of this Section;
- (r) comply with the authorised signatory requirements of this Section;
- (s) comply with the legal proceedings requirements of this Section;
- (t) comply with the information requirements of this Section;
- (u) comply with the periodic reporting requirements of this Section;
- (v) comply with the undertaking requirements of this Section;
- (w) comply with the reconciliation of client money requirements in this Section;
and
- (x) comply with the default broker requirements in this Section (if applicable).

Introduced 11/03/04 Origin OCH 2.9.1, 2.9G.1, 2B.5, 2.8, 2B.6 Amended 19/10/05, 06/10/09, 15/06/15, 01/01/18

4.2 DISASTER RECOVERY REQUIREMENTS

4.2.1 Participant to maintain disaster recovery and business continuity arrangements

The disaster recovery requirements of this Section are that a Participant must, at all times, having regard to the nature and extent of a Participant's operations, maintain adequate disaster recovery and business continuity arrangements to ensure the timely recovery of its usual operations. This includes addressing the matters specified in the Procedures or as advised by ASX Clear from time to time including without limitation, undertaking testing of a Participant's disaster recovery and business continuity arrangements at such times and in such a manner as prescribed by ASX Clear in the Procedures or as otherwise notified by ASX Clear.

Introduced 11/03/04 Amended 27/06/11

4.3 INSURANCE REQUIREMENTS

4.3.1 Obligation to have insurance

The insurance requirements of this Section are that:

- (a) subject to Rule 4.3.2 every Participant must where the Participant acts for any person other than itself or a Related Body Corporate take out and maintain, at all times, a professional indemnity (or equivalent) insurance policy that the Participant determines (acting reasonably) to be adequate, having regard to the nature and extent of the business carried on by the Participant in connection

with its business as a Participant and the responsibilities and risks assumed or which may be assumed by the Participant in connection with that business and retain a copy of the certificate evidencing the insurance;

- (b) the professional indemnity (or equivalent) insurance must include insurance against a breach of duty it owes in a professional capacity, whether owed in contract or otherwise at law, arising from any act or omission of the Participant and its Employees;
- (c) in relation to any liability or potential liability of the type referred to in this Rule 4.3.1, a Participant must immediately notify ASX Clear of any notification to its insurer of any claim, potential claim or circumstance that might give rise to a claim, that relates in any way to its activities as a Participant and must include the following details:
 - (i) any circumstance which is likely to give rise to a claim or potential claim against the Participant;
 - (ii) the receipt of a notice from any person of any intention to make a claim or potential claim against the Participant; and
 - (iii) the details of any claim, potential claim or circumstance against the Participant including the gross contingent liability, the net contingent liability, the full name of the Participant's insurer and the date the Participant notified its insurer of the claim, potential claim or circumstance; and
- (d) a Participant must also advise ASX Clear of any other matter which ASX Clear requires in relation to any insurance policy maintained under this Rule 4.3.1.

Introduced 11/03/04 Origin OCH 2.9E.1 to 2.9E.5, ASX 5B.6.1, 5B.6.3, 5B.6.4, 5B.6.5 Amended 18/12/06, 02/08/13, 15/06/15

4.3.2 Insurance with Related Body Corporate

If the insurance referred to in Rule 4.3.1 is provided by a Related Body Corporate, the Participant must receive confirmation from the Related Body Corporate that it is the insurer or the self-insurer covering and indemnifying the Participant against the liabilities referred to in Rule 4.3.1 and retain a copy of the confirmation.

Introduced 11/03/04 Origin OCH 2.9E.2, ASX 5B.6.2 Amended 18/12/06, 15/06/15

4.4 FINANCIAL RECORD REQUIREMENTS

4.4.1 Application

This Rule 4.4 sets out the financial record requirements of this Section.

Introduced 11/03/04

4.4.2 Records

A Participant must maintain financial records which comply with the provisions of the Corporations Act which govern the maintenance of financial records. The financial records must be made as soon as practicable after the events to which they relate.

Without limiting this Rule, the Participant must keep accurate records in sufficient detail to show particulars of the matters set out in the Procedures.

Introduced 11/03/04 Origin OCH 2.10.1

4.4.3 Financial statements

A Participant must prepare and deliver to ASX Clear by the time set out in the Procedures:

- (a) financial statements, in a form acceptable to ASX Clear, which gives a true and fair view of the financial position and performance of the business as at the end of the financial year and which is prepared in accordance with accounting standards and principles which are generally accepted in Australia, unless ASX Clear determines otherwise; and
- (b) an auditor's report in a form acceptable to ASX Clear.

If the financial year end of the Participant is other than 30 June, the Participant must notify ASX Clear of its financial year end. Any change to a Participant's financial year end must be notified to ASX Clear within 10 Business Days of the change taking effect.

Introduced 11/03/04 Origin OCH 2.10.4 Amended, 15/06/15

4.4.4 Extension of time for lodgement

ASX Clear may extend by up to one month the time by which the Participant must deliver the financial statements under Rule 4.4.3, if it considers that an extension is appropriate in the circumstances.

Introduced 11/03/04 Origin OCH 2.10.5

4.5 AUDIT REQUIREMENTS

4.5.1 Application

This Rule 4.5 sets out the audit requirements of this Section.

Introduced 11/03/04 Origin OCH 2.10.2, 2.10.3, 2.10.6, 2.10.7

4.5.2 Auditor

A Participant must:

- (a) appoint an auditor to hold office, subject to ASX Clear having no objection, until the auditor is removed from office or retires; and
- (b) appoint an auditor to fill a vacancy within 10 Business Days of the vacancy occurring or such other time as prescribed by law.

Introduced 11/03/04 Origin OCH 2.10.2

4.5.3 Notification of change of auditor

A Participant must notify ASX Clear of the appointment, removal or resignation of an auditor no later than 10 Business Days following the event.

Introduced 11/03/04 Origin OCH 2.10.3 Amended 15/06/15

4.5.4 Audit of internal control procedures

A Participant must immediately notify ASX Clear in writing if an auditor identifies a significant issue in an ASIC Form FS 71 or equivalent report lodged with the Commission pursuant to section 989B(3) of the Corporations Act.

Introduced 11/03/04 Origin OCH 2.10.6 Amended 30/12/09, 04/06/10, 15/06/15

4.5.5 Scope of audits

A Participant must give its auditor access to its premises and Employees and all records, documents, explanations and other information required by the auditor in respect of any audit conducted under this Rule 4.5. A Participant must:

- (a) not impose any limitation on the extent of any audit required under these Rules; and
- (b) permit and direct the auditor to notify ASX Clear immediately if any limitation is imposed on the auditor, or if the auditor is hindered or delayed in the performance of the auditor's duties.

The records of each of the Participant's nominee companies must be included in the audit.

Introduced 11/03/04 Origin OCH 2.10.7

4.5.6 Additional audits may be required

ASX Clear may direct a Participant to have a further audit conducted of the Participant's internal control procedures or other matters and to deliver an auditor's report (in a form acceptable to ASX Clear) in respect of that audit if it considers that there has been a material change in circumstances or where it considers the audit is appropriate having regard to Rule 1.15.

Introduced 11/03/04 Origin OCH 2.10.8

4.5.7 Returns and reports generally

Where a Participant is required by ASX Clear under these Rules to prepare or submit a financial return or report:

- (a) the Participant must prepare or submit that return or report in the manner and form and by the time specified in the Rule or otherwise required by ASX Clear;
- (b) the Participant must ensure that the information contained in the return or report is extracted accurately from the records of the Participant; and

- (c) ASX Clear may require a director of the Participant to certify that paragraphs (a) and (b) have been complied with.

Introduced 11/03/04 Origin OCH 2.10.9 Amended 15/06/15

4.6 RECORD KEEPING REQUIREMENTS

4.6.1 Records to be in writing and in English

The record keeping requirements of this Section are that all records which a Participant is required to maintain under these Rules must be kept in writing and in the English language or in a manner which will enable them to be readily accessible by ASX Clear and readily converted into writing in the English language.

ASX Clear may direct a Participant to convert records into writing and into English. That direction must be complied with by the time specified by ASX Clear when giving the direction and at the cost of the Participant.

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

4.6.2 Records kept outside of Australia

If the records which a Participant is required to maintain under these Rules are kept outside Australia:

- (a) the Participant must send, or cause to be sent, to Australia records which will enable true and fair financial statements to be prepared; and
- (b) ASX Clear may direct a Participant to produce any of its records in Australia.

A Participant must comply with any direction given by ASX Clear under paragraph (b) by the time specified by ASX Clear when giving the direction and at the cost of the Participant.

Introduced 11/03/04 Origin OCH 2.11.2 Amended 15/06/15

4.7 NOTIFICATION REQUIREMENTS

4.7.1 General notification requirements

The notification requirements of this Section are that a Participant must notify ASX Clear in writing:

- (a) if the Participant changes its name, or the name under which the Participant carries on business as a Participant, before the change becomes effective;
- (b) if the Participant changes any address at which the Participant carries on business as a Participant, before the change becomes effective;
- (c) within 10 Business Days of the appointment, resignation or removal of a director;
- (d) immediately if:

- (i) a person who is not a Controller becomes a Controller or a person who is a Controller ceases to be a Controller;
 - (ii) there is any change to a licence or other authorisation affecting its activities as a Participant; or
 - (iii) there is any other material change in information concerning its business as a Participant from that previously provided to ASX Clear;
- (e) on or before the next Business Day, if the Participant is informed by the Commission or its delegates (or any other person authorised under the Corporations Act), an exchange, a market operator, a clearing and/or settlement facility or a regulatory body that action is being or may be taken against the Participant or any of its Employees that relates in any way to its activities as a Participant; and
- (f) as soon as reasonably practicable of information concerning any matters specified by ASX Clear in the Procedures.

The notice must include full details of the change, action or information as the case may be.

Note: Participants should also refer to Rule 19.1A for self-reporting requirements.

Introduced 11/03/04 Origin OCH 2.9B1, 2.9B.2, 2.9C.1, 2.9C.2, 2.9C.3 Amended 12/04/05, 27/06/11, 02/08/13, 15/06/15

4.7.2 Annual group structure chart

If a Participant is not an ADI, the notification requirements of this Section also include that the Participant must provide to ASX Clear annually in the manner and by the time set out in the Procedures, a copy of the Participant's group structure chart as at the preceding 30 June. The chart must show the Participant's corporate ownership structure from its ultimate holding company to the Participant and from the Participant to all of its subsidiaries (including any nominee company). It must also show the relationship between the Participant and any other entity with which it has inter-group balances.

If the Participant's group structure chart has not changed from the last version provided to ASX Clear, the Participant may satisfy this obligation by referring to the date on which that last version was provided to ASX Clear and stating to ASX Clear that the Participant's group structure chart provided to ASX Clear on that date has not changed.

Introduced 15/06/15

4.8 MANAGEMENT REQUIREMENTS – [DELETED]

4.8.1 Management structure – [Deleted]

Introduced 11/03/04 Origin OCH 2.3.3A Amended 19/10/05 Deleted 15/06/15

4.8.2 Branch offices – [Deleted]

Introduced 11/03/04 Origin OCH 2.3.3B Deleted 19/10/05

4.9 REPRESENTATIVE REQUIREMENTS – [DELETED]

4.9.1 Conduct of representatives – [Deleted]

Introduced 11/03/04 Origin OCH 2.9.3 Amended 02/08/13 Deleted 15/06/15

4.10 DEALING REQUIREMENTS – [DELETED]

4.10.1 Consent Required for Trading by Employees – [Deleted]

Introduced 11/03/04 Origin OCH 2.12.2 Deleted 01/08/10

4.10.2 Prior written approval – [Deleted]

Introduced 11/03/04 Deleted 01/08/10

4.10.3 Circumstances to be taken into account – [Deleted]

Introduced 11/03/04 Deleted 01/08/10

4.10.4 Confirmation of transactions – [Deleted]

Introduced 11/03/04 Deleted 01/08/10

4.11 NOMINEE HOLDING REQUIREMENTS

4.11.1 Participant nominee company requirements

The nominee holding requirements of this Section are that a Participant:

- (a) must not cause the ownership of a Financial Product which relates to a Cash Market Transaction of which it is not the beneficial owner to be registered in its own name or in the name of its partners, directors or employees. Any such Financial Products may only be registered in the name of a nominee company which:
 - (i) is incorporated in the Commonwealth of Australia with a name which contains the word "nominee";
 - (ii) has a constitution that precludes the nominee company from owning any Financial Products or other property except cash beneficially; and
 - (iii) is a directly held legally and beneficially wholly owned subsidiary of the Participant which is operated by the Participant unless, subject to Rule 4.11.1(b), the Participant appoints a Settlement Participant as its agent and that Settlement Participant uses a nominee company for and on behalf of the Participant;
- (b) must not use or cause to be used a nominee company operated by its appointed Settlement Participant unless the Participant is satisfied that:
 - (i) the nominee company of the Settlement Participant complies with the provisions of this Rule 4.11.1;

- (ii) the Settlement Participant maintains detailed records for the custodial nominee company operated by the Settlement Participant in accordance with the rules of the Approved Settlement Facility; and
 - (iii) the nominee company of the Settlement Participant is a directly legally and beneficially wholly owned subsidiary of the Settlement Participant; and
- (c) must, if it uses the nominee company of a Settlement Participant, ensure that the nominee company does not use Financial Products beneficially owned by the Participant or a Client of the Participant to settle a transaction for another person unless the Participant, or the Participant's Client, has given its prior written approval for their Financial Products to be so used.

Introduced 11/03/04 Origin ASX 3.12

4.12 AUTHORISED SIGNATORIES REQUIREMENTS

4.12.1 Participant to submit details of authorised signatories

The authorised signatories requirements of this Section are that a Participant must:

- (a) submit to ASX Clear, in the manner and form set out in the Procedures, details of persons who are authorised by the Participant to sign documentation and to deal with clearing issues in connection with the operation of its business as a Participant; and
- (b) promptly notify ASX Clear in writing if any of the persons whose names are submitted under this Rule 4.12.1 cease to be authorised by the Participant to sign the relevant documentation or to deal with clearing issues or if any new person is given that authority.

ASX Clear is entitled to rely on the list referred to in Rule 4.12.1(a) as updated from time to time under Rule 4.12.1(b) as evidence that the persons whose names are on the list at any given time are authorised to sign on behalf of the Participant documentation presented to ASX Clear or to deal with clearing issues in connection with the operation of its business as a Participant.

Nothing in this Rule 4.12.1 limits the persons whom ASX is entitled to assume are authorised by the Participant to sign documentation and to deal with clearing issues in connection with the operation of its business as a Participant or the operation of Rule 4.17.1.

Introduced 11/03/04 Origin OCH 18.1.1, 18.1.2 Amended 15/06/15

4.12.2 ASX Clear entitled to rely on list

ASX Clear is entitled to rely on the list referred to in Rule 4.12.1 as updated from time to time as evidence that the persons whose names are on the list at any given time are authorised to sign on behalf of the Participant documentation presented to ASX Clear.

Introduced 11/03/04 Origin OCH 18.1.3

4.13 LEGAL PROCEEDINGS REQUIREMENTS

4.13.1 **Obligation to notify**

The legal proceedings requirements of this Section are that if:

- (a) a Participant commences legal proceedings against, or has legal proceedings commenced against it by, another Participant, a Market Participant, a Settlement Participant, an Approved Market Operator, the Commission or other regulatory authority or a Client in connection with their role as a Participant; and
- (b) those legal proceedings may affect the operations of ASX Clear or the interpretation of the Rules,

the Participant must, upon commencing or upon becoming aware of the proceedings, immediately notify ASX Clear in writing of the particulars of the proceedings.

Introduced 11/03/04 Origin OCH 18.11.1 Amended 27/06/11

4.13.2 **Rights of ACH to participate in proceedings – [Deleted]**

Introduced 11/03/04 Origin OCH 18.11.2 Deleted 12/04/05

4.14 INFORMATION REQUIREMENTS

4.14.1 **Information given by Participant**

The information requirements of this Section are that a Participant must:

- (a) ensure that all information which the Participant or its Employees give to ASX Clear is complete, accurate and not misleading; and
- (b) if the Participant becomes aware that information which it, or its Employees, have given previously to ASX Clear was incomplete, inaccurate or misleading, promptly notify ASX Clear in writing.

Introduced 11/03/04 Origin OCH 18.13.1, 18.13.2 Amended 15/06/15

4.15 PERIODIC REPORTING REQUIREMENTS

4.15.1 **Monthly statements to Clients**

Subject to Rule 4.15.3, the periodic reporting requirements of this Section are that if:

- (a) a Derivatives Market Contract is transacted on behalf of a Client in a particular month; or
- (b) at the end of or during a particular month, the Participant has a Derivatives CCP Contract for a Client,

the Participant must, within 7 days after the end of that month, or such other time as prescribed by ASX Clear and set out in the Procedures, send to the Client a written statement, or subject to Rule 4.15.2 an electronic statement, setting out:

- (c) the name under which the Participant carries on business as a Participant and the address of the principal place at which the Participant carries on business;
- (d) the opening cash balance for that month held by the Participant in respect of that Client Account;
- (e) all Derivatives Market Contracts referred to in Rule 4.15.1(a) and all debits and credits recorded by the Participant in respect of that Client Account for that month;
- (f) details of expiry, exercise and assignment of Derivatives CCP Contracts;
- (g) the cash balance held by the Participant in respect of that Client Account at the end of the month;
- (h) particulars of each of the Derivatives CCP Contracts referred to in Rule 4.15.1(b);
- (i) details of Collateral in respect of the Client Account; and
- (j) each outstanding call for payment in respect of the Client Account under Rule 14.7.1 or Rule 14.7.3.

Introduced 11/03/04 Origin OCH 2B.5.1 Amended 23/10/09

4.15.2 Electronic monthly statements

If a Participant chooses to send monthly statements electronically under Rule 4.15.1, the Participant must be able to reproduce a copy of each electronic statement sent.

Introduced 11/03/04 Origin OCH 2B.5.2

4.15.3 Clients other than Retail Clients

A Participant is not required to comply with Rule 4.15.1 in respect of a client that is not a Retail Client, except at the request of the relevant Client.

Introduced 23/10/09

4.16 UNDERTAKING REQUIREMENTS – [DELETED]

4.16.1 Undertakings – [Deleted]

Introduced 11/03/04 Origin OCH 2.9A.1 Amended 18/12/06 Deleted 15/06/15

4.16.2 ASX Clear may request information – [Deleted]

Introduced 11/03/04 Origin OCH 2.9A.2 Amended 18/12/06 Deleted 15/06/15

4.17 OTHER PARTICIPANT RESPONSIBILITIES, AUTHORITY AND RIGHTS

4.17.1 Responsibility for individuals involved in business

A Participant is responsible for all actions and omissions of persons involved in its business as a Participant including, without limitation, its Employees.

Introduced 11/03/04 Origin OCH 2.9.2 Amended 15/06/15

4.18 RECORDS

4.18.1 Participant may inspect and make copies of particulars

A Participant is not entitled to the return of any particulars, notices or any other documentation lodged with ASX Clear under the Rules but a Participant may, upon giving 24 hours notice in writing to ASX Clear as applicable, inspect and make copies, at the Participant's cost, of those particulars, notices or other documentation in respect of dealings by that Participant with ASX Clear.

The Participant must pay the costs, if any, of ASX Clear as applicable of making available to the Participant those particulars, notices or documentation.

Introduced 11/03/04 Origin OCH 18.4

4.19 FOREIGN PARTICIPANTS AND OTHER PARTICIPANTS WITH OVERSEAS ACTIVITY

4.19.1 Approvals in respect of overseas activity

A Participant that proposes to locate or relocate any part of its business as a Participant (including, without limitation, any Gateway or other means of communicating Clearing Messages to ASX Clear or any Employees) outside Australia ("**Overseas Activity**") must comply with the requirements set out in the Procedures.

Introduced 11/03/04 Origin OCH 2.9D.1 Amended 15/06/15

4.19.2 Duty to disclose taxes

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

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

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

Introduced 11/03/04 Origin OCH 2.9D.3 Amended 15/06/15

4.19.3 Indemnity

Without limiting any other indemnity given by a Participant under these Rules, each Participant indemnifies ASX Clear in respect of any loss or damage caused to ASX Clear as a result of a failure by that Participant to observe the requirements of Rules 4.19.1 – 4.19.3.

Introduced 11/03/04 Origin OCH 2.9D.4 Amended 15/06/15

4.19.4 Communication requirements

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

Introduced 15/06/15

4.19.5 Agent for service of process

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

- (a) appoint an agent, approved by ASX Clear, which is resident in Australia for service of process in Australia generally (including, without limitation, by ASX and ASIC);
- (b) provide ASX Clear as soon as practicable with a copy of any agent's acceptance of such appointment;
- (c) inform ASX Clear of the intended effective date of any agent ceasing for any reason to act as agent for the Participant; and
- (d) if paragraph (c) applies, appoint as soon as practicable, and in any case before an outgoing agent ceases acting as agent for the Participant, a new agent, approved by ASX Clear.

Introduced 15/06/15

4.20 PARTICIPANT'S SETTLEMENT OBLIGATIONS

4.20.1 Settlement of Cash Market Transactions and Cash CCP Transactions

A Participant which is authorised to clear Cash Market Transactions and Cash CCP Transactions has under these Rules the obligation to ensure that those transactions are settled:

- (a) in an Approved Settlement Facility in accordance with the operating rules of the Approved Settlement Facility, or in the case of Cash CCP Transactions underlying a Failed CCP Batch Instruction notified to ASX Clear by the Approved Settlement Facility under the operating rules of the Approved Settlement Facility, settled through a Cash CCP Transaction that is a transaction under the first leg of an Offsetting Transaction Arrangement in accordance with Rule 12.8A; and
- (b) on the second Business Day following the date that the transaction was created on or reported to the market of the relevant Approved Market Operator, or in the case of a Cash CCP Transaction that is a transaction under:
 - (i) the first leg of an Offsetting Transaction Arrangement, on the date that the Offsetting Transaction Arrangement was entered into; or
 - (ii) the second leg of an Offsetting Transaction Arrangement, on the first Business Day following the date that the Offsetting Transaction Arrangement was entered into,

unless otherwise permitted in the Procedures.

Introduced 11/03/04 Amended 27/06/11, 28/04/14, 07/03/16

4.20.2 Settlement of reported Market Transactions

A Participant which is a party to a Market Transaction which is reported to an Approved Settlement Facility under Rule 12.1.2 has under these Rules the obligation to ensure that the transaction is settled in the Approved Settlement Facility in accordance with the operating rules of the Approved Settlement Facility.

Introduced 11/03/04

4.20.3 Settlement of Cash Market Transactions in Non CS Approved Products

A Participant with settlement obligations in relation to Cash Market Transactions in Non CS Approved Products must discharge those obligations in accordance with the operating rules of ASX.

4.20.4 Breach of settlement obligation

A failure by a Participant which has an obligation under Rules 4.20.1, 4.20.2 or 4.20.3 to fully discharge that obligation in accordance with the operating rules of the Approved Settlement Facility or ASX constitutes a breach of these Rules and ASX Clear may take

such action under these Rules as it considers appropriate, including disciplinary action under Section 19.

Introduced 11/03/04

4.21 PARTICIPANT'S AUTHORITY TO INCLUDE PID

4.21.1 Participant irrevocably authorises ASX Clear to include PID

Each Participant irrevocably authorises ASX Clear to include its PID in each:

- (a) CCP Net Batch Instruction;
- (b) CCP Gross Batch Instruction;
- (c) CCP RTGS Instruction; and
- (d) each Cash Market Transaction accepted for reporting by ASX Clear under Rule 12.1.2,

as the PID of the delivering Participant or receiving Participant, as the case requires.

Introduced 11/03/04 Origin SCH 9.22.2

4.22 RESPONSIBLE EXECUTIVE REQUIREMENTS – [DELETED]

4.22.1 Responsible Executive obligations – [Deleted]

Introduced 11/03/04 Origin OCH 2.9.4 Amended 19/10/05, 02/08/13 Deleted 15/06/15

4.22.2 Suitably qualified affiliate – [Deleted]

Introduced 11/03/04 Origin OCH 2.9.5 Deleted 15/06/15

4.22.3 Assessment of character – [Deleted]

Introduced 11/03/04 Origin OCH 2.3.5 Deleted 15/06/15

4.23 RECONCILIATION OF CLIENT MONEY REQUIREMENTS

4.23.1 Application

This Rule 4.23 sets out the reconciliation of client money requirements of this Section.

Introduced 06/10/09

4.23.2 Obligation to comply with Corporations Act

Money in relation to Market Transactions to which Division 2 of Part 7.8 of the Corporations Act applies is to be held in trust by the Participant.

Introduced 06/10/09

4.23.3 Trust accounts – Cash Market Transactions, Options Market Transactions and OTC Options Market Transactions

A Participant must establish one or more clients' trust accounts for money received by the Participant in connection with dealings in Cash Market Transactions or Options Market Transactions or OTC Options Market Transactions.

Introduced 06/10/09 Amended 28/05/12

4.23.4 Segregated accounts or trust accounts – Futures Market Transactions

A Participant must establish either one or more clients' trust accounts or clients' segregated accounts for money received by the Participant in connection with dealings in:

- (a) Futures Market Transactions; and
- (b) Options Market Transactions over an Underlying Product which is a Futures market Contract.

Introduced 06/10/09

4.23.5 Reconciliation of clients' segregated accounts

A Participant must perform a reconciliation, in the time, form and manner set out in the Procedures and that is accurate in all respects, of the aggregate balance held by it at the time specified in the Procedures on each Business Day in clients' segregated accounts maintained pursuant to Rule 4.23.4 and the corresponding balance as recorded in the Participant's accounting records. The Participant must be able to produce the reconciliation to ASX upon request.

Introduced 06/10/09 Amended 15/06/15

4.23.6 Reconciliation of trust accounts

A Participant must perform a reconciliation, in the time, form and manner set out in the Procedures and that is accurate in all respects of:

- (a) the aggregate balance held by it at the close of business on each Business Day in clients' trust accounts maintained pursuant to Rule 4.23.3 or 4.23.4 and the corresponding balance as recorded in the Participant's accounting records; and
- (b) the balance held by it at the close of business on the last Business Day of each week on trust for each client in a trust account maintained pursuant to Rule 4.23.3 or 4.23.4 and the corresponding balance as recorded in the Participant's accounting records,

The Participant must be able to produce the reconciliation to ASX upon request.

Introduced 06/10/09 Amended 15/06/15

4.23.7 Obligation to notify ASX Clear in respect of reconciliation

A Participant must notify ASX Clear within 2 Business Days in the manner set out in the Procedures if:

- (a) a reconciliation has not been performed in accordance with Rule 4.23.5 and the Procedures under that Rule;
- (b) a reconciliation has not been performed in accordance with Rule 4.23.6 and the Procedures under that Rule;
- (c) according to a reconciliation performed pursuant to Rule 4.23.5, Total Deposits (as defined in the form set out in the Procedure to Rule 4.23.5) is less than Total Third Party Client Monies (as defined in the form set out in the Procedure to Rule 4.23.5); or
- (d) according to a reconciliation performed pursuant to Rule 4.23.6, there is a deficiency of funds in its trust accounts (or, in respect of a reconciliation performed pursuant to Rule 4.23.6(b), a deficiency in respect of any particular client) or if it is unable to reconcile its trust accounts pursuant to Rule 4.23.6.

Note: A Participant may notify ASX Clear of the matters referred to in this Rule 4.23.7 by copying ASX Clear in on any corresponding notification given to ASIC under Rule 3.5.10 of the ASIC Market Integrity Rules (ASX Market) 2010.

Introduced 06/10/09 Amended 15/06/15

4.23.8 Schedule of trust amounts – [Deleted]

Introduced 06/10/09 Deleted 28/04/14

4.24 REIMBURSEMENT OUT OF TRUST ACCOUNT

4.24.1 Accessing trust account money

Unless otherwise specified in Rule 4.24.2, a Participant must not withdraw from a clients' trust account maintained pursuant to Rule 4.23 money received by the Participant in connection with the purchase of Financial Products under a Cash Market Transaction until the Participant (or if the Participant appoints a Settlement Participant as its agent, that Settlement Participant) has taken all the steps specified in the Procedures in order for the Financial Products to be registered or held in the name of the client or such other person as instructed by the client.

Introduced 28/04/14

4.24.2 Exceptions from withdrawal restrictions

The restriction in Rule 4.24.1 on withdrawing from a clients' trust account money received by the Participant in connection with the purchase of Financial Products under a Cash Market Transaction does not apply to the extent that:

- (a) the money was paid by way of remuneration payable to the Participant in connection with that Cash Market Transaction or the Participant is entitled to

deduct from the money remuneration payable to the Participant in connection with that Cash Market Transaction;

- (b) the money is paid out of the clients' trust account to defray brokerage and other proper charges in connection with that Cash Market Transaction;
- (c) the money is paid out of the clients' trust account:
 - (i) in accordance with the written direction of the client; or
 - (ii) to the Participant where the Participant is entitled to the money, in connection with a transfer authorised by the client of Financial Products acquired under that Cash Market Transaction which is a transfer other than a transfer to a Holding contemplated in Rule 4.24.1; or
- (d) the money is paid out of the clients' trust account to the client.

Note: The circumstances in which Rule 4.24.2(c) is contemplated to apply include a transfer authorised by the client in respect of contras (ie purchase and sale transactions for the same class of Financial Products settling on or about the same day) and a transfer authorised by the client which is effected through DvP messaging.

Introduced 28/04/14

4.25 PAYMENTS TO AND FROM TRUST ACCOUNT AT SETTLEMENT

4.25.1 Facilitating payments to and from trust account at settlement

In connection with Rules 6.3B and 10.10A of the operating rules of the Approved Settlement Facility:

- (a) if the Participant settles its Cash CCP Transactions through the Approved Settlement Facility in its capacity as a Settlement Participant, the Participant must do all things in its capacity as a Participant to enable compliance by it as a Settlement Participant with its obligations under those Rules;
- (b) if the Participant has appointed a Settlement Participant as its agent to settle its Cash CCP Transactions through the Approved Settlement Facility, all obligations under those Rules for the Settlement Participant to pay an amount to the clients' trust account maintained by the Participant pursuant to Rule 4.23 (or to ensure that such payment occurs), are to be treated also as obligations of the Participant under these Rules and the Participant must do all things in its capacity as a Participant to enable compliance by the Settlement Participant with its obligations under those Rules.

Introduced 25/05/15

4.26 DEFAULT BROKER REQUIREMENTS

4.26.1 Application

This Rule 4.26 sets out the default broker requirements of this Section.

Introduced 01/01/18

4.26.2 Participant to satisfy default broker requirements

A Participant must satisfy the default broker requirements under Rule 4.26 if ASX Clear selects that Participant in accordance with the Procedures.

A Participant selected by ASX Clear to satisfy the default broker requirements must if it is a Market Participant, or if it is not a Market Participant must procure that a Related Body Corporate that is a Market Participant (if any):

- (a) enter into a Default Broker Agreement with ASX Clear that:
 - (i) is on standard client terms (including execution rates) that are no less favourable than those agreed with any client with the same creditworthiness as ASX Clear; and
 - (ii) includes all terms reasonably required by ASX Clear for the purpose of the Market Participant routing or giving up the executed Market Transactions to an account of ASX Clear for clearing; and
- (b) actively participate in default simulations held by ASX Clear from time to time.

In this Rule 4.26.2, "Default Broker Agreement" means an agreement with ASX Clear to execute orders on ASX Clear's behalf for the purpose of closing out, or eliminating or minimising the risk from, Clearing Obligations associated with some or all of the Cash CCP Transactions and Derivatives CCP Contracts between ASX Clear and any Participant (other than the Participant or a Related Body Corporate of the Participant) which ASX Clear has declared to be in default under Section 15 of the Rules.

Introduced 01/01/18

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