



ASX 24 OPERATING RULES

SECTION 2 PRODUCTS

PRODUCTS THAT MAY BE DEALT WITH UNDER THE EXCHANGE'S LICENCE	203
DERIVATIVES MARKET CONTRACTS	203
Underlying Financial products, Indices, Instruments etc	203
Contract Series Open for Trading.....	203
Adjustments	204
EFFECT OF FUTURES CONTRACTS	204
EFFECT OF OPTIONS CONTRACTS	205
DETERMINATION OF DAILY SETTLEMENT PRICE	205
Determination of Settlement Price	205
APPOINTMENT OF THE APPROVED CLEARING FACILITY AS AGENT AND ATTORNEY	205
WAREHOUSE RECEIPTS	206
TRANSITIONAL PROVISIONS TO ENABLE ASX GRAIN CONTRACTS TO BE TREATED AS THOUGH THEY HAD BEEN OPENED ON THE EXCHANGE	207
Definitions	207
ASX Grain Contracts to be Treated as Exchange Contracts	207

SECTION 2 PRODUCTS

PRODUCTS THAT MAY BE DEALT WITH UNDER THE EXCHANGE'S LICENCE

[2000] The following is a list the classes of Financial Products that may be dealt with on the Market by Trading Participants under the Exchange's Australian market licence:

- (a) Derivatives.

[2001] For the purposes of these Rules Products are referred to as Derivatives Market Contracts (as applicable).

DERIVATIVES MARKET CONTRACTS

[2200] Derivatives Market Contracts are Futures Market Contracts, Options Market Contracts and any other contract that the Exchange authorises for trading on the Trading Facility and determines to be a Derivative Market Contract.

Underlying Financial products, Indices, Instruments etc

[2210] In relation to Options Market Contracts the Exchange may approve:

- (a) Financial Products as Underlying Financial Products if a substantial number of the Financial Products are, or, in the opinion of the Exchange, will be, widely held and actively traded on financial markets;
- (b) an index as an Underlying Index where that index is listed in, or meets the criteria set out in, Schedule 1; and
- (c) any Futures Market Contract as an Underlying Financial Product.

[2211] In relation to Futures Market Contracts the Exchange may approve any instrument, commodity, Financial Product or index as an Underlying Instrument, Underlying Commodity, Underlying Financial Product or Underlying Index (respectively). The Underlying Instruments, Underlying Commodities, Underlying Financial Products and Underlying Indices (or the criteria for determining them) are set out in Schedule 1.

[2212] The Exchange may withdraw approval previously given under Rule [2210] or [2211] for any reason including, without limitation, if the Exchange considers the relevant instrument, commodity, Financial Product or index no longer meets the current criteria for approval. If the Exchange withdraws approval:

- (a) the Exchange must notify Trading Participants of the withdrawal; and
- (b) a Trading Participant must not enter a Derivatives Market Transaction for any Contract Series in respect of the relevant instrument, commodity, Financial Product or index unless the Exchange determines that the entry into the Derivatives Market Transaction is appropriate having regard to Rule [6120].

Contract Series Open for Trading

[2220] The Exchange may open for trading Contract Series which may be:

- (a) Options Market Contracts; or
- (b) Futures Market Contracts.

The Exchange will notify Trading Participants of Contract Series open for trading as set out in Schedule 1.

[2221] The general specifications of Contract Series are set out in Schedule 1. At the time it opens a Contract Series for trading, the Exchange will notify Trading Participants of the particular specifications of the relevant Contract Series (including, for example, in the case of an Options Market Contract, the Expiry Date, exercise style and Contract Size).

[2222] A Trading Participant must not enter into any Derivatives Market Transaction in respect of a Contract Series after Trading Close (or such other time as the Exchange determines and notifies to Trading Participants before it opens that Contract Series for trading under Rule [2220] on the Expiry Date (in the case of Options Market Contracts) or on the last Trading Day (in the case of Futures Market Contracts) of that Contract Series.

Adjustments

[2230] The Exchange may:

- (a) subject to Schedule 1, make adjustments to the terms of a Contract Series;
- (b) set out in the Procedures adjustments which will generally apply in certain circumstances;
- (c) without limitation, if it considers an adjustment should be made to a Contract Series as a result of any event:
 - (i) make an adjustment to the terms of the Contract Series; and
 - (ii) direct the Approved Clearing Facility and any Alternative Clearing Facility to make an adjustment to the number of Open Contracts registered with it;

in order to ensure that the value of the Open Contracts is as far as practicable the same as it would have been had the event not occurred;

- (d) determine when an adjustment is to be effective; and
- (e) unless it considers it inappropriate to do so in the circumstances, round the adjustment of any term under this Rule [2230] to the nearest cent or unit of the Underlying Instrument, Financial Product, commodity or Index, as applicable.

[2231] The Exchange must notify Trading Participants of an adjustment to a Contract Series as soon as it is practicable and appropriate to do so (which will usually be before the adjustment to Open Contracts under Rule [2230] becomes effective).

[2232] If the Exchange considers it is not reasonably practicable to make an adjustment for an event under Rule [2230] to ensure that the value of the Open Contracts is as far as practicable the same as it would have been had the event not occurred, the Exchange may decide not to make an adjustment and may direct that Open Contracts be terminated or closed out by the relevant Approved Clearing Facility in accordance with the Clearing Rules.

EFFECT OF FUTURES CONTRACTS

[2300] The effect of a Futures Contract which is cash settled is that the parties will make an adjustment between them at a specified future time ("the Settlement Day") according to whether the value of the Contract on the Settlement Day ("the Settlement Value") is greater or less than the value of the Futures Contract at the time of the making of the Futures Contract ("the Contract Value") as set out in the Procedures.

[2301] The effect of a Futures Contract which is deliverable is that the Seller will deliver and the Buyer will accept the commodity or thing which is the subject of the Futures Contract, as agreed between the parties and in accordance with the Individual Contract Specifications for that Futures Contract and as set out in the Procedures.

EFFECT OF OPTIONS CONTRACTS

[2400] In the case of:

- (a) deliverable Call Option Contracts over a Futures Contract;
- (b) deliverable Put Option Contracts over a Futures Contract;
- (c) deliverable Strip Options Contracts which are Call Option Contracts;
- (d) deliverable Strip Options which are Put Option Contracts;
- (e) deliverable Call Option Contracts over an Underlying Physical;
- (f) deliverable Put Option Contracts over an Underlying Physical;
- (g) cash settled Call Option Contracts; and
- (h) cash settled Put Option Contracts;

the effect of the Option Contract and the rights and obligations of Buyers and Sellers must be effected in accordance with the Procedures.

DETERMINATION OF DAILY SETTLEMENT PRICE

[2500] The Daily Settlement Price for each Class of Contract is calculated as set out in the Procedures.

Determination of Settlement Price

[2501] The Settlement Price for each Class of Contract shall be determined in accordance with the relevant Individual Contract Specifications and the Procedures. The Settlement Price so determined shall, subject to Rule [3100] be accepted as final.

APPOINTMENT OF THE APPROVED CLEARING FACILITY AS AGENT AND ATTORNEY

[2600] Without prejudice to any other provisions in these Rules:

- (a) each Trading Participant who is a party to a deliverable Futures Contract irrevocably appoints the Approved Clearing Facility as its agent and attorney to perform all acts on its behalf, and to exercise all powers necessary to effect delivery of the Futures Contract, together with all powers which are reasonably incidental to those acts and powers;
- (b) the Approved Clearing Facility may perform any of its duties or obligations under these Rules by or through its officers, employees or agents; and
- (c) each Clearing Participant will indemnify the Approved Clearing Facility and keep the Approved Clearing Facility indemnified against any loss or claim arising from the Approved Clearing Facility's performance of its obligations in relation to any safe accommodation service.

WAREHOUSE RECEIPTS

- [2700] This Rule [2700] applies in respect of Warehouse Receipts which are issued in respect of a Class of Contract which is listed on the Exchange.
- (a) In this Rule [2700], "Warehouse Receipt" includes a Warehouse Receipt which is forged or which contains any endorsement or signature which is forged, irregular, or which has been placed on the Warehouse Receipt without the authority of the person whose signature it purports to be.
 - (b) None of the Exchange, Approved Clearing Facility, their respective officers, employees, agents or contractors will be liable in respect of, or in connection with:
 - (i) the delivery of a Warehouse Receipt;
 - (ii) the transfer of title, or failure to transfer title, of a commodity by an Approved Warehouse in respect of a Warehouse Receipt;
 - (iii) the limitation or exclusion of liability by an Approved Warehouse in respect of a Warehouse Receipt.
 - (c) The Exchange, the Approved Clearing Facility and Approved Warehouses intend that the rights represented by a Warehouse Receipt may be transferred by the endorsement and delivery of that Warehouse Receipt by the holder, and that Warehouse Receipts will be used by all Trading Participants on that basis. However, the Approved Warehouse, in issuing the Warehouse Receipt does not warrant the negotiability of the Warehouse Receipt, and neither the Approved Clearing Facility nor the Exchange warrants the negotiability of a Warehouse Receipt. No right of action can be acquired by any person (including the holder of a Warehouse Receipt) against an Approved Warehouse, the Approved Clearing Facility or the Exchange by reason only of a Warehouse Receipt being in fact not negotiable.
 - (d) Provided that the Seller has acted in good faith and in the ordinary course of business:
 - (i) the delivery to a Buyer or the Approved Clearing Facility of an endorsed Warehouse Receipt and certificates as required by these Rules or the Rules of the Approved Clearing Facility in respect of a Futures Contract shall fully discharge the obligations of the Seller;
 - (ii) the Seller is not required to prove that the endorsements (if any) are regular and were made by or under the authority of the persons whose endorsement they purport to be; and
 - (iii) the Buyer has no right of action against the Seller of the Warehouse Receipt even if it contains any endorsement or signature which is forged, irregular, or which has been placed on the Warehouse Receipt without the authority of the person whose signature it purports to be.
 - (e) The Buyer agrees with the Approved Clearing Facility, the Exchange and Clearing Participants that the Buyer has no right of action against any holder or previous holder of the Warehouse Receipt even if it contains endorsements which are irregular, unauthorised or forged provided that the holder was a bona fide purchaser without notice. These Rules constitute an effective release of liability that such a holder would but for this Rule [2700] otherwise be under.

TRANSITIONAL PROVISIONS TO ENABLE ASX GRAIN CONTRACTS TO BE TREATED AS THOUGH THEY HAD BEEN OPENED ON THE EXCHANGE

[2800]

Introduced 24/10/11

Definitions

[2801] For the purposes of this Section [2800] the following definitions are applicable:

“Changeover Day” in respect of a Class of Contract listed on ASX, means the day which ASX determines to be the last day on which trading in that Class of Contract may take place on the market operated by ASX.

“Grain Contract” means a contract which was executed on the market operated by ASX in accordance with the ASX Operating Rules on or before the Changeover Day, and which is to be transferred to the Exchange.

Introduced 24/10/11

ASX Grain Contracts to be Treated as Exchange Contracts

[2802]

- (a) The Exchange shall, for the purposes of these Operating Rules, at the time determined by ASX, treat each Grain Contract which is an open Contract at that time, as though it had been executed on the Exchange on the date on which it was executed on the market operated by ASX.
- (b) Each relevant Grain Contract:
 - (i) shall be deemed to have been executed by the Trading Participant; and
 - (ii) shall be treated as though it were an Exchange contract in the Class of Contract determined by the Exchange.
- (c) Where Rule [2802](a) applies and the Trading Participant is not a Clearing Participant, the Trading Participant shall provide to the Exchange a duly signed guarantee from a Clearing Participant (the Guarantor Clearing Participant) in the form determined by the Exchange, to the effect that the Guarantor Clearing Participant guarantees the performance of all Grain Contracts entered into by that Trading Participant.

Introduced 24/10/11

End of Section. Next page is no. 301.