

## SECTION 12 REGISTRATION, NOVATION, NETTING AND SETTLEMENT

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## SECTION 12 REGISTRATION, NOVATION, NETTING AND SETTLEMENT

This Section deals with the novation, netting and settlement of transactions.

Market Transactions are either Cash Market Transactions or Derivatives Market Transactions. A Derivatives Market Transaction may be a Futures Market Transaction or an Option Market Transaction. A Derivatives Market Transaction comprises the number of Derivatives Market Contracts entered into on the market of an Approved Market Operator, or over the counter in the case of OTC Options Market Transactions. Market Transactions are notified to ASX Clear by an Approved Market Operator, or by the relevant Participant in the case of OTC Options Market Transactions, and will either be accepted by ASX Clear for registration or accepted for reporting but not registration. In the case of Derivatives Market Transactions, ASX Clear will register each of the Derivatives Market Contracts (Futures Market Contracts, Options Market Contracts or OTC Options Market Transactions) comprising the Derivatives Market Transaction.

If a Market Transaction is accepted by ASX Clear for registration and meets the requirements for novation set out in Rule 12.2.1, it will be novated to ASX Clear. Once novated, a Cash Market Transaction is discharged and replaced with two Cash CCP Transactions, a Derivatives Market Contract is discharged and replaced with two Derivatives CCP Contracts, a Futures Market Contract is discharged and replaced with two Futures CCP Contracts and an Options Market Contract is discharged and replaced with two Options CCP Contracts.

Cash CCP Transactions and Derivatives CCP Contracts may then be subject to set off and the netting of delivery obligations and payment obligations. In general terms, in relation to a Cash CCP Transaction both Participants together may, prior to netting and set off, choose to take a transaction out of the Clearing Facility and settle it directly or in an Alternative Settlement Facility. ASX Clear also has power, in certain circumstances to remove a transaction.

Once ASX Clear has calculated net delivery and net payment obligations of Participants for Cash CCP Transactions it will then notify the Approved Settlement Facility of:

- (a) those net delivery and net payment obligations which have been set off and netted by way of a CCP Net Batch Instruction; and
- (b) those delivery and payment obligations which have been novated but not netted by way of a CCP Gross Batch Instruction or CCP RTGS Instruction.

If a Market Transaction is accepted by ASX Clear for reporting but not registration, ASX Clear will notify the reported transaction to the Approved Settlement Facility and ASX Clear has no other obligation or responsibility for the Market Transaction.

In addition to dealing with the above matters, this section deals with:

- (c) when Market Transactions are novated to ASX Clear;
- (d) the effect of novation;

- (e) the circumstances in which a Cash Market Transaction may be excluded from novation and the consequences of so excluding it;
- (f) the circumstances in which a Cash CCP Transaction may be removed from novation and excluded from netting and the consequences of so doing;
- (g) the circumstances in which a Participant may remove and settle transactions by Real Time Gross Settlement;
- (h) what is to happen if there is a payment or delivery failure in the case of Cash CCP Transactions or a payment failure in respect of Derivatives CCP Contracts;
- (i) the circumstances in which a Participant may choose to isolate counterparty in respect of Cash CCP Transactions;
- (j) the discharge of payment and delivery obligations;
- (k) a Participant's obligation to report positions in relation to Derivatives CCP Contracts to ASX Clear;
- (l) the giving of trading and clearing information in relation to Derivatives Market Contracts and Derivatives CCP Contracts by ASX Clear to Participants, the Participant's obligation to check that information and report any errors to ASX Clear;
- (m) the correction of errors by ASX Clear; and
- (n) the cancellation and amendment of Derivatives Market Contracts.

This section also deals with the Offsetting Transaction Arrangements which will apply between ASX Clear and Participants for failed CCP Batch Instructions notified by the Approved Settlement Facility in order to facilitate the settlement (rather than rescheduling) of those instructions for the purposes of Sub-standard 7.9 of the Financial Stability Standards for Central Counterparties. Delivery and payment obligations under such Offsetting Transaction Arrangements are to be dealt with on the same basis as delivery and payment obligations under other Cash CCP Transactions and be subject to set-off against those obligations.

## 12.1 REGISTRATION AND NOTIFICATION OF MARKET TRANSACTIONS

### 12.1.1 Market Transactions to be registered

Subject to Rule 12.2.5, ASX Clear will register a Market Transaction (other than an OTC Options Market Transaction) if, and only if:

- (a) there is a current agreement between ASX Clear, an Approved Settlement Facility and the Approved Market Operator through which the Market Transaction was effected, for the provision of a Trade Acceptance Service;
- (b) the Approved Market Operator has submitted the Market Transaction to ASX Clear in accordance with the Terms of Trade Acceptance Service; and

- (c) the Market Transaction is in a category of Market Transactions which ASX Clear will accept for registration, as specified by ASX Clear in the Procedures.

Introduced 11/03/04 Origin OCH 5.4.1, 5.4.2, SCH 7.4 Amended 27/06/11, 28/05/12, 01/10/15

#### **12.1.1A Registration of OTC Options Market Transactions**

Subject to Rule 12.2.5, ASX Clear will register an OTC Options Market Transaction if, and only if, the relevant Participant or Participants notify ASX Clear of the OTC Options Market Transaction in the manner set out in the Procedures. In notifying an OTC Options Market Transaction a Participant warrants to ASX Clear that it has satisfied itself that its client is not a 'U.S. person' (as that term is defined in the Procedures).

Introduced 28/05/12 Amended 01/10/15, 23/11/16

#### **12.1.2 Market Transactions notified but not registered**

ASX Clear will notify an Approved Settlement Facility of a Cash Market Transaction which is not registrable under Rule 12.1.1 if:

- (a) there is a current agreement between ASX Clear, the Approved Settlement Facility and the Approved Market Operator through which the Cash Market Transaction was effected, under which ASX Clear agrees to notify that category of Cash Market Transaction to the Approved Settlement Facility for settlement by that facility;
- (b) the Approved Market Operator notifies ASX Clear of that Cash Market Transaction in accordance with the terms of that agreement; and
- (c) the Cash Market Transaction is in a category of Cash Market Transactions which ASX Clear will notify to an Approved Settlement Facility, as specified by ASX Clear in the Procedures.

Introduced 11/03/04 Origin SCH 7.4.3 Amended 27/06/11

#### **12.1.3 Participants liable to settle Cash Market Transactions notified but not registered**

Participants must settle Cash Market Transactions notified to an Approved Settlement Facility under Rule 12.1.2 in accordance with the operating rules of that Approved Settlement Facility.

Introduced 11/03/04

#### **12.1.4 Reliance on particulars of Market Transactions**

ASX Clear is entitled to rely on the particulars of any Market Transaction notified to it by an Approved Market Operator as being correct and, subject to Rule 12.21 in relation to Derivatives Market Contracts, is not bound to recognise any error in relation to those particulars. Without limiting the generality of the foregoing, but subject to Rule 12.21 in relation to Derivatives Market Contracts:

- (a) where:

- (i) an Approved Market Operator submits a Market Transaction to ASX Clear for registration in the name of a Participant (that is, the particulars of the Market Transaction notified to ASX Clear by the Approved Market Operator identify the Participant, by its PID or otherwise, as a clearing counterparty to the Market Transaction); and
  - (ii) the Participant is authorised under these Rules to clear one or more categories of Market Transactions effected through the Approved Market Operator, or
- (b) where a Participant is directed a Misdirected Market Transaction;

the Participant is taken for all purposes under these Rules to have agreed to clear the Market Transaction and has the corresponding obligations in respect of the Market Transaction, notwithstanding any actual or alleged error concerning the identification of the Participant as a clearing counterparty to the Market Transaction.

*Note: In relation to Cash Market Transactions which are notified to ASX Clear by an Approved Market Operator with incorrect particulars of Buyer or Seller, refer Rule 12.7.1 under which ASX Clear may remove Cash CCP Transactions from transactions to be notified for settlement under Rule 12.6.1 if it is notified by an Approved Market Operator that the original Cash Market Transaction has been cancelled.*

Introduced 11/03/04 Origin OCH 5.4.9 Amended 27/06/11

#### **12.1.4A Reliance on particulars of OTC Options Market Transactions**

ASX Clear is entitled to rely upon the particulars of any OTC Options Market Transaction notified to it by a Participant under Rule 12.1.1A as being correct and, subject to Rule 12.21 in relation to Derivatives Market Contracts, is not bound to recognise any error in relation to those particulars.

Introduced 28/05/12

#### **12.1.5 Timing of registration**

ASX Clear will register:

- (a) Cash Market Transactions or transactions under an Offsetting Transaction Arrangement; and
- (b) Derivatives Market Contracts,

at a time determined by ASX Clear and specified in the Procedures or otherwise notified to Participants.

ASX Clear will register Cash Market Transactions or transactions under an Offsetting Transaction Arrangement into the Cash Market Account established for each Participant under Rule 10.1.1(d). All unsettled Cash Market Transactions entered into at or prior to the commencement of the margining of Cash Market Transactions will be treated for the purpose of these Rules as being registered in the relevant Participant's Cash Market Account.

Subject to Rules 12.13 and 12.14, ASX Clear will register Derivatives Market Contracts into the Account that has been established by and for each Participant under Rule 11.3.

Introduced 11/03/04 Origin OCH 5.4.8 Amended 07/06/13, 28/04/14

## 12.2 NOVATION

### 12.2.1 ASX Clear to novate Cash Market Transactions and Derivatives Market Contracts

ASX Clear will novate a Cash Market Transaction which is registered in accordance with Rule 12.1.1 if and only if the delivering PID and the receiving PID specified in the particulars of the Cash Market Transaction submitted to ASX Clear by the Approved Market Operator relate to two different legal entities.

If the delivering PID and the receiving PID relate to the same legal entity, ASX Clear will, unless instructed otherwise in accordance with the Procedures, register the Cash Market Transaction and notify the relevant Participant that the Cash Market Transaction has been registered for information only.

ASX Clear will novate a Cash Market Transaction subject to and in accordance with this Rule 12.2.1 with effect from:

- (a) if the Cash Market Transaction is the result of the matching of bids and offers on the market of the Approved Market Operator, immediately after the matching of those bids and offers; or
- (b) if the Cash Market Transaction is the result of a transaction being recorded by the Approved Market Operator, immediately after the transaction is recorded.

ASX Clear will novate a Derivatives Market Contract, if the Derivatives Market Transaction to which it relates has been registered under Rules 12.1.1 or 12.1.1A, at the time of registration.

*Note: A Cash Market Transaction which is submitted by an Approved Market Operator to ASX Clear for registration must be validated by ASX Clear in accordance with the Terms of Trade Acceptance Service in order to confirm that the Cash Market Transaction is registrable under Rule 12.1.1. If the Cash Market Transaction is determined by ASX Clear to be registrable and if it meets the requirements for novation in this Rule 12.2.1, then it is novated with effect from the point in time specified by Rule 12.2.1.*

*For the avoidance of doubt, Derivatives Market Contract includes an Options Market Contract executed on the over the counter market and a Derivatives Market Transaction includes an OTC Options Market Transaction.*

Introduced 11/03/04 Origin OCH 5.4.4, SCH 7.7 Amended 27/06/11, 28/05/12, 07/06/13, 03/12/18

### 12.2.2 Effect of novation

Upon novation of a Cash Market Transaction or a Derivatives Market Contract under Rule 12.2.1:



- (a) the Cash Market Transaction is discharged and replaced with two Cash CCP Transactions; and
- (b) the Derivatives Market Contract is discharged and replaced with two Derivatives CCP Contracts,

with the following effect, subject to these Rules:

- (c) the obligations owed by a Seller to a Buyer are replaced by obligations in the same terms owed by the Seller to ASX Clear, and by obligations owed by ASX Clear to the Buyer;
- (d) the obligations owed by a Buyer to a Seller are replaced by obligations in the same terms owed by the Buyer to ASX Clear, and by obligations owed by ASX Clear to the Seller.

ASX Clear and each Participant acknowledge that:

- (e) Cash CCP Transactions (excluding Cash CCP Transactions which are removed from novation pursuant to Rule 12.7.1 or 12.7.2 and not reinstated pursuant to Rule 12.7.5); and
- (f) Derivatives CCP Contracts,

are market netting contracts (as defined in the Payment Systems and Netting Act 1998) the terms of which incorporate any and all Rules which provide for or relate to the exercise of default rights, the netting, set-off or termination of obligations, the calculation or payment of termination values or net amounts and obligations to pay deposits or margin calls, or which otherwise affect the rights and obligations of the parties to the contracts, including, without limitation the Recovery Rules and:

- (g) in respect of Cash CCP Transactions, Rules 12.4.1, 12.6.1, and 15; and
- (h) in respect of Derivatives CCP Contracts, Rules 12.16, 12.17, 13.2, 14 and 15.

Introduced 11/03/04 Origin OCH 5.4.4, SCH 7.8.1 Amended 18/12/06, 13/07/09, 19/08/09, 01/10/15

#### **12.2.2A Cash CCP Transactions that are transactions under Offsetting Transaction Arrangement**

ASX Clear and each Participant acknowledge that notwithstanding that a Cash CCP Transaction that arises under an Offsetting Transaction Arrangement does not arise from a novation of a Cash Market Transaction under Rule 12.2.1 but rather from the entry into of an Offsetting Transaction Arrangement directly between ASX Clear and the Participant, such Cash CCP Transaction will be treated in the same way as other Cash CCP Transactions (as appropriate), including:

- (a) being market netting contracts (as defined in the Payment Systems and Netting Act 1998) the terms of which incorporate any and all Rules which provide for or relate to the exercise of default rights, the netting, set-off or termination of obligations, the calculation or payment of termination values or net amounts and obligations to pay deposits or margin calls, or which otherwise affect the

rights and obligations of the parties to the contracts, including, without limitation Rules 12.4.1, 12.6.1 and 15; and

- (b) being subject to the provisions in this Section 12 of these Rules that relate to Cash CCP Transactions (as appropriate), including, without limitation, Rules 12.2.3, 12.2.4, 12.2.5, 12.2.6, 12.3, 12.4, 12.5, 12.6, 12.7, 12.8, 12.9, 12.10, 12.17, 12.18 and 12.19.

Introduced 28/04/14

### **12.2.3 Obligations and rights**

The obligations and rights under Cash CCP Transactions and Derivatives CCP Contracts between the Seller and ASX Clear and between the Buyer and the ASX Clear are owed by and to the parties as principals to each other notwithstanding that the Seller and Buyer may be acting as agent for another person or that ASX Clear's obligations are discharged in the Approved Settlement Facility by another person acting on behalf of ASX Clear.

The obligations of ASX Clear are for the benefit of the Participant as principal and for the benefit of no other person.

Introduced 11/03/04 Origin OCH 6.1, 6.2, 6.3, SCH 7.8.2

### **12.2.4 ASX Clear need not take account of other interests**

Subject to the Corporations Act, in performing its obligations and in exercising its rights and powers under the Rules or the Procedures, ASX Clear need not take account of any interest (whether legal or equitable, present or future, actual or contingent) which any person other than the Participant may have, or claim to have, in a Cash CCP Transaction, a Derivatives CCP Contract or in any Cover.

Introduced 11/03/04 Origin OCH 6.5

### **12.2.5 Transactions affected by fraud etc.**

ASX Clear is not obliged to meet its obligations under a Cash CCP Transaction or Derivatives CCP Contract registered in a Participant's name as Buyer or Seller if the person who entered into the Market Transaction as Buyer or Seller (as applicable) which gave rise to the Cash CCP Transaction or Derivatives CCP Contract, entered into that Market Transaction:

- (a) fraudulently or in other circumstances which render the Market Transaction void; or
- (b) intending not to perform the Market Transaction, the Cash CCP Transactions or the Derivatives CCP Contracts arising from the Market Transaction.

This Rule 12.2.5 does not discharge the Participant concerned from any of its obligations under the transaction or contract, nor does the exercise by ASX Clear of its rights under this Rule discharge ASX Clear from its obligations under any other Cash CCP Transaction or Derivatives CCP Contract, even if that transaction or contract arose from the same Market Transaction (unless ASX Clear is also entitled to exercise its rights under this Rule in respect of that Cash CCP Transaction or Derivatives CCP Contract).

Introduced 11/03/04 Origin OCH 5.4.10

## 12.2.6 No dealing with rights

Subject to these Rules, a Participant must not:

- (a) dispose (whether absolutely or by way of security) of any of its Payment Rights or any of its other rights under, or in respect of, a Cash CCP Transaction or a Derivatives CCP Contract; or
- (b) create or permit to subsist any interest (whether legal, equitable or statutory) by way of security over any of its Payment Rights or any of its other rights under, or in respect of, a Cash CCP Transaction or a Derivatives CCP Contract.

Introduced 11/03/04 Origin OCH 6.6

## 12.3 NETTING AND SETTLEMENT OF CASH MARKET TRANSACTIONS

### 12.3.1 Application of Rules

Rules 12.4 to 12.10 only apply to Cash Market Transactions and Cash CCP Transactions.

*Note: The calculation, notification and settlement of margin obligations for Cash CCP Transactions are dealt with under Rules 14.5 to 14.6 and Rules 12.17 to 12.19.*

Introduced 11/03/04 Amended 07/06/13

## 12.4 DISCHARGE OF CASH MARKET TRANSACTIONS

### 12.4.1 When obligations discharged

The terms of Cash CCP Transactions are affected by these Rules and the operating rules of the Approved Market Operator through which the transaction was effected and in particular:

- (a) each of the obligations to deliver Financial Products and to make payment is discharged by; and
- (b) each of the entitlements to receive Financial Products and to receive payment is satisfied by,

net delivery and net payment in accordance with the operating rules of the Approved Settlement Facility.

*Note: In the case of a Participant default, obligations and entitlements between ASX Clear and a non-defaulting Participant under a Failed CCP Batch Instruction (reflecting obligations and entitlements under Cash CCP Transactions which underlie such CCP Batch Instruction) may be subject to set-off against and discharged by entitlements and obligations under the first leg of an Offsetting Transaction Arrangement between ASX Clear and the non-defaulting Participant in the manner set out in Rule 12.8A. A Cash CCP Transaction that arises under the second leg of that Offsetting Transaction Arrangement will continue to be*

*able to be settled by net delivery or net payment in accordance with the operating rules of the Approved Settlement Facility.*

Introduced 11/03/04 Origin SCH 7.8.3 Amended 27/06/11, 28/04/14

## 12.5 NON-NOVATED TERMS

### 12.5.1 Other terms and conditions not novated

If a Cash Market Transaction involves terms or conditions other than:

- (a) the Buyer having to pay the consideration for the number and class of Financial Products; or
- (b) the Seller having to deliver the number and class of the Financial Products or Entitlements relating to those Financial Products,

those terms and conditions are not novated under Rule 12.2.1.

*Note: Refer to Rule 12.9 for one method by which obligations in relation to Entitlements are discharged.*

Introduced 11/03/04 Origin SCH 7.8.4 Amended 07/06/13

## 12.6 CALCULATION OF NET CLEARING OBLIGATIONS

### 12.6.1 Calculation, set-off and notification of net payment obligation

Subject to Rule 12.6.2A and Rule 12.7 upon novation of a Cash Market Transaction due for settlement on a particular Business Day, the payment and delivery obligations under the Cash CCP Transaction are immediately set off against all other payment and delivery obligations due for settlement on that Business Day in accordance with the rules of law as follows:

- (a) the total of all the amounts that a Participant is obliged to pay ASX Clear on that Business Day for a PID will be set off against the total of all the amounts that the Participant is entitled to receive from ASX Clear on that Business Day for the same PID; and
- (b) the total number of Financial Products of a particular class to be delivered to a Participant by ASX Clear on that Business Day for a PID will be set off against the total number of Financial Products of that class to be delivered to ASX Clear on that Business Day for the same PID.

Introduced 11/03/04 Origin SCH 7.9.1 Amended 08/08/13, 28/04/14

### 12.6.2 Notification of Cash CCP Transactions to Approved Settlement Facility

Subject to Rule 12.6.2A, within the time prescribed in the Procedures, ASX Clear will for each Business Day send to the Approved Settlement Facility a CCP Net Batch Instruction containing the details specified in the Procedures in respect of:

- (a) the net delivery obligation or entitlement of a Participant for each PID for all CCP Cash Transactions in a class of Financial Products due for settlement on that Business Day; and
- (b) the associated net payment obligation or entitlement of the Participant for each PID for all Cash CCP Transactions in the class of Financial Products due for settlement on that Business Day which will be calculated by setting off the total of the amounts that the Participant is obliged to pay ASX Clear on that Business Day in respect of transactions in that class of Financial Products for a PID against the total of the amount that the Participant is entitled to receive from ASX Clear in respect of transactions in that class of Financial Products for the same PID,

and will notify the Participant of the CCP Net Batch Instruction.

Introduced 11/03/04 Amended 08/08/13, 28/04/14

#### **12.6.2A Obligations under Offsetting Transaction Arrangement relating to Failed CCP Net Batch Instruction**

Where the Approved Settlement Facility notifies ASX Clear of Failed CCP Net Batch Instructions under Rule 12.8A and pursuant to that Rule ASX Clear enters into an Offsetting Transaction Arrangement with the Participant that has obligations or entitlements under the Failed CCP Net Batch Instruction, then:

- (a) obligations and entitlements under the first leg of an Offsetting Transaction Arrangement entered into in respect of each such Failed CCP Net Batch Instruction will be set-off against and discharged by equal but opposite obligations and entitlements under the Failed CCP Net Batch Instruction in the manner set out in Rule 12.8A;
- (b) obligations and entitlements under the second leg of an Offsetting Transaction Arrangement entered into in respect of each such Failed CCP Net Batch Instruction will also be included as delivery and payment obligations or entitlements (as applicable) of the Participant for the PID to which those Failed CCP Net Batch Instructions related in the class of Financial Products due for settlement on the next Business Day;
- (c) CCP Net Batch Instructions due for settlement on a Business Day in respect of that Participant will, in addition to the CCP Net Batch Instructions notified under Rule 12.6.2, also include separate CCP Net Batch Instructions containing details of delivery and payment obligations and entitlements (as applicable) of the Participant under the second leg of each Offsetting Transaction Arrangement entered into in respect of a CCP Net Batch Instruction (and representing equivalent delivery and payment obligations and entitlements of the Participant (as applicable) as under the CCP Net Batch Instruction) Failed on the previous Business Day relating to that PID and class of Financial Products; and
- (d) an instruction will be deemed to have been generated by ASX Clear and sent to the Approved Settlement Facility which contains the details referred to in (c) above.

Introduced 28/04/14

### **12.6.3 Failure to discharge net obligation – [Deleted]**

Introduced 11/03/04 Origin SCH 7.9.3 Deleted 31/03/05

## **12.7 CANCELLATION AND REMOVAL OF CASH CCP TRANSACTIONS FROM NOVATION, NETTING AND SETTLEMENT**

### **12.7.1 Removal by ASX Clear of a Cash CCP Transaction from settlement notification**

ASX Clear may, before the time specified in the Procedures, remove Cash CCP Transactions from transactions to be notified for settlement under Rule 12.6.1 if:

- (a) ASX Clear reasonably considers it appropriate having regard to Rule 1.15 in order to maintain the orderly operation and integrity of ASX Clear;
- (b) it is requested to do so by an Approved Market Operator in accordance with the Terms of Trade Acceptance Service, or by an Approved Settlement Facility, in order to ensure the efficiency, orderly operation, integrity or proper functioning of the market or facility; or
- (c) it is notified by an Approved Market Operator in accordance with the Terms of Trade Acceptance Service, or by an Approved Settlement Facility, that the original Cash Market Transaction has been cancelled,

and if it removes the Cash CCP Transactions, ASX Clear will immediately notify:

- (d) the affected Participants that the Cash CCP Transactions have been removed; and
- (e) where relevant, the Approved Market Operator or the Approved Settlement Facility that the Cash CCP Transactions have been removed,

and Rule 12.7.6 will have effect.

Introduced 11/03/04 Origin SCH 7.5A1, 7.5A.2 Amended 27/06/11

### **12.7.2 Buyer and Seller may request Cash CCP Transactions be removed from novation and set off**

If before the time specified in the Procedures, the Buyer and Seller to a Cash Market Transaction request ASX Clear to remove the transaction from novation under Rule 12.2.1 and set off under Rule 12.6.1, in order, for example, to remove the transaction to an Alternative Settlement Facility, ASX Clear will:

- (a) remove the corresponding Cash CCP Transactions from set off; and
- (b) notify the Buyer and Seller accordingly,

and Rule 12.7.6 will have effect.

If the Buyer and Seller request it, ASX Clear will send to an Approved Settlement Facility a corresponding Direct Batch Instruction.

Introduced 11/03/04 Origin SCH 7.13.1

### **12.7.3 Buyer and Seller may request Cash CCP Transactions be excluded from set off**

If before the time specified in the Procedures a Buyer and Seller to a Cash Market Transaction:

- (a) request ASX Clear to remove the corresponding Cash CCP Transactions from set off under Rule 12.6.1; or
- (b) request ASX Clear to remove the corresponding Cash CCP Transactions from set off under Rule 12.6.1 for the purpose of settlement in Real Time Gross Settlement,

ASX Clear will remove the Cash CCP Transactions from set off.

Introduced 11/03/04 Origin SCH 7.12

### **12.7.4 Action by ASX Clear where Buyer and Seller request Cash CCP Transaction be excluded from set off**

Subject to Rule 12.7.9, where ASX Clear accepts a request under Rule 12.7.3 to exclude a transaction from set off, ASX Clear will, within the time specified in the Procedures, send to the Approved Settlement Facility corresponding:

- (a) CCP Gross Batch Instructions; or
- (b) CCP RTGS Instructions,

as the case requires and notify the Buyer and Seller accordingly.

Introduced 11/03/04 Origin SCH 7.12, 28/04/14

### **12.7.5 Buyer and Seller may cancel request**

If before the time specified in the Procedures, the Buyer and Seller to a transaction cancel a request made to ASX Clear to:

- (a) remove the transaction from novation and set off under Rule 12.7.2; or
- (b) remove the transaction from set off under Rule 12.7.3,

and ASX Clear accepts the request for cancellation, ASX Clear will reinstate the transaction to novation and set off or set off as the case requires.

Introduced 11/03/04 Origin SCH 7.1.4A, 7.12, 7.12A, 7.13

### **12.7.6 Effect of removal of Cash CCP Transaction**

If ASX Clear removes Cash CCP Transactions under Rules 12.7.1 or 12.7.2:

- (a) the Seller and the Buyer are, and are taken from the time the original Cash Market Transaction was entered into, to be in direct contractual relationship with each other on the terms of that transaction; and
- (b) ASX Clear has no obligation in relation to those transactions.

Introduced 11/03/04 Origin SCH 7.5A.2, 7.13.3

### **12.7.7 Request by Buyer or Seller where counterparty not known**

Where a Buyer or Seller (as the case may be) is not aware of the identity of its counterparty for the purpose of making a request to ASX Clear for the removal of a transaction under either Rule 12.7.2 or Rule 12.7.3, the Buyer or Seller may ask ASX Clear, by the time and in the manner set out in the Procedures, to facilitate such a request.

Introduced 28/11/05

### **12.7.8 ASX Clear action where asked to facilitate a request**

Upon being asked under Rule 12.7.7 to facilitate a request, ASX Clear will use reasonable endeavours to contact the counterparty to ascertain whether the counterparty is agreeable or otherwise to a request to remove the transaction. ASX Clear will notify the Buyer or Seller as soon as reasonably practicable whether the counterparty is agreeable to the request.

Introduced 28/11/05

### **12.7.9 Obligations under second leg of Offsetting Transaction Arrangement relating to Failed CCP Gross Batch Instruction**

Where the Approved Settlement Facility notifies ASX Clear of Failed CCP Gross Batch Instructions under Rule 12.8A and pursuant to that Rule ASX Clear enters into an Offsetting Transaction Arrangement with the Participant that has obligations or entitlements under the Failed CCP Gross Batch Instruction, then:

- (a) obligations and entitlements under the first leg of an Offsetting Transaction Arrangement entered into in respect of each such Failed CCP Gross Batch Instruction will be set-off against and discharged by equal but opposite obligations and entitlements under the Failed CCP Gross Batch Instruction in the manner set out in Rule 12.8A;
- (b) CCP Gross Batch Instructions due for settlement on a Business Day in respect of that Participant will, in addition to the CCP Gross Batch Instructions notified under Rule 12.7.4, also include separate CCP Gross Batch Instructions containing details of delivery and payment obligations and entitlements (as applicable) of the Participant under the second leg of each Offsetting Transaction Arrangement entered into in respect of a CCP Gross Batch Instruction (and representing equivalent delivery and payment obligations and entitlements of the Participant (as applicable) as under the CCP Gross Batch Instruction) Failed on the previous Business Day relating to that PID; and
- (c) an instruction will be deemed to have been generated by ASX Clear and sent to the Approved Settlement Facility which contains the details referred to in (b) above.

Introduced 28/04/14

## **12.8 PAYMENT OR DELIVERY FAILURE OF CASH CCP TRANSACTIONS**

### **12.8.1 Failure causing an increase in ASX Clear's payment obligations**

If an Approved Settlement Facility Fails:



- (a) a CCP Net Batch Instruction generated by ASX Clear under Rule 12.6.2 or 12.6.2A;
- (b) a CCP Gross Batch Instruction generated by ASX Clear under Rule 12.7.4 or 12.7.9; or
- (c) a CCP RTGS Instruction generated by ASX Clear under Rule 12.7.4,

and as a result of the Failure there is an increase in ASX Clear's obligation to make payment, ASX Clear may make arrangements to meet its increased obligation. Where ASX Clear considers that a Participant's default would trigger a Failure in respect of an Instruction referred to in this Rule 12.8.1, ASX Clear may also make arrangements to make payments to avoid such Instructions being Failed.

Introduced 11/03/04 Origin SCH 7.26.1 Amended 28/04/14

### **12.8.2 ASX Clear to acquire title**

Where ASX Clear makes a payment in respect of a Failure, or to avoid such Failure, under Rule 12.8.1, ASX Clear acquires title to the Financial Products the subject of the Instruction which otherwise would have been delivered to the defaulting paying Participant.

Introduced 11/03/04 Origin SCH 7.26.2 Amended 28/04/14

### **12.8.3 Interest paid by ASX Clear**

If ASX Clear makes a payment in respect of a Failure, or to avoid such Failure, under Rule 12.8.1, any amount of interest paid by ASX Clear or interest foregone in respect of the payment is a debt owed by the Participant to ASX Clear.

Introduced 11/03/04 Origin SCH 7.26.3 Amended 28/04/14

### **12.8.4 Failure an event of default**

If ASX Clear makes a payment in respect of a Failure, or to avoid such Failure, under Rule 12.8.1, the Failure by the Participant to settle the Instruction or the making of such payment by ASX to avoid such Instructions being Failed (where it has reasonable grounds for suspecting such Instructions would otherwise be Failed) will constitute an event of default under Rule 15.1(b).

Introduced 11/03/04 Origin SCH 7.33.1 Amended 28/04/14

### **12.8.5 Application of Standard Settlement Price by ASX Clear**

If an Approved Settlement Facility Fails in full or in part:

- (a) a CCP Net Batch Instruction generated by ASX Clear under Rule 12.6.2 or 12.6.2A;
- (b) a CCP Gross Batch Instruction generated by ASX Clear under Rule 12.7.4 or 12.7.9; or
- (c) a CCP RTGS Instruction generated by ASX Clear under Rule 12.7.4,

and ASX Clear requests the Approved Settlement Facility to reschedule the Instruction to the next Business Day, ASX Clear will apply a Standard Settlement Price to determine a Revised Settlement Amount for each Instruction or part of Instruction that ASX Clear requests the Approved Settlement Facility to reschedule for settlement and:

- (d) if ASX Clear has an entitlement to receive under a rescheduled Instruction and:
  - (i) if the Revised Settlement Amount is greater than the Settlement Amount of the Instruction that has Failed, the delivering Participant must pay ASX Clear the difference between the two amounts; or
  - (ii) if the Revised Settlement Amount is less than the Settlement Amount of the Instruction that has Failed, ASX Clear must pay to the delivering Participant the difference between the two amounts;
- (e) if ASX Clear has an obligation to deliver under a rescheduled Instruction and:
  - (i) if the Revised Settlement Amount is less than the Settlement Amount of the Settlement Instruction that has Failed, the receiving Participant must pay ASX Clear the difference between the two amounts; and
  - (ii) if the Revised Settlement Amount is greater than the Settlement Amount of the Instruction that has Failed, ASX Clear must pay the receiving Participant the difference between the two amounts; and
- (f) ASX Clear will apply the Revised Settlement Amount to each rescheduled Instruction.

Introduced 11/03/04 Origin SCH 7.28.2 Amended 28/04/14

## **12.8.6 Part settlement designated by Participant**

In the event of a payment Failure by a Participant, ASX Clear may, in its absolute discretion, request the Approved Settlement Facility to override any designation made by the Participant in accordance with the operating rules of the Approved Settlement Facility that a Batch instruction is available or not available for settlement in part.

Introduced 11/03/04 Origin SCH 7.19.1

## **12.8A ASX CLEAR TO ENTER INTO OFFSETTING TRANSACTIONS**

### **12.8A.1 Offsetting Transaction Arrangement**

Where the Approved Settlement Facility Fails CCP Batch Instructions for a Payment Shortfall (or to limit a Settlement Participant's net obligation to make payment in respect of that Payment Facility to the amount notified under Rule 10.10.4(a) of the operating rules of the Approved Settlement Facility) or for a suspension or termination of a Payments Provider that would affect payment under a CCP Batch Instruction, and notifies ASX Clear of those CCP Batch Instructions:

- (a) ASX Clear may, in its absolute discretion, enter into an Offsetting Transaction Arrangement with each non-defaulting Participant (or in the case of a CCP Batch Instruction Failed for a suspension or termination of a Payments

Provider, with the affected Participant other than for where the affected Participant's authority to clear the category of Market Transaction that underlies the Failed CCP Batch Instruction has been suspended or terminated) that has obligations or entitlements under the Failed CCP Batch Instruction (reflecting obligations and entitlements under Cash CCP Transactions to which the Participant is a counterparty which underlie such CCP Batch Instruction);

- (b) The Offsetting Transaction Arrangement is to provide for:
- (i) under the first leg of the Offsetting Transaction Arrangement, obligations and entitlements which are equal but opposite to the outstanding obligations and entitlements of ASX Clear and the Participant under the Failed CCP Batch Instruction;
  - (ii) under the second leg of the Offsetting Transaction Arrangement, obligations and entitlements which are equal but opposite to the obligations and entitlements of ASX Clear and the Participant under the first leg of the Offsetting Transaction Arrangement (ie equal to the outstanding obligations and entitlements of ASX Clear and the Participant under the Failed CCP Batch Instruction),
- on the terms set out in the Procedures.
- (c) Nothing further is required to be done by either ASX Clear or the Participant in order to enter into and bring into effect such Offsetting Transaction Arrangement;
- (d) At the time of entry into an Offsetting Transaction Arrangement, the delivery and payment obligations and entitlements of the Participant and ASX Clear under the Failed CCP Batch Instruction are to be set-off against the equal but opposite payment and delivery obligations and entitlements of the Participant and ASX Clear under the first leg of the Offsetting Transaction Arrangement relating to the Failed CCP Batch Instruction, with the result that:
- (i) each of the obligations of a Participant to deliver Financial Products (or Entitlements relating to those Financial Products) to ASX Clear under the Failed CCP Batch Instruction are discharged by the equal but opposite obligations of ASX Clear to deliver Financial Products (or Entitlements relating to those Financial Products) to the Participant under the first leg of the Offsetting Transaction Arrangement;
  - (ii) each of the obligations of ASX Clear to make payment to the Participant under the Failed CCP Batch Instruction are discharged by the equal but opposite obligations of the Participant to make payment to ASX Clear under the first leg of the Offsetting Transaction Arrangement;
  - (iii) each of the obligations of ASX Clear to deliver Financial Products (or Entitlements relating to those Financial Products) to a Participant under the first leg of the Offsetting Transaction Arrangement are discharged by the equal but opposite obligations of the Participant to

deliver Financial Products (or Entitlements relating to those Financial Products) to ASX Clear under the Failed CCP Batch Instruction; and

- (iv) each of the obligations of a Participant to make payment to ASX Clear under the first leg of the Offsetting Transaction Arrangement are discharged by the equal but opposite obligations of ASX Clear to make payment to the Participant under the Failed CCP Batch Instruction;
- (e) payment and delivery obligations and entitlements of a Participant under the second leg of the Offsetting Transaction Arrangement will be due for settlement on the following Business Day and are subject to set-off against all other payment and delivery obligations and entitlements for the PID to which the Failed CCP Batch Instruction related and inclusion for settlement in accordance with Rules 12.6 and 12.7 (as applicable) and discharge by net delivery and net payment in accordance with Rule 12.4.

Introduced 28/04/14 Amended 01/10/15

## 12.9 ISOLATE COUNTERPARTY – CASH CCP TRANSACTIONS

### 12.9.1 Where CCP Net Batch Instruction has Failed

In relation to a CCP Net Batch Instruction which has Failed in full or in part, a Buyer may request ASX Clear to isolate a counterparty in relation to the Instruction and ASX Clear may, in its absolute discretion:

- (a) select one or more Sellers in respect of the CCP Net Batch Instruction relating to that particular class of Financial Products so that the Financial Products to be delivered by the Seller or Sellers matches the total number of Financial Products to be received by the Buyer in relation to that particular class of Financial Products;
- (b) create a CCP Gross Batch Instruction between the Seller or Sellers and the Buyer relating to that number of Financial Products and send the instruction to the Approved Settlement Facility for settlement on the next Business Day;
- (c) reduce the Seller's or Sellers' CCP Net Batch instructions by the number of units included in the instruction; and
- (d) reduce the Buyer's CCP Net Batch instructions by the number of units included in the Instruction.

Introduced 11/03/04 Origin SCH 7.45.1 Amended 01/10/15

### 12.9.2 ASX Clear may take action to isolate counterparties

Even though a Buyer has not requested ASX Clear to act in accordance with Rule 12.9.1, ASX Clear:

- (a) may take such action under Rule 12.9.1 as if the identified Buyer had made such request under Rule 12.9.1; and

- (b) where such action is taken, will notify all Sellers and Buyers of the resulting settlement obligation.

Introduced 11/03/04 Origin SCH 7.45.4

### **12.9.3 Application of the Rules**

Rule 12.9.1 applies to action taken by ASX Clear under Rule 12.9.2 as if the Buyer had made the request under Rule 12.9.1.

Introduced 11/03/04 Origin SCH 7.45.5

## **12.10 DISCHARGE OF SETTLEMENT OBLIGATIONS RELATING TO CASH CCP TRANSACTIONS**

### **12.10.1 Time at which discharge of settlement obligations occur**

Subject to Rule 12.8A in respect of Cash CCP Transactions underlying a Failed CCP Batch Instruction settled through a Cash CCP Transaction that is a transaction under the first leg of an Offsetting Transaction Arrangement, ASX Clear and Participants will be taken under these Rules to have discharged their settlement obligations in relation to Cash CCP Transactions under Rule 4.20 only upon receipt by ASX Clear and the Participant or the Participant's Settlement Participant of a declaration by an Approved Settlement Facility that in accordance with the operating rules of that Approved Settlement Facility:

- (a) each obligation to deliver Financial Products is discharged irrevocably in full;
- (b) each entitlement to receive Financial Products or Entitlements is satisfied irrevocably in full;
- (c) each obligation to make payment has been discharged irrevocably in full; and
- (d) each entitlement to receive a payment has been satisfied irrevocably in full.

Introduced 11/03/04 Origin SCH 7.30.2 Amended 28/04/14

## **12.11 NETTING AND SETTLEMENT OF DERIVATIVES MARKET TRANSACTIONS AND CASH MARKET MARGIN OBLIGATIONS**

### **12.11.1 Application of Rules**

Rules 12.12 to 12.26 apply to Derivatives Market Transactions, Derivatives Market Contracts and Derivatives CCP Contracts.

Rules 12.17 to 12.19 also apply to margin obligations in respect of Cash CCP Transactions in the circumstances set out in the Procedures.

Introduced 11/03/04 Amended 07/06/13

## 12.12 ACCUMULATION AND PRICE AVERAGING

### 12.12.1 Derivatives Market Contracts nominated for accumulation and price averaging

On registration of Derivatives Market Contracts which have been nominated for accumulation and price averaging, Rule 12.1.5 applies, except that the Derivatives CCP Contract arising on registration under that Rule will be registered in the relevant Participant's Account at the average price.

Introduced 11/03/04 Origin OCH 5.4.5

## 12.13 CONDITIONS ON REGISTRATION

### 12.13.1 ASX Clear may decline to register or impose conditions on registration

Before ASX Clear registers a Derivatives Market Contract and even though a Participant has complied with Rule 12.1.5, ASX Clear may:

- (a) decline to register that Derivatives Market Contract and declare it void; or
- (b) impose any condition on the registration of that Derivatives Market Contract,

if ASX Clear considers that either of those actions is appropriate having regard to Rule 1.15. ASX Clear must notify the Approved Listing Market Operator and the Participants affected by the action as soon as practicable after the action has been taken.

Introduced 11/03/04 Origin OCH 5.4.6 Amended 27/06/11

## 12.14 COVER

### 12.14.1 ASX Clear may require Cover as condition of registration

ASX Clear may require either or both Participants in whose name a Derivatives Market Contract is sought to be registered to provide Cover under Rule 14.6.1, as a condition of registration of that Derivatives Market Contract.

Introduced 11/03/04 Origin OCH 5.4.7

## 12.15 DAILY SETTLEMENT TO MARKET – DERIVATIVES CCP CONTRACTS

### 12.15.1 Application

ASX Clear will effect the settlement to market of all Derivatives CCP Contracts which the Procedures specify will be "settled to market" in accordance with this Rule 12.15 each Business Day at the time set out in the Procedures. ASX Clear may also effect settlement to market at any other time.

Introduced 11/03/04 Origin OCH 5.5.1

### 12.15.2 Setting the Daily Settlement Price

In order to effect the settlement of Derivatives CCP Contracts under this Rule 12.15, ASX Clear will determine the price (the "Daily Settlement Price") at which daily settlement of

each Series or Delivery Month will occur, having regard to prevailing market prices reported by the Approved Listing Market Operator and other factors it considers relevant.

Introduced 11/03/04 Origin OCH 5.5.2 Amended 27/06/11

### **12.15.3 Daily Settlement Price final and binding**

The Daily Settlement Price determined by ASX Clear under Rule 12.15.2 is final and binding on Participants.

Introduced 11/03/04 Origin OCH 5.5.3

### **12.15.4 Process of Daily Settlement**

ASX Clear will effect settlement to market of a Derivatives CCP Contract (the "Settled Contract") registered in an Account by:

- (a) creating and registering in that Account a Derivatives CCP Contract in the same Series or Delivery Month but in the opposite position at the Daily Settlement Price;
- (b) closing out the Derivatives CCP Contract created under paragraph (a) and the Settled Contract in accordance with Rule 13, as if the Participant had requested those two Derivatives CCP Contracts to be closed out; and
- (c) creating and registering a new Derivatives CCP Contract in the same Series or Delivery Month as the Settled Contract at the Daily Settlement Price but otherwise on the same terms as the Settled Contract.

Introduced 11/03/04 Origin OCH 5.5.4

## **12.16 CALCULATION OF NET CLEARING OBLIGATIONS - DERIVATIVES CCP CONTRACT**

### **12.16.1 Calculation, set-off and notification of net payment amount – House Accounts**

ASX Clear will, in respect of all Derivatives CCP Contracts referable to the categories of Derivatives Market Transaction as determined by ASX Clear and specified in the Procedures and having regard to the amount of Cover and Excess Cash recorded in respect of House Accounts for those categories of Market Transaction under Rules 10.2.2 10.2.3 and 10.2.4 in the manner and time set out in the Procedures or at any other time determined by ASX Clear:

- (a) calculate:
  - (i) the total Payment Obligations of the Participant at that time on the Participant's House Accounts for each PID;
  - (ii) the total Payment Rights of the Participant at that time on those House Accounts for each PID;
- (b) set off those Payment Obligations against those Payment Rights to obtain a net amount payable by or to the Participant for each PID; and

- (c) notify the Participant of that net amount for each PID.

Introduced 11/03/04 Origin OCH 4.3.2 Amended 01/11/12, 08/08/13

#### **12.16.2 Calculation, set off and notification of net payment amount – Client Accounts**

ASX Clear will, in respect of all Derivatives CCP Contracts referable to the categories of Derivatives Market Transaction as determined by ASX Clear and set out in the Procedures and having regard to the amount of Cover and Excess Cash recorded in respect of Client Accounts for those categories of Market Transaction under Rules 10.2.2, 10.2.3, 10.2.4 in the manner and time set out in the Procedures or at any other time determined by ASX Clear:

- (a) calculate:
  - (i) the total Payment Obligations of the Participant at that time on each of the Participant's Client Accounts for each PID;
  - (ii) calculate the total Payment Rights of the Participant at that time on each of those Client Accounts for each PID;
- (b) set off those Payment Obligations against those Payment Rights to obtain a net amount payable by or to the Participant for each PID; and
- (c) notify the Participant of that net amount for each PID.

Introduced 11/03/04 Origin OCH 4.3.3 Amended 01/11/12, 08/08/13

### **12.17 DISCHARGE OF NET CLEARING OBLIGATIONS – DERIVATIVES CCP CONTRACTS AND CASH MARKET MARGIN OBLIGATIONS**

#### **12.17.1 Payment of net amount by Participant**

Where ASX Clear notifies the Participant under Rule 12.16 of a net amount payable by the Participant, the Participant must pay that net amount to ASX Clear or at its direction by the time and in the manner specified in the Procedures or as otherwise notified by ASX Clear to that Participant.

Introduced 11/03/04 Origin OCH 4.3.4

#### **12.17.2 Payment of net amount by ASX Clear**

Where ASX Clear notifies the Participant under Rule 12.16 of a net amount payable by ASX Clear, ASX Clear must pay that net amount to the Participant or at its direction by the time and in the manner specified in the Procedures or as otherwise notified by ASX Clear to that Participant. The Participant may request ASX Clear to retain an amount payable by ASX Clear under this Rule, and, if agreed to, the amount will represent Excess Cash.

Introduced 11/03/04 Origin OCH 4.3.5 Amended 23/10/09



#### **12.17.2A Net Payment – House Accounts and Cash Market margin obligations**

ASX Clear may determine, and set out in the Procedures, that margin obligations for Cash CCP Transactions notified under Rule 14.5.2 and any net payment right or net payment obligation notified under Rule 12.16.1(c) may be settled through a single net payment of those amounts.

Introduced 07/06/13

#### **12.17.3 Single net payment**

In addition to Rule 12.17.2A, ASX Clear may determine, and set out in the Procedures, that any net payment rights and net payment obligations arising under Rule 12.16 (including, where the Participant has been allocated more than one PID, any net payment rights or net payment obligations notified under Rule 12.16.1(c) or any net payment rights or net payment obligations notified under Rule 12.16.2(c)) may be settled through a single net payment of those amounts.

Introduced 11/03/04 Origin OCH 4.3.5A Amended 08/08/13

#### **12.17.4 Effect of net payment**

Payment of a net amount in accordance with Rule 12.17.1, 12.17.2 or 12.17.2A, or the payment of a single net payment in accordance with Rule 12.17.3:

- (a) discharges the Payment Obligations included in the set off;
- (b) satisfies the Payment Rights included in the set off;
- (c) satisfies the margin obligations for Cash CCP Transactions included in any net payment in accordance with Rule 12.17.2A; and
- (d) satisfies and discharges the corresponding rights and obligations of ASX Clear against or to the Participant.

For a payment of a single net payment in accordance with Rule 12.17.3, paragraphs (a), (b) and (d) above relate only to the Payment Obligations or Payment Rights included in the single net payment.

Introduced 11/03/04 Origin OCH 4.3.6 Amended 07/06/13, 08/08/13

#### **12.17.5 Time for payment of amounts due to ASX Clear**

A Participant must pay to ASX Clear all amounts due and payable in respect of an Account by the time specified in the Procedures and, if no time is specified, on demand.

Introduced 11/03/04 Origin OCH 4.3.7

## **12.18 NET PAYMENT FAILURE – DERIVATIVES CCP CONTRACT AND CASH MARKET MARGIN OBLIGATIONS**

### **12.18.1 Failure to pay net amount an event of default**

A failure to pay a net amount calculated under Rule 12.17 is an event of default under Rule 15.1.1(b).

Introduced 11/03/04 Amended 07/06/13

## **12.19 INTEREST ON UNPAID AMOUNTS**

### **12.19.1 ASX Clear may charge Participant interest**

ASX Clear may charge a Participant interest on amounts due to be paid by the Participant under these Rules or the Procedures but unpaid, for the period from the date the amount fell due for payment to the date on which the amount is paid in full. ASX Clear will determine from time to time and specify in the Procedures whether interest will be charged and the basis upon which interest rates will be calculated. ASX Clear will notify Participants of any alteration to that basis. ASX Clear will notify a Participant in the manner specified in the Procedures of any interest charged to that Participant under this Rule 12.19.1.

Introduced 11/03/04 Origin OCH 4.3.8

## **12.20 TRADING AND CLEARING INFORMATION – DERIVATIVES MARKET CONTRACTS**

### **12.20.1 ASX Clear to give details of Derivatives Market Contracts and Derivatives CCP Contracts**

ASX Clear will give each Participant in the manner and by the time specified in the Procedures, details each Business Day of:

- (a) Derivatives Market Contracts reported for registration in the Participant's name;
- (b) Derivatives Market Contracts allocated to the Participant under Rule 11.1;
- (c) Derivatives Market Contracts allocated by the Participant under Rule 11.1;
- (d) the Accounts designated for registration of Derivatives Market Contracts;
- (e) Derivatives CCP Contracts registered in the Participant's name; and
- (f) Cover and Excess Cash credited to, or held in respect of, the Participant.

Introduced 11/03/04 Origin OCH 7.1

### **12.20.2 Reporting Positions to ASX Clear**

By the time and in the manner set out in the Procedures, a Participant must report to ASX Clear:

- (a) the number of Derivatives CCP Contracts registered with ASX Clear at that time in respect of each Client of the Participant;
- (b) the number of Derivatives CCP Contracts registered with ASX Clear at that time in respect of each person whose positions are registered in the Participant's House Account; and
- (c) any other information of the type set out in the Procedures or otherwise required by ASX Clear.

Introduced 11/03/04 Origin OCH 4.5

### **12.20.3 Participant to check information**

When a Participant receives the information provided under Rule 12.20.1, it must check those details and must immediately notify ASX Clear of any errors in accordance with the Procedures. If the Participant does not notify ASX Clear, by the time specified in the Procedures, of receipt of the details that there is an error in those details:

- (a) ASX Clear is entitled to rely on the accuracy of those details;
- (b) the Participant will be taken to have waived any right to have the error corrected and will have rights and obligations in accordance with those details unless ASX Clear agrees otherwise;
- (c) ASX Clear may refuse to correct any error which is notified subsequently by the Participant; and
- (d) ASX Clear may take any action, or no action, in respect of any error which is notified subsequently, which it considers to be appropriate having regard to Rule 1.15.

Introduced 11/03/04 Origin OCH 7.2 Amended 18/12/06

### **12.20.4 Time of receipt**

For the purpose of Rule 12.20.3, a Participant is taken to receive the details referred to in Rule 12.20.1:

- (a) at the time ASX Clear transmits a Clearing Message containing the details to the Participant; or
- (b) at the time a written document containing the details is available for collection from ASX Clear by or on behalf of the Participant.

Introduced 11/03/04 Origin OCH 7.3

## **12.21 ERRORS IN REPORTING OF DERIVATIVES MARKET CONTRACTS**

### **12.21.1 Error reported by Participant**

If:

- (a) a Participant notifies ASX Clear by the time and in the manner specified in the Procedures, that an error has been made in the particulars of a Derivatives Market Contract reported to ASX Clear under the Rules;
- (b) the Participant which entered into the Derivatives Market Contract as Buyer and the Participant which entered into the Derivatives Market Contract as Seller have each provided to ASX Clear the same particulars as the correct particulars of the Derivatives Market Contract;
- (c) where applicable, the last Participant to which the Derivatives Market Contract has been allocated under Rule 11.1 has consented to correction of the error;
- (d) the Derivatives Market Transaction was not an OTC Options Market Transaction, the Approved Listing Market Operator has notified ASX Clear that it is satisfied that there was an error and that the error was inadvertent;
- (e) the Derivatives Market Transaction was not an OTC Options Market Transaction, the Participants referred to in paragraphs (b) and (c), or the Market Participant for whom the Participant clears (as relevant) has complied with any requirements under the rules of the Approved Listing Market Operator relating to any correction of the error; and
- (f) those Participants have each satisfied any conditions stipulated by ASX Clear or the Approved Listing Market Operator (if applicable) in connection with the error,

then:

- (g) if the Derivatives Market Contract has not been registered, ASX Clear must correct the error in the particulars of the Derivatives Market Contract before it is registered; or
- (h) if the Derivatives Market Contract has been registered, ASX Clear must cancel the registration of each Derivatives CCP Contract arising under Rule 12.2.2 and, if ASX Clear considers it appropriate having regard to Rule 1.15, register in its place a corrected Derivatives CCP Contract.

Introduced 11/03/04 Origin OCH 7.4.1 Amended 18/12/06, 27/06/11, 28/05/12

#### **12.21.2 Error reported by Approved Listing Market Operator**

If the Approved Listing Market Operator notifies ASX Clear that an error has been made in the particulars of a Derivatives Market Contract reported to ASX Clear under the rules of the Approved Listing Market Operator and subject to any conditions which may be stipulated by ASX Clear in connection with the error:

- (a) if the Derivatives Market Contract has not been registered, ASX Clear must correct the error in the particulars of the Derivatives Market Contract before it is registered; or
- (b) if the Derivatives Market Contract has been registered, ASX Clear must cancel the registration of each Derivatives CCP Contract arising under Rule 12.2.2 and,

if ASX Clear considers it appropriate having regard to Rule 1.15, register in its place a corrected Derivatives CCP Contract.

Introduced 11/03/04 Origin OCH 7.4.2 Amended 27/06/11

### **12.21.3 Reliance on information**

ASX Clear is entitled to rely on the accuracy of all information concerning an actual or alleged error in a Derivatives Market Contract or Derivatives CCP Contract which is given to ASX Clear by the Approved Listing Market Operator.

Introduced 11/03/04 Origin OCH 7.4.3 Amended 27/06/11

## **12.22 CANCELLATION AND AMENDMENT OF DERIVATIVES MARKET CONTRACTS**

### **12.22.1 Cancellation or amendment binding on Participants**

The cancellation or amendment of a Derivatives Market Contract under the rules of the Approved Listing Market Operator, and any action taken by the relevant Market Participants and the Approved Listing Market Operator to give effect to the cancellation or amendment under those rules, is binding on any Participant which has Clearing Obligations for the relevant Derivatives Market Contract and:

- (a) if the Derivatives Market Contract has not been registered, ASX Clear will correct the error in the particulars of the Derivatives Market Contract before it is registered; or
- (b) if the Derivatives Market Contract has been registered, ASX Clear will cancel the registration of each Derivatives CCP Contract arising under Rule 12.2.2 and, if ASX Clear considers it appropriate having regard to Rule 1.15, register in its place a corrected Derivatives CCP Contract.

Introduced 11/03/04 Origin OCH 7.4A Amended 27/06/11

### **12.22.2 Cancellation of Derivatives Market Contracts relating to OTC Options Market Transactions**

If the Buyer and Seller in relation to a Derivatives Market Contract relating to an OTC Options Market Transaction agree that the Derivatives Market Contract should be amended or cancelled they may, in the manner and time specified in the Procedures, request that ASX Clear make that amendment or cancellation and:

- (a) if the Derivatives Market Contract has not been registered, ASX Clear will correct the error in the particulars of the Derivatives Market Contract before it is registered; or
- (b) if the Derivatives Market Contract has been registered, ASX Clear will cancel the registration of each Derivatives CCP Contract arising under Rule 12.2.2 and, if ASX Clear considers it appropriate having regard to Rule 1.15, register in its place a corrected Derivatives CCP Contract.

Introduced 28/05/12

## 12.23 ERROR IN ACCOUNT DESIGNATION OF DERIVATIVES MARKET CONTRACT

### 12.23.1 Action by ASX Clear where notified of an error in designation

If:

- (a) ASX Clear is notified by a Participant by the time specified in the Procedures that an error has been made in the designation of a Derivatives Market Contract to a Participant's Account;
- (b) ASX Clear is satisfied that the error was inadvertent; and
- (c) the Participant has satisfied any conditions stipulated by ASX Clear in connection with correcting the error,

then:

- (d) if the Derivatives Market Contract has not been registered, ASX Clear will correct the designation of the Derivatives Market Contract before it is registered; or
- (e) if the Derivatives Market Contract has been registered, ASX Clear will transfer the registration of the relevant Derivatives CCP Contract arising under Rule 12.2.2 to the correct Account in the manner specified in the Procedures.

Introduced 11/03/04 Origin OCH 7.5

## 12.24 ERRORS BY ASX CLEAR

### 12.24.1 ASX Clear may take action to correct error

If ASX Clear becomes aware at any time that it has made an error in entering or recording any of the details referred to in Rule 12.20.1, ASX Clear may decide to take any action to correct the error or the consequences of the error which it considers appropriate having regard to Rule 1.15. ASX Clear will notify in the manner specified in the Procedures each Participant affected by the error.

Introduced 11/03/04 Origin OCH 7.6

## 12.25 DECISION FINAL AND BINDING

### 12.25.1 Decisions by ASX Clear

The correction of an error, and any decision or action by ASX Clear under this Section 12, is final and binding on the Participants affected by the decision.

Introduced 11/03/04 Origin OCH 7.7

## 12.26 NO LIABILITY OF ASX CLEAR

### 12.26.1 Actions or determinations of ASX Clear

Without limiting Rule 1.15, none of ASX Clear, its officers, agents, persons acting for or on behalf of ASX Clear or contractors are liable to a Participant or to any other person for any loss, liability, damage, cost or expense arising in any way (including, without limitation, by negligence) from any actions or determinations of ASX Clear under this Section 12.

Introduced 11/03/04 Origin OCH 7.8

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