



### Invitation to comment

ASX is seeking submissions on these proposals, including from parties who may be interested in applying to use the Trade Acceptance Service in the future.

Submissions are due by Friday, 14 March 2014. Submissions should be sent to:

E [regulatorypolicy@asx.com.au](mailto:regulatorypolicy@asx.com.au)

Regulatory & Public Policy ASX Limited  
20 Bridge Street Sydney NSW 2000

Attention: Ms Diane Lewis – Senior  
Manager, Regulatory & Public Policy

ASX prefers to receive submissions in electronic form. Submissions not marked as 'confidential' will be made publicly available on ASX's website.

If you would like your submission, or any part of it, to be treated as 'confidential', please indicate this clearly in your submission.

### Contacts

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## Executive Summary

ASX proposes to amend the Legal Terms of the Trade Acceptance Service and the associated Operational and Technical Standards to:

- **remove the annual service fee for the Trade Acceptance Service** – ASX is proposing to remove the annual service fee effective from 1 July 2014 to provide a pricing outcome consistent with a competitive market for trade execution venues accessing clearing and settlement arrangements.
- **enhance ASX's service level commitments for the Trade Acceptance Service** – ASX is proposing additional service level commitments in relation to notice periods for communicating the details of technical enhancements to the Trade Acceptance Service, and operational changes and technical issues impacting the Trade Acceptance Service.
- **enhance and streamline the Operational and Technical Standards** – ASX is proposing to amend the Operational and Technical Standards to remove unnecessary requirements and ensure equivalence with the requirements applicable to the ASX market and ASX participants.
- **update the Information Handling Standard** – ASX is proposing to update the Information Handling Standard for the protection of confidential information received in connection with the Trade Acceptance Service. The Information Handling Standard sets out, among other things, that directors of ASX Clear, ASX Settlement and ASX Compliance who also sit on the ASX Limited Board will not receive conflict sensitive information or participate in consideration of conflict sensitive information received from an Approved Market Operator (AMO) using the Trade Acceptance Service.

ASX has also released the results of a technical review of the Trade Acceptance Service. The review identified no material differences in the field specification and validation logic between the Trade Acceptance Service and the equivalent verification function provided by CORE for trades executed on the ASX market. The review confirms that equivalent outcomes are achieved for trades submitted for clearing and settlement through the Trade Acceptance Service, and those submitted for clearing and settlement from the ASX market.

From its commencement to December 2013, the Trade Acceptance Service has had an average availability of 99.98%. In that time, over 51 million trades have been submitted for clearing and settlement through the Trade Acceptance Service. Of the trades submitted, 784 trades were 'incorrectly' rejected (representing 0.0015% of trades submitted). Almost all of these rejected trades (778) occurred as a result of a technical issue with CHES shortly after the commencement of the Trade Acceptance Service in December 2011. These trades were replayed and processed within two hours of the trades being rejected.

In addition, ASX is seeking expressions of interest for the establishment of a Trade Acceptance Service to enable trades in securities listed on the markets of an Approved Listing Market Operator ('ALMO', which is a listing and trading venue for securities that are not ASX-listed securities) to be accepted by ASX Clear and ASX Settlement for clearing and settlement.

Separately, ASX is proposing to enhance the service levels and other Operational Procedures applicable to its Settlement Facilitation Service for other listing venues that are operated by ALMOs, and put in place an Information Handling Procedure for that service. The Information Handling Procedure will formalise the current arrangements for the protection of confidential information received from an ALMO.

## Removal of annual service fee

1. ASX is committed to provide non-discriminatory pricing to all customers and potential users.
2. In the context of the current market structure for clearing and settlement in Australia, ASX has reviewed the annual service fee for the Trade Acceptance Service. At the time of the commencement of the Trade Acceptance Service, a policy decision on the structure of clearing and settlement in the cash equity market had not been made. On 11 February 2013, the Treasurer accepted the recommendation from the Council of Financial Regulators to defer a decision on any licence application from a competing central counterparty for cash equities for two years, subject to ASX putting in place a code of practice for the clearing and settlement of cash equities in Australia.
3. ASX is proposing to remove the annual service fee for the use of the Trade Acceptance Service. The removal of the annual service fee will be effective from 1 July 2014 and will remain in force while the Code of Practice and the policy decision to defer consideration of any licence application from a competing central counterparty for the clearing of cash equities remains in place.
4. The removal of the annual service fee is consistent with ASX's commitment in the Code of Practice to make the service level agreements consistent with the outcomes of a competitive market (and ASX Clear and ASX Settlement's licence obligations). Feedback received in relation to other markets where there is more than one central counterparty for cash equities clearing indicates that clearing facilities do not necessarily charge trading venues an annual fee.
5. The application fee to be paid on lodgement of an application to receive the Trade Acceptance Service will continue to apply. For an expansion or enhancement of the Trade Acceptance Service requested by an AMO and agreed by ASX Clear and ASX Settlement, a monetary contribution towards the capital cost of the expansion or enhancement from the AMO to ASX Clear and ASX Settlement, as agreed by the parties, will also continue to apply.

## Enhanced service levels and other amendments to the Legal Terms of the Trade Acceptance Service

6. In the Code of Practice for Clearing and Settlement of Cash Equities in Australia (Code of Practice), which became effective on 9 August 2013, ASX committed to consult AMOs and ALMOs on their respective service level agreements under the Trade Acceptance Service and the Settlement Facilitation Service, with the objective of the service level agreements being consistent with the outcomes of a competitive market and ASX Clear and ASX Settlement's licence obligations.
7. The service level agreements for the Trade Acceptance Service are included in Schedule 3 of the Legal Terms. ASX proposes to amend Schedule 3 of the Legal Terms to provide additional service levels in respect of the notification to AMOs of technical enhancements to the Trade Acceptance Service and operational changes impacting the Trade Acceptance Service.
8. The proposed new service levels set out the minimum notice period and the form of communication that ASX will use in connection with communicating with AMOs about the timing and details of technical enhancements to the Trade Acceptance Service. For example, ASX commits to giving AMOs a minimum of a three month notice period for a Trade Acceptance Service Application functional upgrade requiring an external CHES release. ASX will communicate this information through an ASX Bulletin.
9. The proposed new service levels also set out commitments by ASX to inform AMOs of particular operational changes impacting the Trade Acceptance Service within a period of time of an operational change being made or in relation to a technical issue impacting the Trade Acceptance Service being identified. For example, ASX commits to inform AMOs of a new clearing participation accreditation within 1 hour of CHES set up and ASX commits to inform an AMO of a clearing participant default as soon as possible and, in any event, within 30 minutes of the participant being advised of the action to be taken.

10. It is proposed that the amendments to the Legal Terms will be effective from 1 July 2014. These amendments to the Legal Terms will remain in force while the Code of Practice and the policy decision to defer consideration of any licence application from a competing central counterparty for the clearing of cash equities remains in place or until termination of the Legal Terms for the provision of the Trade Acceptance Service, whichever is earlier.
11. Consistently with the approach to amendments under the Legal Terms for the Trade Acceptance Service, ASX proposes to provide at least a 21 day consultation period and the final amendments will be published at least 90 days prior to the implementation date. The public release of this consultation paper represents the commencement of the consultation period.
12. The proposed amendments to the Legal Terms for the Trade Acceptance Service and the proposed new service levels are provided in Attachment A.

### Streamlined Operational and Technical Standards for the Trade Acceptance Service

13. In addition to the commitments made in the Code of Practice, ASX has reviewed the Operational and Technical Standards under the Legal Terms for the Trade Acceptance Service. As a result, ASX is proposing to streamline and enhance the Operational and Technical Standards to remove unnecessary requirements and ensure equivalence with the requirements applicable to ASX Trade and ASX participants.
14. As a result of this review and feedback received from Chi-X in quarterly service review meetings, ASX is proposing to remove five of the requirements included in the Operational and Technical Standards on the basis that they either duplicate obligations imposed under an Australian financial market licence or that the issue is adequately addressed by other requirements. ASX also proposes to amend two of the requirements included in the Operational and Technical Standards to better reflect current arrangements.
15. The remaining requirements continue to be relevant on the basis that they are aimed at managing counterparty and operational risk, and are equivalent to the requirements that are in place for ASX Trade / ASX participants.
16. The proposed amendments to the Operational and Technical Standards for the Trade Acceptance Service are provided in Attachment B.

### Technical Review of the Field Specifications and Validation Logic of the Trade Acceptance Service

17. ASX has undertaken a review of the field specifications and validation conditions in the Trade Acceptance Service as it relates to messaging, processes and systems availability. The objective of the review was to identify any differences in the field specifications and validation conditions, and to ensure that the Trade Acceptance Service continues to provide equivalent outcomes for trades received from Chi-X that are submitted for clearing and settlement through the Trade Acceptance Service compared to trades received from the ASX market.
18. Since the commencement of the Trade Acceptance Service on 31 October 2011 to December 2013, the average availability for the Trade Acceptance Service was 99.98%. There have been three occurrences where the Trade Acceptance Service has not been available, with a total downtime of 77 minutes. Only one of these incidents (occurring in December 2011 shortly after the commencement of the Trade Acceptance Service) resulted in the availability target of 99.80% not being met, with the average availability for December 2011 being 99.74% (with the downtime for the month being 37 minutes).
19. From the commencement of the Trade Acceptance Service to December 2013, about 51,205,927 trades have been submitted for clearing and settlement through the Trade Acceptance Service by Chi-X. Of these, 51,202, 537 (99.993%) were accepted for clearing and settlement, 795 trades were rejected and 2,595 trades were cancelled (cancellations are generated by Chi-X / trading participants of Chi-X). Of the rejected trades, 778 trades were rejected because of a technical issue with CHES in December 2011. These trades were replayed and processed within two hours of the trades being rejected. Only 6 trades have been rejected as a result of differences in the validation conditions for the Trade Acceptance Service.

20. The review has found no material differences in the field specifications and validation conditions between the Trade Acceptance Service and CORE (CORE provides an equivalent verification function for trades executed on the ASX market as that provided by the Trade Acceptance Service). It also found that the Trade Acceptance Service provides an equivalent basis for trades received from Chi-X that are submitted for clearing and settlement compared to trades received from the ASX market. While the review did not identify any material differences in the field specifications and validation conditions between the Trade Acceptance Service and CORE, it did identify three minor unnecessary differences in the field specifications and validation conditions which could have the potential to lead to different outcomes in the event of a rare set of circumstances being triggered. The three differences relate to:
  - 20.1. the Trade Acceptance Service having a validation condition that the CHES sub-register for the security must be open. Two instances have been identified where a trade has been incorrectly rejected as a consequence of this condition;
  - 20.2. for trades submitted through the Trade Acceptance Service, the as-at-date must be the previous business day. No instances have been identified where a trade has been incorrectly rejected as a consequence of this difference;
  - 20.3. validation checks are performed at different stages of the process for trades submitted through CORE and trade submitted through the Trade Acceptance Service. No instances have been identified where a trade has been incorrectly rejected as a consequence of this difference; and
21. ASX proposes to implement changes to Trade Acceptance Service in relation to these three items by 1 July 2014. The timing of implementation of the changes to the Trade Acceptance Service is subject to Chi-X's availability to undertake functional / user acceptance testing.
22. A report on the Technical Review of the Field Specifications and Validation Conditions for the Trade Acceptance Service is provided at Attachment C.

## Expressions of interest in a Trade Acceptance Service for ALMO-listed and approved financial products

23. ASX has had informal discussions with some stakeholders regarding the provision of clearing and settlement arrangements to ALMO's by establishing a Trade Acceptance Service to enable trades in securities listed on the markets of ALMOs (trading in securities listed on other markets and not listed on the ASX market) to be accepted by ASX Clear and ASX Settlement for clearing and settlement.
24. As a first step in examining the operational and other requirements for such a Trade Acceptance Service, ASX is seeking feedback on the level of interest in using the Trade Acceptance Service in respect of trading in securities listed on the markets of ALMOs ahead of a formal request being made for such a service. Any interested party is also invited to include details relating to their requirements for using the Trade Acceptance Service to provide clearing and settlement arrangements.
25. Based on the feedback received through this consultation on the interest in using the Trade Acceptance Service for trading in securities listed on the markets of ALMOs and the requirements of any interested party, ASX will undertake an assessment of the operational requirements and impacts for the Trade Acceptance Service.

## Enhanced service levels and Operational Procedures for the Settlement Facilitation Service

26. In accordance with its commitments in the Code of Practice, ASX has undertaken a review of all the operational procedures and service levels in place for the Settlement Facilitation Service with a view to identifying areas where the Operational Procedures and service levels could be enhanced.
27. As a result of the review, ASX is proposing to update and amend existing operational procedures and service levels to ensure that where possible they are equivalent to those in place for ASX Compliance / ASX-listed entities (this includes the same time periods for the notification of certain events). The alignment of some of the processes has

required the implementation of two technical changes in CHESS, which have been completed. These changes were aimed at ensuring that ALMO issuer, security and corporate action data is captured once by ASX in the ASX CORE database and fed to CHESS / external market data services without requiring a manual process.

28. ASX is also proposing to amend the Operational Procedures to incorporate feedback received from ALMOs in quarterly service review meetings, to put in place operational procedures for the new Corporate Actions Service and to formally document operational procedures that reflect current arrangements.
29. ASX has consulted on the proposed amendments to the Operational Procedures, including the service levels, bilaterally with the existing customers, National Stock Exchange of Australia (NSX), SIM VSE and Asia Pacific Stock Exchange (APX). With input from NSX, SIM VSE and APX, the amended Operational Procedures are expected to be finalised and implemented by the end of January 2014.

## Information Handling Standards

30. In the Code of Practice, ASX committed to put in place operational standards for the protection of AMO and ALMO conflict sensitive information received in the course of providing the Trade Acceptance Service and the Settlement Facilitation Service.
31. In accordance with these commitments, ASX is proposing to update the Information Handling Standard made under the Legal Terms for the protection of AMO conflict sensitive information received by ASX in connection with the provision of the Trade Acceptance Service.
32. ASX is also proposing to put in place an Information Handling Procedure under the Settlement Facilitation Service Agreement to formalise the information handling arrangements that have been used for the protection of ALMO conflict sensitive information received by ASX in connection with the provision of the Settlement Facilitation Service. The proposed Information Handling Procedure is being put in place in accordance with clause 3.5 of the Settlement Facilitation Service Agreement.
33. The purpose for the Information Handling Standard / Procedure is to establish a transparent framework for handling confidential information, including conflict sensitive information, disclosed to the ASX by AMOs and ALMOs in connection with the provision of the Trade Acceptance Service and the Settlement Facilitation Service. The Information Handling Standard / Procedure seeks to balance:
  - 33.1. the need to ensure that the potential for conflicts on the part of ASX Group directors and ASX Group employees, resulting from the receipt of conflict sensitive information, is appropriately managed; and
  - 33.2. the need to ensure that ASX Clear and ASX Settlement continue to comply with their statutory obligations as CS facility licensees.
34. The Information Handling Standard / Procedure does not require an AMO or an ALMO to provide conflict sensitive information to ASX. It sets out the process for AMOs and ALMOs which seek to share AMO and ALMO conflict sensitive information with any member of the ASX Group in connection with the provision of the Trade Acceptance Service and the Settlement Facilitation Service.
  - 34.1. AMOs and ALMOs should provide any such conflict sensitive information in writing to ASX's General Manager of Regulatory Assurance by emailing [gm.regulatoryassurance@asx.com.au](mailto:gm.regulatoryassurance@asx.com.au).
  - 34.2. Any AMO or ALMO conflict sensitive information which an AMO or ALMO provides to ASX should be clearly marked 'AMO / ALMO conflict sensitive information'.
  - 34.3. The AMO or ALMO can request that the conflict sensitive information be provided to particular ASX Group employees.

- 34.4. The conflict sensitive information will only be distributed to those ASX Group employees that the AMO or ALMO have requested receive the information, ASX Group employees that require the information in connection with the provision or potential provision of the Trade Acceptance Service or Settlement Facilitation Service, and ASX Group employees that require the information in performing their role in connection with the discharge of regulatory obligations of the ASX Group.
35. The Information Handling Standard / Procedure sets out that AMO and ALMO conflict sensitive information will not be distributed to ASX Group directors except if:
- 35.1. the information is required by the directors in performing their duties, roles and responsibilities as directors of ASX Clear and ASX Settlement in respect of their obligations as licensed CS facilities;
  - 35.2. the information is relevant to the risk-control function of the clearing and settlement facilities; and
  - 35.3. the information is required by the ASX Compliance Board because it is relevant to the supervision of ASX Clear and ASX Settlement's clearing and settlement facilities.
36. In addition, the Information Handling Standard / Procedure sets out that directors of ASX Clear, ASX Settlement and ASX Compliance who also sit on the ASX Limited Board will not receive AMO or ALMO conflict sensitive information or participate in consideration of AMO or ALMO conflict sensitive information pursuant to the above mentioned exceptions. No ASX Group employee who is a member of ASX's business development function shall be present during Board consideration of AMO or ALMO conflict sensitive information pursuant to these exceptions.
37. The updated Information Handling Standard applicable to the provision of the Trade Acceptance Service is provided in Attachment D.
38. The proposed Information Handling Procedure applicable to the provision of the Settlement Facilitation Service is provided in Attachment E.

## Explanation of Trade Acceptance Service and Settlement Facilitation Service

### What is the Trade Acceptance Service?

39. The Trade Acceptance Service provides AMOs with non-discriminatory access to clearing and settlement arrangements with ASX. It allows transactions in CHESS-eligible ASX-quoted securities that are executed on the market of an AMO to be cleared and settled through ASX Clear and ASX Settlement, the ASX clearing and settlement facilities on an equivalent basis to transactions effected through ASX's cash equity market.
40. The Trade Acceptance Service is provided by ASX Clear and ASX Settlement directly to AMOs under a published set of [Legal Terms](#). Under the Legal Terms, ASX has made:
- 40.1. Operational and Technical Standards – which set the basic parameters of trade acceptability and specify other technical and operational requirements for AMOs using the Trade Acceptance Service; and
  - 40.2. an Information Handling Standard – setting out the arrangements for the protection of confidential information, including conflict sensitive information, provided to ASX by an AMO in connection with the Trade Acceptance Service.
41. The Legal Terms came into effect on 31 October 2011 and operate for a term of 5 years. There is a scheduled review of the Legal Terms that will be carried out by 31 October 2015, which is 12 months prior to their expiry.

## What is the Settlement Facilitation Service?

42. The Settlement Facilitation Service provides ALMOs with non-discriminatory access to settlement arrangements. It allows transactions in CHESSE-eligible financial products quoted on the market of an ALMO to be settled through ASX Settlement on an equivalent basis to transactions effected through ASX's cash equity market. ALMOs are provided with two options for settlement arrangements under the Settlement Facilitation Service:
  - 42.1. a Transfer Facilitation Service – allowing financial products quoted on the market of an ALMO to be transferred between counterparties, with payment effected outside of ASX Settlement's settlement facility; or
  - 42.2. a Delivery versus Payment (DvP) Facilitation Service – allowing approved financial products quoted on the market of an ALMO to be exchanged for payment simultaneously and irrevocably within the DvP batch settlement (where an ALMO elects a DvP Facilitation Service, it also obtains a Transfer Facilitation Service as the ability to transfer financial products is an integrated component of the DvP settlement function).
43. ASX Settlement has also put in place arrangements for ALMO-listed issuers to use the ASX Primary Market Facility and the Corporate Actions Service. The ASX Primary Market Facility enables ALMO-listed issuers to use DvP settlement for certain capital raisings. The Corporate Actions Service enables a corporate action for CHESSE-eligible securities of issuers quoted on or approved for quotation on the market of an ALMO to be processed by the Settlement Facility.
44. The Settlement Facilitation Service is made available to ALMOs in accordance with a published set of [legal terms of service](#). Under the Legal Terms, ASX has put in place Operational Procedures. The Operational Procedures set out the service level agreements and the operational procedures applicable to ALMOs using the Transfer Facilitation Service, the Delivery versus Payment Facilitation Service, the ASX Primary Market Facility and the Corporate Actions Service.

## Attachment A – Amendments to the Trade Acceptance Service Legal Terms

ASX Clear Pty Limited  
ASX Settlement Pty Limited

Legal terms for the provision of  
a trade acceptance service  
to  
Australian financial market licensees in respect of  
CHESS-eligible ASX-quoted financial products

~~14 June 2014~~[\[1 July\] 2014](#)

## The object of these Legal Terms

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- 1 ASX Clear Pty Limited (**ASX Clear**) and ASX Settlement Pty Limited (**ASX Settlement**) operate licensed clearing and settlement facilities (**CS facility**).
- 2 Under section 795B of the Corporations Act, the relevant Minister may grant an applicant an Australian market licence if the Minister is satisfied of a number of things, including that the applicant has adequate clearing and settlement arrangements for transactions effected through the trade facility to be operated by it.
- 3 Under the operating rules of ASX Clear and ASX Settlement an Australian market licence holder (or an applicant for an Australian market licence) can apply to become an Approved Market Operator (**AMO**).
- 4 ASX Clear and ASX Settlement provide clearing and settlement arrangements which include services to AMOs and to parties to transactions in relation to CHESS-eligible ASX-quoted financial products.
- 5 There are two categories of service relating to clearing and settlement of financial products transactions:
  - (a) a service to be provided by a CS facility licence holder to AMOs, being the acceptance of transactions effected through that AMO for clearing and settlement in the CS facility (**trade acceptance service**).
  - (b) a service provided to participants of the CS facility, being post-trade processing of transactions effected in accordance with the rules of an AMO (**clearing and settlement service**).
- 6 These Legal Terms govern the provision of a trade acceptance service to AMOs. They do not govern the provision of a clearing and settlement service to the parties to a financial product transaction effected through, or reported to, an AMO. The provision of a clearing and settlement service in respect of a financial product transaction accepted by ASX Clear and ASX Settlement under the trade acceptance service is subject to the operating rules of ASX Clear and ASX Settlement. These Legal Terms do not govern the provision of a facility for the acceptance of settlement instructions from an Approved Clearing Facility (as defined in the operating rules of ASX Settlement).
- 7 The object of these Legal Terms is the provision by ASX Clear and ASX Settlement of:
  - (a) a trade acceptance service to an AMO; and
  - (b) certain commitments in relation to clearing and settlement services in respect of transactions effected through, or reported to, the AMO (but not clearing and settlement itself).

## Binding nature of Legal Terms

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- 8 Each of ASX Clear and ASX Settlement agree to be jointly bound by the obligations in these Legal Terms and to supply a trade acceptance service in accordance with these Legal Terms.
- 9 ASX Clear and ASX Settlement have no obligation to supply the trade acceptance service unless the AMO obtains an Australian market licence and agrees to be bound by these Legal Terms.
- 10 Each AMO that acquires a trade acceptance service agrees with both ASX Clear and ASX Settlement to be bound by the obligations in these Legal Terms.

## The trade acceptance service

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- 11 A trade acceptance service comprises the items set out in Schedule 1 to these Legal Terms as amended from time to time.
- 12 ASX Clear and ASX Settlement will not, subject to clauses 13 to 17 amend the schedule of items comprising the trade acceptance service.
- 13 ASX Clear and ASX Settlement may amend the schedule of items comprising the trade acceptance service where ASX Clear and ASX Settlement reasonably consider that a change is necessary in order to give effect to a proposed change in the clearing and settlement services that ASX Clear and ASX Settlement provide to clearing and settlement participants. If ASX Clear and ASX Settlement propose to amend the schedule of items:
  - (a) ASX Clear and ASX Settlement will publish on the ASX website a draft updated schedule of items comprising the trade acceptance service and provide written notice of the draft updated schedule of items to any AMO which has acquired a trade acceptance service.
  - (b) Following notice of the draft updated schedule of items ASX Clear and ASX Settlement will consult in good faith with any AMO which has acquired a trade acceptance service about the content of the draft updated schedule of items and the time frame for its implementation.
  - (c) The consultation period will be 21 days from the date of publication of the draft updated schedule of items.
  - (d) Following the consultation period, ASX Clear and ASX Settlement will publish on the ASX website a final updated schedule of items and the date those items will come into effect (Implementation Date) and provide written notice of those items to any AMO which has acquired a trade acceptance service.

- (e) The Implementation Date will be at least 90 days from the publishing of the final updated schedule of items, unless another date has been agreed to with each AMO which has acquired a trade acceptance service.
- 14 If an AMO, in good faith and acting reasonably, requests an expansion or enhancement of the service which requires an amendment to the schedule of items comprising the trade acceptance service, ASX Clear and ASX Settlement will, acting reasonably and in good faith, consult with the AMO in respect of the AMO's proposed expansion or enhancement and consequent amendment to the schedule of items.
- (a) If the proposed expansion or enhancement and consequent amendment is acceptable to ASX Clear and ASX Settlement, they will, to the extent that there are any other AMOs which have acquired a trade acceptance service, implement the notice and consultation process set out in clause 13.
- (b) If the proposed expansion or enhancement and consequent amendment is acceptable to ASX Clear and ASX Settlement, but no other AMO has acquired the trade acceptance service, the expansion or enhancement and consequent amendment will be implemented as agreed by ASX Clear, ASX Settlement and the AMO.
- 15 Should ASX Clear and ASX Settlement agree to expand or enhance the trade acceptance service, the AMO requesting such expansion or enhancement and consequent amendment to the schedule of items comprising the trade acceptance service must make a monetary contribution towards the capital cost of such expansion or enhancement to ASX Clear or ASX Settlement (as specified by ASX Clear and ASX Settlement), in an amount to be agreed between that AMO and ASX Clear and ASX Settlement.
- 16 If no agreement as to the amount of the monetary contribution to ASX Clear or ASX Settlement can be reached, ASX Clear and ASX Settlement are not obliged to provide that expansion or enhancement or implement the consequent amendment to the schedule of items.
- 17 Clause 13 does not apply if any regulatory authority directs that ASX Clear and ASX Settlement must change the schedule of items, or if ASX Clear and ASX Settlement consider, in good faith and acting reasonably but otherwise in their absolute discretion, that a change is required to comply with ASX Clear's or ASX Settlement's licence obligations. ASX Clear and ASX Settlement will notify the AMO as soon as practicable of such a change.
- 18 An AMO may request that ASX Clear and ASX Settlement provide a trade acceptance service by lodging an application for that service with ASX Clear and ASX Settlement. The application must be in the form set out in Schedule 2 or such other form as ASX Clear and ASX Settlement may from time to time prescribe.
- 19 The trade acceptance service will be provided to the AMO for the period (**contract period**) commencing on the date specified in the application form and ending on the earlier of:

- (a) the last day of the service term for a trade acceptance service nominated by the AMO in its application form (or in correspondence accompanying its application form); and
- (b) the termination date of these Legal Terms as determined under clause 57.

## Pricing

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20 As a condition of obtaining and continuing to receive a trade acceptance service, an AMO acquiring a trade acceptance service must pay the following amounts to, or as directed by, ASX Clear and ASX Settlement.

- (a) an application fee of \$10,000 (excluding GST) to be paid on lodgement of the application to receive a trade acceptance service;
- (b) [subject to clause 20\(c\)](#), a service fee for a 12 month period, determined in accordance with the following table, to be paid on the commencement date specified in the application form and on each anniversary of the commencement date during the contract period:

Nominated service term*	Annual service fee (excluding GST)
1 year	\$1,250,000
3 years	\$450,000
5 years or until the termination date of these Legal Terms (as determined under clause 57), whichever is earlier	\$275,000

\* The nominated service term is the service term for a trade acceptance service nominated by the AMO in its application form (or in correspondence accompanying its application form).

- (c) [ASX Clear and ASX Settlement will waive any annual service fee payable under clause 20\(b\) from 1 July 2014 for so long as the Code of Practice for Clearing and Settlement of Cash Equities in Australia and the related policy decision to defer consideration of a licence application from any other CS facility for the clearing of cash equities, remain in force. For the avoidance of doubt, this waiver does not apply to any annual service fee that was payable before 1 July 2014, and is not a waiver of any other fee or amount that may be payable under these Legal Terms \(including, without limitation, any monetary contribution under clause 15 or clause 34\).](#)

21 If ASX Clear and ASX Settlement are providing a trade acceptance service to three or more AMOs, ASX Clear and ASX Settlement will adjust the service fee paid or payable by each AMO on an equitable basis by reference to the costs incurred by ASX Clear and ASX

Settlement in providing the trade acceptance service. The manner in which the fees are adjusted will be determined by ASX Clear and ASX Settlement, acting reasonably and in good faith.

## Service of comparable quality

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- 22 ASX Clear and ASX Settlement will provide to AMOs a service of comparable quality to that provided to ASX Limited.
- 23 For the purposes of clause 22, a service of comparable quality is provided where any difference between the trade acceptance service provided to an AMO and the service provided to ASX Limited results solely from any differences in the means by which those services are delivered. These means include, without limitation, the technical and operational systems and software which support the delivery of the services.

## Clearing and settlement service

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- 24 ASX Clear and ASX Settlement will provide clearing and settlement services to participants of ASX Clear and ASX Settlement for transactions effected through, or reported to, an AMO acquiring the trade acceptance service in accordance with applicable laws, operating rules and procedures.
- 25 ASX Clear and ASX Settlement will not discriminate, when providing clearing and settlement services to clearing and settlement participants, on the basis of whether a trade has been effected through, or reported to ASX (ASX trade) or has been effected through or reported to an AMO (AMO trade). Without limiting this clause 25:
- (a) the net fees and charges payable to ASX Clear and ASX Settlement in respect of each AMO trade will be no higher than the net fees and charges that would be payable had such trade been executed by the same participants at the same time on the market operated by ASX;
  - (b) the operating rules and procedures of ASX Clear and ASX Settlement will not impose any requirements on their respective participants (or on prospective participants) as a result of those participants receiving or seeking to receive clearing and settlement services in relation to AMO trades which are different to those which ASX Clear and ASX Settlement impose on participants receiving or seeking to receive clearing and settlement services in relation to ASX trades;
  - (c) ASX Clear and ASX Settlement may under their respective operating rules require participants of ASX Clear and ASX Settlement to certify that they have the necessary systems,

procedures and controls to manage the clearing and settlement of ASX trades and AMO trades; and

- (d) where the financial product, the basis of quotation and the settlement date of an ASX trade is the same as the financial product, the basis of quotation and the settlement date of an AMO trade, the AMO trade and the ASX trade will be able to be netted for settlement under the operating rules of ASX Clear and ASX Settlement.

## No changes without consent

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- 26 Subject to clauses 13 to 17 and clauses 32 to 36, ASX Clear and ASX Settlement will not, during the term of these Legal Terms, change the terms and conditions on which they supply a trade acceptance service, except by consent.

## Service Levels

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- 27 ASX Clear and ASX Settlement will comply with the service levels set out in Schedule 3 (Service Levels).

## Safeguards

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- 28 If ASX Clear or ASX Settlement acquire actual knowledge of competitively sensitive information in the course of providing the trade acceptance service under these Legal Terms, they will implement as an operational standard promulgated under these Legal Terms, appropriate safeguards (to be determined in their absolute discretion) to protect that information from disclosure to ASX Limited.

## Standards

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- 29 ASX Clear and ASX Settlement may, from time to time, promulgate:
  - (a) technical standards; or
  - (b) operational standards

**(standards).**

30 ASX Clear and ASX Settlement will publish on the ASX website any applicable standards at the time of these Legal Terms coming into effect.

31 ASX Clear and ASX Settlement will not, subject to clauses 32 to 36 amend the applicable standards.

32 ASX Clear and ASX Settlement may amend the applicable standards where ASX Clear and ASX Settlement reasonably consider that a change is necessary in order to give effect to a proposed change in the clearing and settlement services that ASX Clear and ASX Settlement provide to clearing and settlement participants. If ASX Clear and ASX Settlement propose to amend the standards:

- (a) ASX Clear and ASX Settlement will publish on the ASX website draft updated standards and provide written notice of the draft updated standards to any AMO which has acquired a trade acceptance service.
- (b) Following notice of draft updated standards ASX Clear and ASX Settlement will consult in good faith with any AMO which has acquired a trade acceptance service about the content of draft updated standards and the time frame for their implementation.
- (c) The consultation period will be 21 days from the date of publication of draft updated standards.
- (d) Following the consultation period, ASX Clear and ASX Settlement will publish on the ASX website final updated standards and the date those standards will come into effect (Implementation Date) and provide written notice of those items to any AMO which has acquired a trade acceptance service
- (e) The Implementation Date will be at least 90 days from the publishing of the final updated standards, unless another date has been agreed to with each AMO which has acquired a trade acceptance service.

33 If an AMO, in good faith and acting reasonably, requests an expansion or enhancement of the service which requires an amendment to the standards, ASX Clear and ASX Settlement will in good faith and acting reasonably, consult with the AMO in respect of the AMO's proposed expansion or enhancement and consequent amendment to the standards.

- (a) If the proposed expansion or enhancement and consequent amendment is acceptable to ASX Clear and ASX Settlement, they will, to the extent that there are any other AMOs which have acquired a trade acceptance service, implement the notice and consultation process set out in clause 32.
- (b) If the proposed expansion or enhancement and consequent amendment is acceptable to ASX Clear and ASX Settlement, but no other AMO has acquired the trade acceptance service, the expansion and enhancement and consequent amendment will be implemented as agreed by ASX Clear, ASX Settlement and the AMO.

- 34 Should ASX Clear and ASX Settlement agree to expand or enhance the trade acceptance service, the AMO requesting such expansion or enhancement and consequent amendment to the standards must make a monetary contribution towards the capital cost of such expansion or enhancement to ASX Clear or ASX Settlement (as specified by ASX Clear and ASX Settlement), in an amount to be agreed between that AMO and ASX Clear and ASX Settlement.
- 35 If no agreement as to the amount of the monetary contribution to ASX Clear or ASX Settlement can be reached, ASX Clear and ASX Settlement are not obliged to provide that expansion or enhancement or implement the consequent amendment to the standards.
- 36 Clause 32 does not apply if any regulatory authority directs that ASX Clear and ASX Settlement must change the applicable standards, or if ASX Clear and ASX Settlement consider, in good faith and acting reasonably but otherwise in their absolute discretion, that a change is required to comply with ASX Clear's or ASX Settlement's licence obligations. ASX Clear and ASX Settlement will notify the AMO as soon as practicable of such a change.
- 37 As a condition of obtaining and continuing to receive the trade acceptance service, AMOs must comply with the standards as they are published from time to time. To the extent of any inconsistency between these Legal Terms and the standards, these Legal Terms will prevail.

## Reporting obligations

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- 38 AMOs acquiring the trade acceptance service must:
- (a) immediately upon becoming aware, report to ASX Clear and ASX Settlement any material non-compliance with any of the standards; and
  - (b) if ASX Clear and ASX Settlement have reasonable grounds to believe that the AMO may not have complied or may not be complying with the standards, provide promptly such information as ASX Clear and ASX Settlement may request for the purpose of ascertaining whether the AMO has complied or is complying with the standards. ASX Clear and ASX Settlement must state the grounds for their belief in any request for information.
- 39 AMOs acquiring the trade acceptance service must during the contract period, on the first business day of January, April, July and October, provide a certificate to ASX Clear and ASX Settlement, signed by two directors of the AMO, stating:
- (a) whether or not they have complied with each of the standards during the previous quarter;
  - (b) if not, the substance of how they have not complied with each of those standards, the date or dates on which they have been in

non-compliance, and what remedial action (if any) has been undertaken.

## Remedies for failure to comply

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- 40 If an AMO that has acquired the trade acceptance service fails to comply with any provision of these Legal Terms, and ASX Clear and ASX Settlement consider (acting reasonably) that failure to be material, ASX Clear and ASX Settlement will first notify the RBA and ASIC and subsequently may, in their absolute discretion, either:
- (a) suspend the provision of the trade acceptance service until such time as they are satisfied that the AMO will comply with all of the provisions of these Legal Terms; or
  - (b) terminate the right of the AMO to obtain the trade acceptance service.
- 41 In considering whether a failure to comply is material, ASX Clear and ASX Settlement may in their absolute discretion, have regard to their respective licence obligations and the objectives set out in s760A of the Corporations Act.
- 42 Without limiting the previous clauses of these Legal Terms there is a material failure to comply with a provision of these Legal Terms if:
- (a) an AMO that has acquired a trade acceptance service fails to provide a certificate in relation to its compliance with the standards within 15 business days from the date on which that certificate was to be provided;
  - (b) an AMO that has acquired a trade acceptance service states in the certificate that it has failed to comply with the standards in any material respect and has not stated that the failure has been remedied or how the failure will be remedied within 15 business days;
  - (c) ASX Clear and ASX Settlement reasonably believe that the AMO is failing to comply with a standard or any provision of these Legal Terms, and ASX Clear and ASX Settlement consider that failure to be material; or
  - (d) ASX Clear and ASX Settlement (acting reasonably) direct an AMO to remedy any failure to comply with these Legal Terms and that AMO does not demonstrate to the satisfaction of ASX Clear and ASX Settlement, in their absolute discretion, that the failure has been remedied within 20 business days.
- 43 Except in circumstances where ASX Clear and ASX Settlement consider that continuing to provide the trade acceptance service contravenes any legal or licence obligation of ASX Clear and / or ASX Settlement, ASX Clear and ASX Settlement will provide an AMO with five business days notice of a decision to suspend the provision of the trade acceptance service or to terminate the right of the AMO to acquire the trade

acceptance service. Notice of any suspension or termination will be made to the RBA and ASIC.

## Dispute resolution

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- 44 If a dispute arises between ASX Clear or ASX Settlement and an AMO that has acquired a trade acceptance service concerning any aspect of these Legal Terms or their operation, other than one that is the subject of an absolute discretion of ASX Clear or ASX Settlement, either party may deliver to the other party a written notice which identifies the dispute (Notice of Dispute). The parties must then negotiate in good faith to resolve the dispute.
- 45 If after 30 days following receipt of the Notice of Dispute commercial negotiation fails to resolve the dispute, either party may refer the dispute to binding arbitration by a single arbitrator by written notice to the other party (Arbitration Notice).
- 46 The arbitrator must be a person agreed by the parties. However, if the parties fail to agree on the arbitrator within 14 days after the Arbitration Notice was delivered, the arbitrator will be the person nominated, at the request of either party, by the President of the Institute of Arbitrators & Mediators Australia or his or her nominee.
- 47 Except where they are inconsistent with the provisions of these Legal Terms, the rules published in 2007 by the Institute of Arbitrators & Mediators Australia entitled *the IAMA Arbitration Rules* will govern the conduct of any arbitration conducted under these Legal Terms.
- 48 The arbitrator must have regard to and take into account as fundamental elements the following matters in resolving the dispute:
- (a) the object of these Legal Terms;
  - (b) the legitimate business interests of ASX Clear and ASX Settlement, including the protection of any investment by them in the CS facility;
  - (c) the statutory and licence obligations of ASX Clear and ASX Settlement under the Corporations Act; and
  - (d) the interests under contract made under these Legal Terms of all other persons.
- 49 Subject to clause 50 an arbitration will be private and the result of the arbitration will not be published.
- 50 The result of an arbitration will be provided to the RBA and ASIC on condition that they keep the results confidential subject to any statutory reporting obligation.

- 51 The parties must bear their own costs of the arbitration, including the costs of any representatives.
- 52 The cost of the arbitrator and the costs of any facilities used for the arbitration shall be borne equally by both parties.

## Exclusions of liability

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- 53 Subject to clause 56, neither ASX Clear nor ASX Settlement are liable for any direct or indirect loss however caused (including, but not limited to, by the negligence of ASX Clear or ASX Settlement), suffered or incurred by an AMO that has acquired a trade acceptance service or arising out of or in connection with the relationship established by these Legal Terms.
- 54 No AMO is liable for any direct or indirect loss however caused (including, but not limited to, by the negligence of that AMO), suffered or incurred by ASX Clear or ASX Settlement through the supply of a trade acceptance service to that AMO or arising out of or in connection with the relationship established by these Legal Terms.
- 55 As a condition of obtaining and continuing to receive the trade acceptance service, an AMO that has acquired a trade acceptance service may make no claim against ASX Clear or ASX Settlement with respect to any liability arising out of the provision by ASX Clear or ASX Settlement of a clearing and settlement service to a party to a transaction effected through, or reported to, a trade facility operated by that AMO.
- 56 If an AMO demonstrates to the reasonable satisfaction of ASX Clear and ASX Settlement that ASX Clear and ASX Settlement have failed to comply with the Service Levels, ASX Clear and ASX Settlement will, subject to the following sentence, pay to that AMO a sum of \$2000 in respect of each day the Service Levels have not been complied with as that AMO's sole and exclusive remedy in respect of such failure. The aggregate liability of ASX Clear and ASX Settlement to an AMO under this clause 56 in any year is limited to the amount of the service fee for a 12 month period paid by that AMO in that year, net of the adjustment made under clause 21 (if any).

## Term of Legal Terms

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- 57 Unless terminated earlier under the review provisions in these Legal Terms, these Legal Terms will operate for the period of 5 years commencing on ~~31 October 2011~~ ~~the first date on which ASX Clear and ASX Settlement start to provide a trade acceptance service to any AMO (as specified in a notice published by ASX Clear and ASX Settlement on the ASX website).~~

## Review

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- 58 Twelve months prior to the expiry of these Legal Terms a review of the Legal Terms will be carried out and published by ASX Clear and ASX Settlement within four months from the commencement of the review.
- 59 A review will be carried out and published by ASX Clear and ASX Settlement if:
- (a) ASIC or the RBA take any regulatory action or there is a change of law which affects the provision of the trade acceptance service;
  - (b) ASIC or the RBA consent to a review being undertaken; or
  - (c) there is any material change to the risk profile of ASX Clear or ASX Settlement in the provision of a trade acceptance service.
- 60 ASX Clear and ASX Settlement will, in good faith and acting reasonably, consult with each AMO which is acquiring a trade acceptance service as part of the review.

## Transitional Arrangements

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- 61 If an AMO requests, that AMO and ASX Clear and ASX Settlement will develop in consultation with each other and subsequently implement a plan for the orderly termination of the Legal Terms or the transitioned end of the delivery of the trade acceptance service to the AMO (**Transition Plan**).
- 62 An AMO requesting the development of a Transition Plan will reimburse reasonable costs and expenses incurred by ASX Clear and ASX Settlement in developing and implementing the Transition Plan.

## Governing law

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- 63 These Legal Terms are governed by the laws of New South Wales, Australia.
- 64 ASX Clear, ASX Settlement and any AMO that acquires a trade acceptance service irrevocably submits to the non-exclusive jurisdiction of the courts of New South Wales.

# Schedule 1

## Description of the items of the service (clause 11)

A trade acceptance service comprises the following items:

1. Trade Acceptance	
Description	CHES Message
Trade acceptance effected by electronic messages as follows:	
(a) <b>Trade Acceptance:</b> Trades submitted by an AMO that have been accepted by ASX Clear and ASX Settlement will be confirmed back to the AMO through CHES via a response message.	184
(b) <b>Trade Rejection:</b> Trades submitted by an AMO that have been rejected by ASX Clear and ASX Settlement will be notified back to the AMO through CHES via a response message.	518
(c) <b>Trade Cancellation:</b> Trades submitted by an AMO that have been cancelled by the AMO (by the submission of a new trade message to CHES) and have been accepted by ASX Clear and ASX Settlement will be notified back to the AMO through CHES via a response message.	184
(d) <b>Trade Removal:</b> Trades submitted by an AMO that have been initially accepted and then subsequently removed by ASX Clear and ASX Settlement will be notified back to the AMO through CHES via a notification message.	100
2. CHES Help Desk and Customer Support	
Operational and technical CHES support is provided via telephone (1800 814 051) or email ( <a href="mailto:cheshelp@asx.com.au">cheshelp@asx.com.au</a> ) between 8.00am and 6.00pm (Sydney time) on each Business Day (as that term is defined in ASX Settlement Operating Rule 2.13.1) ( <b>CHES Help Desk Operating Hours</b> ) in relation to the following matters:	
(a) connectivity and messaging;	
(b) general operational or technical queries.	
3. After Hours Technical Support	
Technical support for production system problems is provided via telephone ((02) 9227 0821) from 6.00pm to 8.00am (Sydney time) on each Business Day (as that term is defined in ASX Settlement Operating Rule 2.13.1). Support is restricted to connectivity and related technical queries. General operational and test system problems are not supported during this period.	
4. ASX Clear and ASX Settlement Notices and Bulletins	
An AMO may request ASX Clear and ASX Settlement to disseminate to clearing and settlement participants via ASX Clear and ASX Settlement notices and bulletins regarding any critical operational or technical information relating to the AMO which may affect the provision of clearing and settlement services to clearing and settlement participants by ASX Clear and ASX Settlement in respect of AMO trades, for example:	
<ul style="list-style-type: none"> <li>▪ AMO technical outages;</li> <li>▪ changes to AMO operating hours;</li> <li>▪ termination of clearing arrangements between a participant of ASX Clear and a participant of the AMO.</li> </ul>	
The content of notices or bulletins is subject to approval by ASX Clear and ASX Settlement.	

## **5. Business Relationship Management**

Business relationship management as follows:

- (a) trade acceptance service review meetings; and
- (b) reports by ASX Clear and ASX Settlement as follows:
  - (i) quarterly reporting on performance against the service levels set out in clause 1 of Schedule 3;
  - (ii) monthly reporting on number of trades submitted by the AMO and CHES Help Desk Incident Management.

## Schedule 2

### Application form (clause 18)

# Approved Market Operator and trade acceptance service for CHESS-eligible ASX-quoted financial products

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## Application Form

### Approved Market Operator

This form should be used by a market licensee or applicant for a market licence (“Applicant”) seeking to be:

- (1) approved as an Approved Market Operator for the purposes of the operating rules of ASX Clear Pty Ltd (“ASX Clear”) and ASX Settlement Pty Ltd (“ASX Settlement”); and
- (2) provided with a trade acceptance service for CHESS eligible ASX quoted financial products by ASX Clear and ASX Settlement (jointly).

The Operating Rules of ASX Clear and ASX Settlement provide that ASX Clear and ASX Settlement may approve a person with an Australian market licence as an Approved Market Operator (“AMO”).

The trade acceptance service involves acceptance of transactions effected through (the market of) an AMO for clearing and settlement in the CS facilities operated by ASX Clear and ASX Settlement. Details of the trade acceptance service are set out in the Legal Terms for the provision of a trade acceptance service and the standards which apply under those Legal Terms. The Legal Terms and the standards which apply under them are available at [www.asx.com.au](http://www.asx.com.au).

### How to apply

The form is in two parts:

**Part 1** Deed Poll

**Part 2** Details of Applicant

Any annexures to this Application Form will form part of the application for the trade acceptance service.

Applicants must complete all questions in this application.

Completed applications should be returned to ASX Clear and ASX Settlement marked to the attention of the General Manager, Clearing and Settlement Services at:

ASX Clear Pty Ltd and ASX  
Settlement Pty Ltd  
Exchange Centre  
20 Bridge Street  
Sydney NSW 2000  
Australia



## Part 2 – Details of Applicant

### Part 2.1 Applicant Details

- (a) Name and ARBN or ABN of Applicant.
- (b) Place and date of incorporation/registration.
- (c) Registered office address.
- (d) Commencement date of service  
The Applicant requests that the trade acceptance service be provided on and from [**insert date**].
- (e) Nominated term of service  
The Applicant requests that the trade acceptance service be provided for the following period\* from the commencement date of service specified in paragraph (d) above:
- 1 year
  - 3 years
  - 5 years or until the termination date of the Legal Terms (as determined under clause 57 of the Legal Terms), whichever is earlier
- \* The nominated term of service cannot extend beyond the termination date of the Legal Terms.

### Part 2.2 Licensing Information

Does the Applicant hold an Australian market licence issued under the Corporations Act 2001? If yes, please attach a copy of the licence.

Yes No

**(ANNEXURE A)**

*If No, the Applicant may submit its application but the trade acceptance service cannot be provided until the Applicant has been issued a market licence and provided a copy of that market licence to ASX Clear and ASX Settlement.*

## Schedule 3

### Service levels (clause 27)

#### 1. TRADE ACCEPTANCE

##### (a) Operating Hours

An AMO may submit trades to ASX Clear and ASX Settlement during the hours of 7.10am to 7.00pm (Sydney time) on each Business Day (as that term is defined in ASX Settlement Operating Rule 2.13.1) or such other hours of operation as ASX Clear and ASX Settlement may from time to time notify all AMOs (**Operating Hours**).

ASX Clear and ASX Settlement will ensure that the CS facilities will be available for trade acceptance for not less than 99.8% of Operating Hours (measured as a percentage of the total number of Operating Hours in a given month).

##### (b) Processing

###### (i) *Processing on the day the trade is received*

Subject to subparagraph (b)(ii), on each Business Day ASX Clear and ASX Settlement will process every trade submitted by an AMO in accordance with the Operational and Technical Standards on that day.

*Note 1: For the purpose of this service level, a trade submitted by an AMO is taken to be processed when ASX Clear and ASX Settlement have transmitted either a Trade Acceptance or Trade Rejection response message (refer to Items 1(a) and 1(b) of Schedule 1).*

*Note 2: A trade submitted by an AMO that is accepted by ASX Clear and ASX Settlement will be novated to ASX Clear with effect from:*

- *if the trade is the result of the matching of bids and offers on the market of the AMO, immediately after the matching of those bids and offers (as that time is notified to ASX Clear and ASX Settlement by the AMO); and*
- *if the trade is the result of a transaction being recorded by the AMO, immediately after the transaction is recorded (as that time is notified to ASX Clear and ASX Settlement),*

*in accordance with ASX Clear Operating Rule 12.2.1. Accordingly, the time taken by ASX Clear and ASX Settlement to process a trade submitted by an AMO does not affect the time of novation of the trade.*

###### (ii) *Exception: Management of operational and system risk*

ASX Clear and ASX Settlement may decline to process trades submitted by an AMO on a Business Day if the volume of trades submitted by all AMOs and ASX on that day or up to any point in time during that day makes this necessary, as determined by ASX Clear and ASX Settlement in their absolute discretion, in order to preserve the orderly operation or the integrity of the CS facilities.

ASX Clear and ASX Settlement must give notice of this determination to the AMO, ASIC and the RBA.

## 2. 2.—CHESS HELP DESK AND CUSTOMER SUPPORT

### (a) Response times: operational and technical queries

ASX Clear and ASX Settlement will provide item 2 of the trade acceptance service (as per Schedule 1) during CHES Help Desk Operating Hours to the standards described below:

Category of technical or operational query	Initial response time (within)	Update every	Escalation after
Connectivity and messaging: (a) Unable to connect to CHES	20 mins	45 mins	60 mins
(b) Not receiving acceptance, cancellation, rejection or removal messages from CHES	20 mins	60 mins	90 mins
General CHES queries	4 hrs	24 hrs	1 week
CHES Support requests	4 hrs	24 hrs	Not applicable

For the purposes of the table above:

**Initial response time** means the time taken to acknowledge receipt of a request for operational or technical support.

**Update** means a verbal or email update to be provided to an AMO at stated intervals during CHES Help Desk Operating Hours if the operational or technical matter remains unresolved.

**Escalation** means the time by which the CHES Help Desk will notify a senior representative of ASX Clear or ASX Settlement of an unresolved issue following the initial response.

### (b) When queries are taken to have been received

An AMO's request for operational or technical support will be deemed to have been received by ASX Clear and ASX Settlement:

- (i) if sent by email, when the email is received by ASX Clear and ASX Settlement as recorded by ASX Clear's and ASX Settlement's server;
- (ii) if made by telephone, when the CHES Help Desk receives the call.

A request made outside of CHES Help Desk Operating Hours is taken to have been received half an hour after the re-commencement of CHES Help Desk Operating Hours.

### 3. NOTIFICATION OF CHANGES IMPACTING THE TAS

ASX Clear and ASX Settlement will from time to time make changes to CHESSE and/or the TAS application or undertake maintenance that may have an impact on the TAS. Notice periods for communicating such changes are listed below:

#### (a) Scheduled Changes

The following notice periods apply to scheduled changes unless an alternative period or specific date is agreed by ASX Settlement, ASX Clear and the impacted AMO(s).

<u>Category of technical or operational change</u>	<u>Minimum Notice Period</u>	<u>Format</u>
<u>1. Technical Enhancements to the TAS</u>		
<u>TAS Application functional upgrade requiring an external CHESSE Release</u>	<u>3 Months</u>	<u>Bulletin</u>
<u>Changes to TAS CHESSE messages or additional messages</u>		
<u>Infrastructure change impacting CHESSE including BCP Tests</u>		<u>Bulletin</u> <u>Website</u>
<u>TAS Application non-functional enhancements requiring an internal CHESSE Release</u>	<u>1 Month</u>	<u>Email</u>
<u>2. Technical Enhancements potentially impacting the TAS</u>		
<u>CHESSE upgrade having external CHESSE user impact</u>	<u>3 months</u>	<u>Bulletin</u>
<u>3. Operational changes impacting the TAS<sup>△</sup></u>		
<u>New Clearing Participant Accreditation</u>	<u>Within 1 hour of CHESSE set-up</u>	<u>Email</u>
<u>New Clearing Participant PID</u>	<u>1 day</u>	
<u>Change in Clearing Participant PID Mapping</u>		
<u>Clearing Participant technical issues impacting clearance of AMO transactions</u>	<u>Within 30 minutes of a confirmed issue</u>	<u>Phone</u>
<u>Clearing Participant default or restrictions (O&amp;TS No. 37)</u>	<u>ASAP but within 30 minutes of Participant being advised of action to be taken</u>	<u>Phone initially followed by email confirmation</u>

<sup>△</sup> It is expected that the AMO Rules require an AMO Participant to inform the AMO of these changes as well.

(b) **State of Emergency**

Depending on the circumstances, in emergency situations, urgent software fault correction will be developed, tested and implemented as soon as possible and notified to AMOs as soon as practical which may be after implementation.

Similarly, depending on the circumstances, notification to AMOs of emergency operational changes may not be possible until after implementation of the change.

**3.4. BUSINESS RELATIONSHIP MANAGEMENT**

(a) **Trade Acceptance Service Review Meetings**

The General Manager, Clearing and Settlement Services (or where the General Manager, Clearing and Settlement Services is unavailable, their delegate) will meet with the AMO quarterly to discuss the provision of the trade acceptance service including, without limitation:

- (i) compliance by ASX Clear and ASX Settlement with the service levels in this Schedule 3; and
- (ii) the AMO's forward looking service requirements.

(b) **Reports**

ASX Clear and ASX Settlement will provide the reports as per paragraph 5(b) of Schedule 1 by the times set out in the table below:

<b>Name of report</b>	<b>Contents of report</b>	<b>Timing to provide</b>
<b>Trade Acceptance Report</b>	Number of trades submitted by the AMO each Business Day, including: <ul style="list-style-type: none"><li>▪ number of trades accepted;</li><li>▪ number of trades rejected;</li><li>▪ number of trades cancelled;</li><li>▪ number of trades removed.</li></ul>	Monthly (within 2 weeks after the end of each month).
<b>CHESS Help Desk Incident Management Report</b>	<ul style="list-style-type: none"><li>▪ number of queries received;</li><li>▪ response times.</li></ul>	Monthly (within 2 weeks after the end of each month).
<b>Performance Report</b>	ASX Clear's and ASX Settlement's Performance against the service levels set out in Clause 1 of this Schedule 3	Quarterly (within one month after the end of each calendar quarter).

**5. REQUESTS TO ENHANCE OR EXPAND THE TAS**

An AMO may request an enhancement or extension to the TAS at any time. The procedures for such a request are provided on ASX website (refer to Section 4.2).

ASX's commitments for a timely response to these requests are provided in the procedures. The Change Request Application Form is available on the ASX website.



## Attachment B – Amendments to the Operational and Technical Standards for the Trade Acceptance Service

**ASX Clear Pty Limited  
ASX Settlement Pty Limited**

**Legal terms for the provision of a trade acceptance service  
to Australian financial market licensees in respect of  
CHESS-eligible ASX-quoted financial products**

**Operational and Technical Standards**

## Preamble

This document contains operational and technical standards (Standards) promulgated under the *Legal terms for the provision of a trade acceptance service to Australian financial market licensees in respect of CHESS-eligible ASX-quoted financial products* dated ~~14 June 2011~~[\[1 July 2014\]](#) (Legal Terms of Service). Approved Market Operators (AMOs) which acquire the Trade Acceptance Service described in the Legal Terms of Service are required to comply with the Standards.

The Standards are divided into seven broad categories:

- A. Technical and performance requirements  
*Technical and organisational capacity of AMOs*
- B. Trade submission and Validation  
*Basic parameters of trade-acceptability*
- C. Post-Validation removal and cancellation  
*Manual review of accepted trades and protocols for cancelling instructions*
- D. Communications and access to CS Systems  
*Communications between AMOs and the CS Entities and access to CS Systems*
- E. AMO Operating Rules  
*Content requirements for AMO Operating Rules*
- F. Provision of information  
*Information which AMOs must provide*
- G. Default management  
*Requirements in relation to managing defaults by clearing and settlement participants*

Each Standard is accompanied by a brief statement of the reason for its inclusion in this document. Those reasons, and this Preamble, are provided for the assistance of the reader and do not form part of the Standards.

**Legal terms for the provision of a trade acceptance service  
to Australian financial market licensees in respect of  
CHESS-eligible ASX-quoted financial products**

**Operational and Technical Standards**

**1. Definitions**

The following definitions apply in this document:

**Act** means the Corporations Act 2001 (Cth).

**AMO** means the holder of an Australian market licence (as defined in s. 761A of the Act) approved by each CS Entity as an “Approved Market Operator” for the purposes of the CS Entity’s Operating Rules.

**AMO EIS** means those parts of the EIS (as updated, supplemented or varied from time to time) which are applicable to communications between the CS Entities and an AMO.

**AMO Participant** means, in respect of an AMO, a Participant in the financial market operated by the AMO.

**ASX Clear** means ASX Clear Pty Limited (ACN 001 314 503).

**ASX Clear Operating Rules** means the Operating Rules of ASX Clear, as amended from time to time.

**ASX Settlement** means ASX Settlement Pty Limited (ACN 008 504 532).

**ASX Settlement Operating Rules** means the Operating Rules of ASX Settlement, as amended from time to time.

**Basis of Quotation** means a valid basis of quotation for a class of quoted financial products as specified in the AMO EIS.

**Business Day** has the meaning given to that term in ASX Settlement Operating Rule 2.13.1.

**CHESS** stands for Clearing House Electronic Subregister System and has the meaning given to that term in ASX Settlement Operating Rule 2.13.1.

**Clearing Agreement** has the meaning given to that term in ASX Clear Operating Rule 2.10.1

**Clearing and Settlement Service** means the clearing and settlement service as defined in the Legal Terms of Service.

**Clearing Participant** means a Participant in the CS Facility operated by ASX Clear.

**Common Participant** means, in respect of an AMO, an AMO Participant which is also a Clearing Participant or a Settlement Participant.

**Condition Code** means a valid condition code for a Trade as specified in the AMO EIS.

**Corporate Action** has the meaning given to that term in ASX Settlement Operating Rule 2.13.1.

**CS Entities** means ASX Clear and ASX Settlement.

**CS Facilities** means the clearing and settlement facilities (as defined in s. 761A of the Act) operated by the CS Entities.

**CS Systems** means the computer systems and associated networks (including, without limitation, CHESS) used by the CS Entities for the provision of the Trade Acceptance Service and the Clearing and Settlement Service.

**EIS** stands for External Interface Specification and has the meaning given to that term in ASX Settlement Operating Rule 2.13.1.

**Eligible Financial Product Class** means a class of Approved Financial Products (as defined in ASX Settlement Operating Rule 2.13.1) which is quoted on the financial market operated by ASX Limited.

**End of Day** has the meaning given to that term in ASX Settlement Operating Rule 2.13.1.

**Ex Period** has the meaning given to that term in ASX Settlement Operating Rule 2.13.1.

**Legal Terms of Service** means the *Legal terms for the provision of a trade acceptance service to Australian financial market licensees in respect of CHESS-eligible ASX-quoted financial products* dated 14 June 2011, as amended from time to time.

**Message** has the meaning given to that term in ASX Settlement Operating Rule 2.13.1.

**Operating Hours** means 7:10am to 7:00pm, or such other hours of operation as the CS Entities may from time to time notify all AMOs, on each Business Day.

**Operating Rules** has the meaning given to that term in s. 761A of the Act.

**Participant** has the meaning given to that term in s. 761A of the Act.

**Pre-commencement Testing** means testing at the direction of the CS Entities to establish whether an AMO meets the requirements of Standards 6 and 24.

**Price Registration Notification Message** means, in respect of an AMO, a Message Transmitted to the CS Entities by the AMO for the purpose of submitting certain price information, as specified in the AMO EIS, in relation to each Eligible Financial Product Class quoted on the financial market operated by the AMO.

**Procedures** has the meaning given to that term in ASX Settlement Operating Rule 2.13.1.

**Settlement Participant** means a Participant in the CS Facility operated by ASX Settlement.

**Standards** means the operational and technical standards set out in this document.

**State of Emergency Rules** has the meaning given to that term in ASX Clear Operating Rule 2.10.1 (in respect of ASX Clear) or ASX Settlement Operating Rule 2.13.1 (in respect of ASX Settlement), as applicable.

**Trade** means, in respect of an AMO, a transaction in an Eligible Financial Product Class effected through the trade facility operated by the AMO in accordance with its Operating Rules. It includes:

- (a) a transaction executed on the AMO's trading platform; and
- (b) a transaction executed "off market" which is reported to the AMO.

**Trade Acceptance Service** means the trade acceptance service as defined in the Legal Terms of Service.

**Trade Registration Request Message** means, in respect of a Trade, a Message Transmitted to the CS Entities by an AMO for the purpose of submitting the Trade to the CS Facilities.

**Transmit** means cause a Message to be made available for collection in the Message collection facility provided in CHESS for Messages passing between the CS Entities and AMOs.

**UIC** stands for User Identification Code and has the meaning given to that term in ASX Settlement Operating Rule 2.13.1.

**Valid** means, in relation to a Message, a Message that:

- (a) meets the requirements for validity as set out in paragraphs (a) to (e) of the definition of "Valid" in ASX Settlement Operating Rule 2.13.1; and
- (b) additionally, in relation to a Trade Registration Request Message, complies with each of Standards 14, 16, 17 and 20.

**Validation** means, in relation to a Trade Registration Request Message, the processing of the Message by the CS Entities to determine whether the Message is Valid.

## 2. Interpretation

In this document:

- (a) a reference to any legislation or legislative provision includes any statutory modification or re-enactment of, or legislative provision substituted for, and any regulation or statutory instrument issued under, that legislation or legislative provision;
- (b) a reference to the Operating Rules of the CS Facilities or a licensed financial market is a reference to the Operating Rules as modified or amended from time to time;
- (c) the singular includes the plural and vice-versa;
- (d) if a word or expression is given a particular meaning, another part of speech or grammatical form of that word or expression has a corresponding meaning; and
- (e) a reference to time is to the time in Sydney, Australia.

## 3. Notices

Where these Standards require an AMO to provide information or give notice to the CS Entities, the information or notice must be provided or given:

- (a) in writing addressed to:

General Manager, Clearing and Settlement Operations and  
General Manager, ~~Clearing and Settlement Services~~ [Regulatory Assurance](#)  
ASX Clear Pty Limited / ASX Settlement Pty Limited  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

Email:

[CHESSHelp@asx.com.au](mailto:CHESSHelp@asx.com.au)

[gm.regulatoryassurance@asx.com.au](mailto:gm.regulatoryassurance@asx.com.au)

- (b) and by one or more of the following methods:
  - (i) delivering it personally to the persons specified above;
  - (ii) leaving it at or sending it by courier or post to the address specified above; or
  - (iii) sending it by electronic mail to each email address specified above.

Information provided or notice given by:

- (c) post is taken to be provided or given on the second Business Day after the document is put in the post, in a stamped envelope or other covering addressed to the recipient;
- (d) hand or courier is taken to be provided or given at the time of delivery to the address specified above;
- (e) email is taken to be provided or given when the sender receives an acknowledgement from a computer system controlled by the ASX group that the email has been received at the address specified above.

## 4. Standards

	Standard	Rationale	Proposed change
<b>A.</b>	<b>Technical and performance requirements</b>		
1	<p>Before an AMO:</p> <p>(a) starts to use the Trade Acceptance Service; and</p> <p>(b) implements any material changes to its technological infrastructure related to its use of the Trade Acceptance Service,</p> <p>it must satisfy the CS Entities (acting reasonably) through Pre-commencement Testing that the AMO has:</p> <p>(c) the capacity to communicate reliably with the CS Systems in accordance with the AMO EIS; and</p> <p>(d) disaster recovery and business continuity arrangements that are adequate, having regard to the nature and extent of its business, to ensure the timely recovery of its usual operations in connection with its use of the Trade Acceptance Service and compliance with these Standards.</p>	<p>Operational risk mitigation.</p> <p>Equivalent to the requirements for ASX Trade under ASXS 4.7.1 and ASXS 6.2.1.</p>	N/a
2	<p>An AMO must at all times maintain the necessary organisational and technical resources to ensure that:</p> <p>(a) it has the capacity to communicate reliably with the CS Systems in accordance with the AMO EIS; and</p> <p>(b) Messages submitted by the AMO do not interfere with the efficiency, integrity or proper functioning of the CS Systems.</p>	<p>Operational risk mitigation.</p> <p>Equivalent to the requirements applicable to all Facility Users under ASXS 4.7.1(a) and (d).</p>	N/a
3	<p>An AMO must observe and give effect to any advice or directions given to it by the CS Entities in order to ensure that the AMO meets or continues to meet Standards 1 and 2.</p>	<p>Operational risk mitigation.</p> <p>Equivalent to the requirements applicable to all Facility Users under ASXS 4.7.1(e).</p>	N/a

	Standard	Rationale	Proposed change
4	<p>An AMO must:</p> <p>(a) appoint a person to be responsible for communication with CHES;</p> <p>(b) maintain an effective internal delegation framework to ensure that, in the absence of the person appointed in compliance with paragraph (a), there is at all times a person responsible for communication with CHES;</p> <p>(c) ensure that the person appointed in compliance with paragraph (a) and any delegate responsible for communication with CHES under paragraph (b) are located in Australia so that the AMO and the CS Entities can communicate promptly and receive responses quickly on a day-to-day operational basis; and</p> <p>(d) notify the CS Entities of the name and contact details of the person appointed in compliance with paragraph (a) and any delegate responsible for communication with CHES under paragraph (b), and any subsequent changes to arrangements previously notified to the CS Entities.</p>	<p>Operational risk mitigation.</p> <p>Equivalent to the requirements applicable to all Facility Users under ASXS 4.7.1 (f).</p>	N/a
5	An AMO must make Trade notifications available to AMO Participants and to Clearing Participants which clear on behalf of AMO Participants promptly following execution or reporting to the AMO.	Facilitates compliance by Clearing Participants with the requirements (including risk management requirements) of the CS Facilities' Operating Rules.	Removal on the basis of equivalent obligations imposed under the Australian Financial Market Licence.
6	An AMO must at all times maintain disaster recovery and business continuity arrangements that are adequate, having regard to the nature and extent of its business, to ensure the timely recovery of its usual operations in connection with its use of the Trade Acceptance Service and compliance with these Standards.	Operational risk mitigation.	Removal on the basis of equivalent obligations imposed under the Australian Financial Market Licence.
<b>B. Trade submission and Validation</b>			
7	If an AMO wishes to submit a Trade to the CS Facilities, it must do so by	Standard operating process.	N/a

	Standard	Rationale	Proposed change
	<p>Transmitting a Valid Trade Registration Request Message to the CS Entities during Operating Hours.</p> <p>The CS Entities may reject a Trade Registration Request Message Transmitted by an AMO:</p> <p>(a) if the Message is not Valid;</p> <p>(b) if the Message is Transmitted outside of Operating Hours; or</p> <p>(c) in any other circumstances permitted by these Standards.</p>	<p>Equivalent to the requirements for ASX Trade under ASXS Section 10.</p>	
8	<p>If the CS Entities notify an AMO of:</p> <p>(a) the rejection of a Trade Registration Request Message Transmitted by the AMO; or</p> <p>(b) the removal of a Trade from the CS Facilities under the Operating Rules of the CS Facilities,</p> <p>the AMO must immediately notify AMO Participants that are affected by the rejection or removal (as the case may be).</p>	<p>Facilitates counterparty risk management by Clearing Participants.</p>	<p>Removal on the basis of equivalent obligations imposed under the Australian Financial Market Licence.</p>
9	<p>An AMO must Transmit a Valid Trade Registration Request Message to the CS Entities in respect of any Trade which the AMO wishes to submit to the CS Facilities:</p> <p>(a) subject to paragraph (c), if the Trade was executed on the AMO's trading platform or reported to the AMO during Operating Hours, <u>by 7pm within 5 minutes of the time at which the Trade was executed or reported</u> (see Note below);</p> <p>(b) subject to paragraph (c), if the Trade was executed on the AMO's trading platform or reported to the AMO outside of Operating Hours, between 7:10am and 9:45am on the next commencement of Operating Hours following the time at which the Trade was executed or reported; or</p>	<p>The time limit on Trade submission:</p> <ul style="list-style-type: none"> <li>ensures contemporary overview of the Trades to which ASX Clear is central counterparty, thereby enabling ASX Clear to accurately measure, and where appropriate mitigate, its counterparty exposure on an intraday basis;</li> <li>promotes transparency of inputs to Batch Settlement and prompt identification of potential errors; and</li> <li>mitigates operational risk.</li> </ul>	<p>Amendment to remove the 5 minute reporting requirement.</p> <p>NOTE: the time requirement for submission of trades to the CS Entities from all platforms (ASX Trade and other AMOs) will be reassessed as part of the implementation of intraday cash market margining.</p>

	Standard	Rationale	Proposed change
	<p>(c) if the Message relates to a Trade in respect of which one or more Trade Registration Request Messages have been Transmitted by the AMO and rejected by the CS Entities for any reason, as soon as practicable and in any event by 9:45am on the next commencement of Operating Hours following the time at which the Trade was executed on the AMO's trading platform or reported to the AMO.</p> <p><i>Note: In accordance with Standard 7, the CS Entities may reject a Trade Registration Request Message Transmitted by an AMO outside of Operating Hours, even if the Trade to which the Message relates was executed on the AMO's trading platform or reported to the AMO during Operating Hours and the Message was Transmitted within the timeframe specified in paragraph (a) above. <del>Compliance by an AMO with these time limits for the Transmission of a Valid Trade Registration Request Message will be determined by the CS Entities in their absolute discretion by reference to:</del></i></p> <p><del>(a) the Trade execution time specified by the AMO in the Trade Registration Request Message; and</del></p> <p><del>(b) the time of Transmission of the Trade Registration Request Message, as recorded in CHES.</del></p>		
10	<p>If an AMO wishes to submit a Trade to the CS Facilities, in accordance with these Standards, on the Business Day following the date on which the Trade was executed on the AMO's trading platform or reported to the AMO, the AMO must specify in the Trade Registration Request Message:</p> <p>(a) as the "As At Date": the date on which the Trade was executed on the AMO's trading platform or reported to the AMO; and</p> <p>(b) as the "Trade Date": the date of submission of the Trade to the CS Facilities.</p>	<p>Standard operating process.</p> <p>Equivalent to the requirements for ASX Trade.</p>	N/a
11	<p>The CS Entities may suspend processing of Messages in the event of technical failure affecting the CS Systems or if the CS Entities reasonably believe that it is necessary to do so to protect the integrity or orderly</p>	<p>Operational risk mitigation.</p>	<p>Removal on the basis that standard 12 adequately mitigates the risk.</p>

	Standard	Rationale	Proposed change
	operation of the CS Facilities (including, without limitation, for the purpose of managing the default or event of non-compliance of a Participant in the CS Facilities). Except in the event of technical failure affecting the CS Systems, the CS Entities will use reasonable endeavours to give the AMO prior notice of a suspension of processing of Messages. Where, in the CS Entities' opinion, it is not practicable to give the AMO prior notice, the CS Entities may suspend processing of Messages without giving prior notice to the AMO.		
12	An AMO must observe and comply with any State of Emergency Rules made by the CS Entities and which are notified to the AMO. The CS Entities may specify the period during which any State of Emergency Rules remain in force, but the period must not exceed 30 Business Days.	Operational risk mitigation.  Equivalent to the requirements for ASX Trade.	N/a
13	<p>In the event of a technical outage affecting an AMO's computer systems <u>or the CS Systems</u> which <u>impairs or prevents the AMO's use of from utilising the Trade Acceptance Service by Transmitting Valid Trade Registration Request Messages</u>;</p> <p>(a) <u>the party which has experienced or is experiencing the technical outage</u> AMO must promptly notify the <u>CS Entities other party of the outage and update the other party at reasonable intervals on the cause and resolution of the outage</u>;</p> <p>(b) <u>the AMO</u> and may submit Trades to the CS Facilities <u>by any of in the alternative means</u> specified <u>manner prescribed</u> in Schedule 1 on a temporary basis <u>where</u>:</p> <p><u>(i) the technical outage prevents the AMO Transmitting Valid Trade Registration Request Messages or the CS Entities collecting and processing Trade Registration Request Messages Transmitted by the AMO; and</u></p> <p><u>(ii) the AMO and the CS Entities agree that Trade submission by alternative means is likely to lessen the impact of the technical outage on users of the AMO's market and the CS Facilities.</u> <del>The</del>;</p>	Operational risk mitigation.	Amendment to reflect current practice.

	Standard	Rationale	Proposed change
	<p>(c) <u>the</u> AMO must observe and give effect to any advice or directions given to it by the CS Entities in connection with the submission of Trades by alternative means <u>specified in Schedule 1.</u><del>The;</del></p> <p>(d) <u>each party</u> AMO must promptly respond to any requests for information which <u>the other party may make</u> <del>the CS Entities may require</del> to assist it in managing the impact of the technical outage on <u>its market or</u> the CS Facilities <u>(as applicable); and</u></p> <p>(e) <u>each party will observe the market communications protocol in Schedule 2 in relation to their its communications with their other party and its market or CS Facility users (as applicable) regarding the impact and resolution of the outage.</u></p>		
14	<p>A Trade Registration Request Message Transmitted by an AMO must specify a Delivering UIC and a Receiving UIC for Clearing Participants (or a Clearing Participant) which are (is) authorised under the ASX Clear Operating Rules to clear:</p> <p>(a) Trades submitted by the AMO; and</p> <p>(b) the Eligible Financial Product Class to which the Trade relates, at the time of Validation of the Message.</p>	<p>A Trade can be accepted into the CS Facilities only if Clearing Participants authorised to clear the Trade are accountable in respect of it.</p> <p>Equivalent to the requirements for ASX Trade.</p>	N/a
15	<p>An AMO must not Transmit a Trade Registration Request Message which specifies a Delivering UIC or a Receiving UIC for a Clearing Participant unless the AMO has satisfied itself on reasonable grounds that the Clearing Participant has agreed to clear the Trade to which the Message relates.</p>	<p>Operational risk mitigation.</p> <p>Equivalent to the requirements for ASX Trade.</p>	N/a
16	<p>A Trade Registration Request Message Transmitted by an AMO must specify the Security Code stored in CHES for the Eligible Financial Product Class to which the Trade relates.</p>	<p>The Trade Acceptance Service is provided only for transactions in CHES-eligible ASX-quoted financial products.</p> <p>Equivalent to the requirements for ASX</p>	N/a

	Standard	Rationale	Proposed change
		Trade.	
17	<p>An AMO may specify a Basis of Quotation in a Trade Registration Request Message Transmitted by the AMO only if:</p> <p>(a) the Basis of Quotation corresponds to a Corporate Action stored in CHESSE in respect of the Security Code specified in the Message at the time of Validation of the Message; and</p> <p>(b) the Trade to which the Message relates was executed during the Ex Period for that Corporate Action.</p>	<p>Standard operating process.</p> <p>Equivalent to the requirements for ASX Trade.</p>	N/a
18	<p>An AMO must not Transmit a Trade Registration Request Message which specifies a Basis of Quotation in accordance with Standard 17 if:</p> <p>(a) the Basis of Quotation does not match the default basis of movement applicable to the Trade to which the Message relates as determined in accordance with the procedures of ASX Settlement; and</p> <p>(b) the settlement date for the Trade to which the Message relates falls outside the Ex Period for the Corporate Action stored in CHESSE in respect of that Security Code.</p>	<p>Standard operating process.</p> <p>Equivalent to the requirements for ASX Trade.</p>	N/a
19	<p>If:</p> <p>(a) no Basis of Quotation is specified in a Trade Registration Request Message Transmitted by an AMO during the Ex Period for a Corporate Action stored in CHESSE in respect of the Security Code specified in the Message; and</p> <p>(b) the Message is Valid,</p> <p>the CS Entities will apply to the scheduled settlement instruction the default basis of movement applicable to the Security Code specified in the Message, determined in accordance with the procedures of ASX Settlement, at the time of Validation of the Message.</p>	<p>Standard operating process.</p> <p>Equivalent to the requirements for ASX Trade.</p>	N/a

	Standard	Rationale	Proposed change
20	A Trade Registration Request Message Transmitted by an AMO must specify, as a Condition Code, a code nominated by the CS Entities which identifies the AMO.	<p>Enables analysis and reporting by the CS Entities of Trades submitted to the CS Facilities by multiple AMOs.</p> <p>Assists trade/settlement identification and reconciliation by the CS Entities and Participants in the CS Facilities.</p> <p>Required to identify AMO trades for reporting purposes.</p>	N/a
21	A Trade Registration Request Message Transmitted by an AMO must relate to no more than one Trade.	<p>“Netting” or “aggregation” of Trades prior to submission to the CS Facilities would derogate from trade-by-trade transparency and the ability of the CS Entities to mitigate counterparty and settlement risks.</p> <p>Remains relevant. In addition, there is the option to elect out of the registration message.</p>	N/a
<b>C. Post-Validation removal and cancellation</b>			
22	The CS Entities may, in accordance with the Operating Rules of the CS Facilities, remove from the CS Facilities any Trade which has been Validated and which the CS Entities reasonably consider it appropriate to remove in order to maintain the orderly operation and integrity of the CS Facilities. The CS Entities must give notice to the AMO as soon as reasonably practicable after removing a Trade together with a statement of the reason for removal.	<p>Operational and counterparty risk mitigation.</p> <p>Equivalent to the requirements for ASX Trade under ASXSOR 10.4.7 &amp; 8.</p>	N/a
23	The CS Entities will not act upon any instructions from an AMO to cancel a Valid Trade Registration Request Message ( <b>Original Message</b> ) once the Original Message has been Transmitted to the CS Entities unless such instructions are Transmitted to the CS Entities in the form of a further Valid Message or Valid Messages that when processed will have	<p>Standard operating process.</p> <p>Equivalent to the requirements for ASX Trade under ASXSOR 10.5.3.</p>	N/a

	Standard	Rationale	Proposed change
	the effect of cancelling the Original Message. Such instructions must be Transmitted to the CS Entities by the End of Day on the Business Day following the Trade Date specified in the Original Message (or, where an “As At Date” is specified in the Original Message, by the End of Day on the Trade Date). The AMO is responsible for effecting any disclosure required of the AMO by law of the cancellation of the Trade to which the Original Message relates.		
<b>D. Communications and access to CS Systems</b>			
24	An AMO must comply with the AMO EIS.	Standard operating process.  Equivalent to the requirements for all Facility Users.	N/a
25	An AMO must observe and comply with Section 16 of the ASX Settlement Operating Rules as though it is a “Facility User” within the meaning of those rules.	Standard operating process.  Equivalent to the requirements for all Facility Users.	N/a
26	An AMO must ensure that its actions do not adversely impact on the efficiency and integrity of the CS Facilities or the proper functioning of the CS Systems.	Operational risk mitigation.  Equivalent to the requirements for ASX Trade under ASXS 4.7.1(d).	N/a
<b>E. AMO Operating Rules</b>			
27	The Operating Rules of an AMO must require AMO Participants to ensure that each Trade in respect of an Eligible Financial Product Class to which the AMO Participant is a party is settled:  (a) on the third business day following the date on which the Trade was executed on the AMO’s trading platform or reported to the AMO; or  (b) by such later date (if any) for “deferred settlement” which is determined under the Operating Rules of the financial market operated by ASX Limited and applicable to the Eligible Financial	Counterparty risk mitigation.  Equivalent to the requirements for ASX Trade under ASXOR 3600.	N/a

	Standard	Rationale	Proposed change
	Product Class at that time.		
28	<p>The Operating Rules of an AMO must require AMO Participants to report promptly to the AMO any Trade which is executed by the AMO Participant “off market” and reportable to the AMO under those rules.</p> <p><i>Note: This Standard does not apply if and for so long as the ASIC Market Integrity Rules (Competition in Exchange Markets) 2011 impose trade reporting obligations on participants in financial markets.</i></p>	<ul style="list-style-type: none"> <li>• Ensures contemporary overview of the Trades to which ASX Clear is central counterparty, thereby enabling ASX Clear to accurately measure, and where appropriate mitigate, its counterparty exposure on an intraday basis.</li> <li>• Promotes transparency of inputs to Batch Settlement and prompt identification of potential errors.</li> <li>• Mitigates operational risk.</li> </ul>	Remove on the basis of the obligations in standard 9.
29	The Operating Rules of an AMO must expressly authorise the AMO to disclose to the CS Entities any information which the AMO is required to disclose to the CS Entities under these Standards.	<p>Legal risk mitigation.</p> <p>Remains relevant.</p>	N/a
30	<p>The Operating Rules of an AMO must contain clear rules for the timely handling and resolution (including, without limitation, by cancellation, where appropriate) of:</p> <p>(a) any Trade executed in error;</p> <p>(b) any Trade in relation to which one or more Trade Registration Request Messages Transmitted by the AMO are rejected by the CS Entities for any reason in accordance with these Standards; and</p> <p>(c) any Trade which the CS Entities remove from the CS Facilities for any reason in accordance with the Operating Rules of the CS Facilities.</p> <p>This Standard does not apply if and for so long as the AMO is required by Market Integrity Rules made under the Act to observe uniform trade cancellation rules.</p>	<p>Operational risk mitigation.</p> <p>Equivalent to the requirements applicable to ASX Trade.</p>	N/a

	Standard	Rationale	Proposed change
31	<p>The Operating Rules of an AMO must:</p> <p>(a) require every AMO Participant to maintain adequate arrangements for the clearing and settlement of all Trades entered into by the AMO Participant through the trade facility operated by the AMO; and</p> <p>(b) provide that, or make provision to the effect that, if ASX Clear or a Clearing Participant notifies the AMO that the Clearing Participant intends to terminate its Clearing Agreement with an AMO Participant, the AMO will not submit to the CS Facilities for clearing in the name of the Clearing Participant any Trade executed by the AMO Participant on the AMO's trading platform or reported by the AMO Participant to the AMO at or after the effective time of termination of the Clearing Agreement as notified to the AMO by ASX Clear or the Clearing Participant.</p> <p>An AMO must act in accordance with any notification received from ASX Clear or a Clearing Participant as described in paragraph (b).</p>	<p>Facilitates counterparty risk management by Clearing Participants.</p> <p>Equivalent to the requirements for ASX Trade.</p>	N/a
<b>F. Provision of information</b>			
32	<p>An AMO must Transmit a Valid Price Registration Notification Message to the CS Entities by 6:00pm on each Business Day.</p>	<p>Enables accurate ASX Clear counterparty credit risk estimation.</p> <p>Remains relevant in mitigating counterparty credit risk.</p>	N/a
33	<p>An AMO must license to ASX Clear, on reasonable commercial terms and at no cost to ASX Clear, such real time, delayed or historical market data relating to the trade facility operated by the AMO as ASX Clear may from time to time reasonably request for the purpose of discharging its functions as a central counterparty and complying with its obligations as the holder of a CS facility license. The AMO must provide the data in a format acceptable to ASX Clear (acting reasonably).</p>	<p>Addresses potential need to reference prices on AMOs other than ASX in order to calculate prices used for central counterparty (ASX Clear) risk management purposes.</p> <p>Equivalent to the requirements for ASX Trade.</p>	N/a

	Standard	Rationale	Proposed change
34	An AMO must notify the CS Entities promptly in writing of any fine, warning, licence condition or other disciplinary sanction imposed or disciplinary action taken by a regulatory body on or with respect to the AMO. The notice must be accompanied by a reasonably detailed explanation of the impact (if any) of the regulatory action on the AMO's ability to comply with these Standards.	Operational and legal risk mitigation.  Equivalent to the requirements for ASX Trade.	N/a
35	An AMO must provide to the CS Entities upon written request any information that the CS Entities reasonably require in order to:  (a) operate the CS Facilities in accordance with the Operating Rules of those facilities;  (b) discharge their obligations under the Financial Stability Standard for Central Counterparties or Financial Stability Standard for Securities Settlement Facilities (as applicable); or  (c) comply with their obligations as CS facility licensees under the Act, including without limitation the obligation to supervise the CS Facilities and enforce compliance with their Operating Rules by the Participants in those facilities.	Operational and legal risk mitigation.  Equivalent to the requirements for ASX Trade.	N/a
<b>G. Default management</b>			
36	An AMO must:  (a) notify the CS Entities immediately of any information acquired by the AMO, its officers or its senior management which relates to the occurrence of an event or series of events in respect of a Common Participant which:  (i) may constitute an event of default under ASX Clear Operating Rule 15.1.1 or an Event of Non-Compliance under ASX Settlement Operating Rule 12.18.1, as applicable, by the Common Participant; or	Operational and counterparty risk mitigation.  Equivalent to the requirements for ASX Trade.	N/a

	Standard	Rationale	Proposed change
	<p>(ii) may have a material adverse effect on:</p> <p>(A) the capacity of the Common Participant to meet all its obligations to the CS Entities, any AMO or other Clearing Participants;</p> <p>(B) the financial position of ASX Clear or the Common Participant; or</p> <p>(C) the trade facility operated by any AMO; and</p> <p>(b) respond promptly to any request for information made by the CS Entities in connection with any event of default under ASX Clear Operating Rule 15.1.1 or Event of Non-Compliance under ASX Settlement Operating Rule 12.18.1 suspected or declared by the CS Entities in respect of a Common Participant.</p>		
37	<p>The CS Entities will notify an AMO of:</p> <p>(a) the declaration of an event of default under ASX Clear Operating Rule 15.1.1 or an Event of Non-Compliance under ASX Settlement Operating Rule 12.18.1 (as applicable) by a Participant in either of the CS Facilities which is authorised under the ASX Clear Operating Rules to clear Trades submitted by the AMO; or</p> <p>(b) any change in, or condition or restriction placed on, the clearing permissions of a Clearing Participant which is authorised under the ASX Clear Operating Rules to clear Trades submitted by the AMO.</p> <p>Upon receiving notification from the CS Entities under this Standard, the AMO must immediately notify AMO Participants that clear through that Participant and take steps to enforce the requirement under the AMO's Operating Rules for all AMO Participants to maintain adequate clearing and settlement arrangements.</p>	<p>Operational and counterparty risk mitigation.</p> <p>Equivalent to the requirements for ASX Trade.</p>	N/a

## Schedule 1

### Alternative modes of Trade submission in the event of technical outage ~~affecting an AMO's computer systems~~ (Standard 13)

~~In the event of a technical outage, the AMO may submit Trades to the CS Facilities by either CD (storage medium) or secure FTP (the server is to be hosted by the AMO).~~ In the event of a technical outage affecting an AMO's computer systems which prevents the AMO from utilising the Trade Acceptance Service by Transmitting Valid Trade Registration Request Messages, the AMO may submit Trades to the CS Facilities by either CD (storage medium) or secure FTP (the server is to be hosted by the AMO) subject to the following requirements:-

- CD:
  - The AMO is to deliver the CD to the CS Entities.
  - The CS Entities will make trade acceptance and rejection data available on CD for collection by the AMO.
- Secure FTP:
  - The AMO is to provide the CS Entities with login details to the secure FTP server.
  - The CS Entities will transmit trade acceptance and rejection data to the same FTP server and directory.
- In both cases:
  - The format of trade data submitted by the AMO is to be CHESSE PC Export/Import format (refer to section 12 of EIS).
  - The timing of the transfer of trade data supplied by the AMO is at the discretion of the CS Entities. The CS Entities will contact the AMO to set up the transfer following the AMO's notification of technical outage in accordance with the Standards.
  - The AMO must be able to supply its trade data within 1 hour of being requested by the CS Entities or such longer period of time as the CS Entities may in their discretion approve.
  - The AMO must provide a letter (in a form approved by the CS entities) authorising the CS Entities to logon to CHESSE on the AMO's behalf.

**Schedule 2**  
**[in place since 27 March 2012 to be incorporated in the Legal Terms]**

**Market Communications Protocol**  
**in the event of technical outage (Standard 13)**

The Market Communication Protocol details the manner in which an AMO and the CS Entities are to communicate with the market, users of the CS Facilities and back office vendors in the event of a technical outage affecting both or either of the AMO and CS Entities. Communication between the CS Entities and an AMO on technical issues is covered separately in the Legal Terms Schedule 3, Clause 2 service levels.

In the event a technical outage prevents the AMO Transmitting Valid Trade Registration Request Messages or the CS Entities collecting and processing Trade Registration Request Messages Transmitted by the AMO, both the AMO and CS Entities agree to:

1. Consult with each other regarding timing and content of information to be disseminated.
2. Send an initial notification within 20 minutes of both parties becoming aware of the issue and subsequent updates are to be provided at half hour intervals or an alternative frequency that is agreed at the time
3. Provide the following information/statements (amended as needed) at a minimum:
  - a. Time the incident commenced
  - b. The nature and impact of the incident as understood at that time:

“Participants are advised that due to a technical outage affecting *[name of AMO / ASX Clearing and Settlement]* systems, *[describe impact of outage, e.g. AMO is unable to submit trades to the clearing and settlement facility for processing, or ASX Clearing and Settlement is unable to process trades submitted by AMO].*”
  - c. The CS Entities and / or the AMO are investigating the matter :

“*[name of AMO / ASX Clearing and Settlement]* is investigating the cause of the outage and will provide further information as it becomes available.”
  - d. The status of processing of Trade Registration Request Messages and implications for registration and novation including any mitigating action to be taken by ASX Clear in relation to the management of its counterparty risk:

“Participants are advised that market transactions executed on *[name of AMO]* that are eligible for registration and novation in accordance with the operating rules of ASX Clear will be registered and novated with effect from the time of trade execution (that is, immediately after matching of bids and offers on the trading platform), notwithstanding the delay in trade processing caused by the technical outage. Accordingly, the delay in trade processing will not affect the level of counterparty risk mitigation provided to market users by ASX Clear as the central counterparty *[or include a statement regarding additional ASX Clear risk mitigation measures if applicable].*”
  - e. If applicable, details of any alternate arrangements for processing trades executed on the AMO:

“*[name of AMO]* and ASX Clearing and Settlement have made alternative arrangements for *[name of AMO]* to submit details of transactions executed on *[name of AMO]* for processing by ASX Clearing and Settlement. These alternative arrangements will enable ASX Clearing and Settlement to resume processing trades executed on *[name of AMO]* while the technical outage is investigated and resolved.”
  - f. The form and timing of the next or subsequent updates
4. If unresolved by 4:00pm on T-0, the next communication is to provide details of arrangements, should the technical issue not be resolved overnight, regarding the submission of trades on T+1 with an as at date of T-0. A further update will be provided by 7:00 am on T+1 and is to outline critical decision points concerning service availability for that day.

5. All Information is to be distributed through the following channels:
  - a. CS Entities:
    - i. ASX system status page on [asx.com](http://asx.com)
    - ii. C&S Operations CHESS CSOPS email distribution list
    - iii. Where necessary, ASX Notices
  - b. AMO: [To be advised].

## Attachment C – Technical review of the Trade Acceptance Service

The Technical Review of the Field Specification and Validation Logic of the Trade Acceptance Service has been provided to Chi-X Australia. If you wish to receive a copy of this review, please contact Ms Diane Lewis, Senior Manager, Regulatory & Public Policy on [Diane.Lewis@asx.com.au](mailto:Diane.Lewis@asx.com.au)

## Attachment D – Information handling standard for the Trade Acceptance Service

**ASX Clear Pty Limited  
ASX Settlement Pty Limited**

**Legal terms for the provision of a trade acceptance service  
to Australian financial market licensees  
in respect of CHESS-eligible ASX-quoted financial products**

**Information Handling Standard**

## Preamble

ASX Limited (ASXL) is ~~the holder of an Australian financial market licence and~~ the operator of ~~Australia's main~~ cash equity market ~~in Australia~~ for equity securities.

ASX Clear Pty Limited (ASX Clear) is the central counterparty and clearing facility for ASXL's cash equity market and provides all clearing and counterparty risk management services.

ASX Settlement Pty Limited (ASX Settlement) is the securities settlement facility for ASXL's cash equity market and provides all settlement and asset registration services.

ASX Clear and ASX Settlement each hold an Australian CS facility licence under the Corporations Act. ASX Clear and ASX Settlement are regulated by the Australian Securities and Investments Commission and the Reserve Bank of Australia.

Each of ASX Clear and ASX Settlement has established arrangements with ASX Compliance Pty Limited (ASX Compliance) for supervising their respective clearing and settlement facilities.

ASX Limited is the ultimate holding company of ASX Clear, ASX Settlement and ASX Compliance.

The functions of the Boards of ASX Limited, ASX Clear, ASX Settlement and ASX Compliance are set out in the Board Charters, which are available on the ASX website, which is available at: [http://www.asxgroup.com.au/media/PDFs/board\\_charter\\_august2010.pdf](http://www.asxgroup.com.au/media/PDFs/board_charter_august2010.pdf)

Under the Operating Rules of ASX Clear and ASX Settlement, an Australian market licence holder can apply to become an Approved Market Operator (AMO). ASX Limited is an AMO.

ASX Clear and ASX Settlement provide clearing and settlement arrangements which include services to AMOs and to parties to transactions in relation to CHESS-eligible ASX-quoted financial products. There are two categories of service relating to these clearing and settlement arrangements:

1. a service to be provided by a CS facility licence holder to AMOs, being the acceptance of transactions effected through that AMO's trade facility for clearing and settlement in the CS facility (Trade Acceptance Service); and
2. a clearing and settlement service provided to the participants of ASX Clear and ASX Settlement, being post-trade processing of transactions in CHESS-eligible ASX-quoted financial products effected in accordance with the Operating Rules of an AMO.

ASX Clear and ASX Settlement ~~propose to~~ provide a Trade Acceptance Service to AMOs under the *Legal terms for the provision of a trade acceptance service to Australian financial market licensees in respect of CHESS-eligible ASX-quoted financial products* (Legal Terms of Service). The Legal Terms of Service provide that if ASX Clear or ASX Settlement acquire actual knowledge of competitively sensitive information in the course of providing the Trade Acceptance Service, they will implement as an operational standard promulgated under the Legal Terms of Service, appropriate safeguards (to be determined in their absolute discretion) to protect that information from disclosure to ASX Limited.

This information handling standard is promulgated by ASX Clear and ASX Settlement under the Legal Terms of Service as an operational standard for the protection of confidential information (including competitively sensitive information) of AMOs which the ASX Group may acquire in connection with the provision of a Trade Acceptance Service. This information handling standard forms part of ASX's Conflict Handling Arrangements, a summary of which is available on the ASX website.

This Preamble is provided for the assistance of the reader and does not form part of the information handling standard.

**Legal terms for the provision of  
a trade acceptance service to  
Australian financial market licensees  
in respect of CHESS-eligible ASX-quoted financial products**

**Information Handling Standard**

**1. Interpretation**

Capitalised terms used in this information handling standard have the meanings given to them in clause 7 (Glossary).

**2. Purpose, scope and application**

The ASX Group recognises that AMOs may disclose AMO Confidential Information to the ASX Group:

- for the purpose of determining whether to acquire a Trade Acceptance Service from ASX Clear and ASX Settlement;
- in the course of applying for approval as an AMO under the Operating Rules of ASX Clear and ASX Settlement;
- in the course of agreeing to be bound by the Legal Terms of Service;
- in the course of acquiring a Trade Acceptance Service; or
- in seeking to reach an agreement with ASX Clear and ASX Settlement to expand or enhance a Trade Acceptance Service.

**The ASX Group does not require an AMO to disclose AMO Confidential Information to the ASX Group for any of the purposes or in any of the instances listed above.**

The purpose of this information handling standard is to establish a transparent framework for handling confidential information disclosed to the ASX Group by AMOs in connection with the provision of a Trade Acceptance Service.

The ASX Group recognises that certain AMO Confidential Information may also be AMO Conflict Sensitive Information.

In relation to AMO Conflict Sensitive Information, this information handling standard seeks to balance:

- the need to ensure that the potential for conflicts on the part of ASX Group Directors or ASX Group Employees, resulting from the receipt of AMO Conflict Sensitive Information, is appropriately managed; and
- the need to ensure that ASX Clear and ASX Settlement continue to comply with their respective statutory obligations as CS facility licensees.

The statutory obligations referred to above include but are not limited to:

- the governance requirements applicable to ASX Clear under the Financial Stability Standard for Central Counterparties<sup>1</sup> and the governance requirements applicable to ASX Settlement under the [Financial Stability Standards for Securities Settlement Facilities](#)<sup>2</sup> (extracted in Schedule 1).<sup>3</sup>—In particular, this information handling standard seeks to ensure that restrictions on the flow of information do not adversely affect:

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<sup>1</sup> [The Financial Stability Standard for Central Counterparties are available here.](#)

<sup>2</sup> [The Financial Stability Standards for Securities Settlement Facilities are available here.](#)

- the ability of the Boards of ASX Clear and ASX Settlement to continue to provide oversight of the operations of the clearing and settlement facilities; or
- the risk-control functions of ASX Clear and ASX Settlement's clearing and settlement facilities; and
- the obligation of a CS facility licensee under section 821A(c) of the Act to have adequate arrangements for supervising its clearing and settlement facility.

This information handling standard applies to the provision by AMOs of AMO Confidential Information (including AMO Conflict Sensitive Information) to the ASX Group in connection with the provision of a Trade Acceptance Service and the protection and use of that information by the ASX Group.

### 3. Commencement

This information handling standard takes effect on the date specified by ASX Clear and ASX Settlement.

### 4. Protection of AMO Confidential Information

The ASX Group will use the same degree of care (but no less than a reasonable degree of care) to prevent AMO Confidential Information being disclosed to third parties as the ASX Group uses to protect its own confidential information of a similar nature.

The ASX Group will not store, process, use or disclose AMO Confidential Information ~~except: for any purpose other than~~

- ~~to provide a Trade Acceptance Service to the AMO, to provide clearing and settlement services to participants of the CS Entities and to comply with the CS Entities' license;s ("Permitted Purposes").~~
- ~~However, the ASX Group may disclose AMO Confidential Information:~~
- ~~for a Permitted Purpose;~~
- if required by law or by any order or notice of a court, tribunal, authority or regulatory body including in relation to the supervision of a financial market or clearing and settlement facility (as defined under the Act), provided that the ASX Group shall use reasonable endeavours to notify the AMO of the information to be disclosed (and of the circumstances in which the disclosure is alleged to be required) before such disclosure must be made; or
- with the written approval of the AMO.

### 5. Submission and screening of AMO Conflict Sensitive Information

An AMO which seeks to share AMO Conflict Sensitive Information with any member of the ASX Group in connection with the provision of a Trade Acceptance Service should provide the information in writing to the General Manager, Regulatory Assurance [by emailing gm.regulatoryassurance@asx.com.au](mailto:gm.regulatoryassurance@asx.com.au). ~~AMO Conflict Sensitive Information should~~ ~~and not be provided~~ to any ASX Group Director or any ASX Group Employee or ~~be provided~~ by any other means. This applies irrespective of:

- whether the document containing the AMO Conflict Sensitive Information also contains other information;

<sup>3</sup> ~~While the Financial Stability Standard for Securities Settlement Facilities contains no equivalent governance provisions, the more detailed requirements of the Financial Stability Standard for Central Counterparties are treated for the purposes of this protocol as setting the applicable standard of governance for both ASX Clear and ASX Settlement.~~

- whether an ASX Group Employee (other than the General Manager, Regulatory Assurance) has asked for the information, or the AMO considers that the ASX Group requires the information, in connection with the provision of a Trade Acceptance Service;
- the specific purpose for which the AMO seeks to share the information with the ASX Group.

Any AMO Conflict Sensitive Information which an AMO provides to the General Manager, Regulatory Assurance should be clearly marked as “AMO Conflict Sensitive Information” and accompanied by a statement of:

- the purpose for which the information is being provided to the ASX Group; and
- the ASX Group Employees to whom the AMO wishes the information to be provided.

The ASX Group takes no responsibility for the unauthorised use or distribution of AMO Conflict Sensitive Information which is submitted to the ASX Group otherwise than in accordance with this information handling standard.

The General Manager, Regulatory Assurance will screen all information submitted to him or her in accordance with this clause 5 to confirm that the information is AMO Conflict Sensitive Information. If the General Manager, Regulatory Assurance determines that the information is not AMO Conflict Sensitive Information, he or she will

- treat the information as confidential;
- advise the AMO that it has been determined that the information is not AMO Conflict Sensitive Information; and
- take no further action in relation to the information other than to return the information to the AMO in accordance with the instructions from the AMO.

~~if the AMO so directs.~~ If the General Manager, Regulatory Assurance determines that the information is AMO Conflict Sensitive Information, he or she will distribute it in accordance with clause 6 (Distribution and use of AMO Conflict Sensitive Information).

## **6. Distribution and use of AMO Conflict Sensitive Information**

If the General Manager, Regulatory Assurance determines that information submitted to him or her in accordance with clause 5 (Submission and screening of AMO Conflict Sensitive Information) is AMO Conflict Sensitive Information, he or she will distribute it as follows:

### *ASX Group Employees*

AMO Conflict Sensitive Information will be distributed only to those ASX Group Employees:

- to whom the AMO has requested the General Manager, Regulatory Assurance to provide the information;
- who require the information in connection with the provision or potential provision of a Trade Acceptance Service to the AMO, as determined by the General Manager, Regulatory Assurance in consultation with the ASX Office of General Counsel; or
- who require the information in the ordinary course of performing their role in connection with the discharge of regulatory obligations of the ASX Group (including, without limitation, ASX Group Employees who need access to AMO Conflict Sensitive Information for the purpose of preparing reports required to be given to the Australian Securities and Investments Commission or the Reserve Bank of Australia).

### *ASX Group Directors*

Subject to two exceptions, AMO Conflict Sensitive Information shall not be distributed to ASX Group Directors.

Exception 1 — AMO Conflict Sensitive Information may be distributed to the directors of ASX Clear and ASX Settlement where:

- the information is reasonably required by the directors in order for them to discharge their duties as directors and perform their responsibilities as directors of ASX Clear and/or ASX Settlement in respect of those entities' obligations as licensed provide oversight of the operations of the Clearing and Settlement facilities; or
- the information is relevant to the risk-control function of the clearing and settlement facilities.

Directors of ASX Clear and ASX Settlement may sit on other ASX Group Boards. Directors of ASX Clear and ASX Settlement who also sit on the ASX Limited Board will not participate in consideration of AMO Conflict Sensitive Information without the consent of the AMO. Directors of ASX Clear and ASX Settlement may not use the AMO Conflict Sensitive Information of an AMO for the purposes of operating ASX's cash equity market without the consent of that AMO.

No ASX Group Employee who is a member of ASX's Business Development function (other than the General Manager, Clearing & Settlement Services) shall be present during any Board consideration of AMO Conflict Sensitive Information pursuant to this exception.

Exception 2 — AMO Conflict Sensitive Information may be distributed to the directors of ASX Compliance (including those directors who also sit on other ASX Group Boards) where the information is relevant to the supervision of ASX Clear and ASX Settlement's clearing and settlement facilities, for the purpose of discharging their duties as directors and performing their responsibilities as directors of ASX Compliance. Directors of ASX Compliance who also sit on the ASX Limited Board will not be provided with AMO Conflict Sensitive Information or participate in consideration of AMO Conflict Sensitive Information without the consent of the AMO.

Board Papers which are to be presented to the Board of ASX Clear, ASXCC, ASX Settlement, ASXSC or ASX Compliance in reliance on either of the foregoing exceptions shall:

- be submitted to the General Manager, Regulatory Assurance in draft for review prior to distribution to directors; and
- clearly state on the first page that they contain AMO Conflict Sensitive Information.

## 7. Glossary

The following definitions apply in this standard:

**Act** means the Corporations Act 2001 (Cth).

**AMO** means the holder of, or an applicant for, an Australian market licence (as defined in s. 761A of the Act) which has been approved, or which has submitted an application to be approved, as an "Approved Market Operator" for the purposes of the Operating Rules of ASX Clear and ASX Settlement.

**AMO Confidential Information** means information in any form (whether it is stored electronically or in hard copy) which is received by the ASX Group from an AMO and is confidential to the AMO, but does not include information which:

- (a) was in the possession of the ASX Group before receipt from the AMO;
- (b) is or becomes a matter of public knowledge through no fault of the ASX Group;
- (c) is received by the ASX Group from a third party without a duty of confidentiality; or
- (d) is independently developed by the ASX Group without the use of confidential information received from the AMO.

**AMO Conflict Sensitive Information** means AMO Confidential Information which:

- (a) relates to the current or future business plans or potential initiatives, in respect of market services in Australia, of an AMO; and
- (b) is marked by the AMO as “AMO Conflict Sensitive Information”.

Information concerning a proposed change in the market operating hours of an AMO is AMO Conflict Sensitive Information.

**AMO Trading Information** means AMO Confidential Information which identifies the parties to any transaction submitted by an AMO to ASX Clear and ASX Settlement for acceptance under the Legal Terms of Service, and includes any compilation or summary of such information from which the identity of those parties can be determined. It excludes any such information, compilation or summary which is anonymised so that the parties to the transaction(s) cannot be identified.

**ASX Clear** means ASX Clear Pty Limited (ACN 001 314 503).

**ASX Compliance** means ASX Compliance Pty Limited (ACN 087 780 489).

**ASX Group** means ASX and all of its subsidiaries (as defined in the Act) from time to time.

**ASX Group Director** means any director of one or more of ASXL, ASX Compliance, ASX Clear, ASXCC, ASX Settlement and ASXSC.

**ASX Group Employee** means an employee of the ASX Group.

**ASX Settlement** means ASX Settlement Pty Limited (ACN 008 504 532).

**ASXCC** means ASX Clearing Corporation Limited (ACN 087 801 554), a wholly owned subsidiary of ASXL and the intermediate holding company of ASX Clear.

**ASX Limited** means ASX Limited (ACN 008 624 691).

**ASXSC** means ASX Settlement Corporation Limited (ACN 008 617 187), a wholly owned subsidiary of ASXL and the intermediate holding company of ASX Settlement.

**CHESS** stands for Clearing House Electronic Subregister System and has the meaning given to that term in ASX Settlement Operating Rule 2.13.1

**CS Entities** means ASX Clear and ASX Settlement.

**General Manager, Regulatory Assurance** means the ASX Group employee who from time to time holds the position of General Manager, Regulatory Assurance or any similarly designated position.

**Legal Terms of Service** means the *Legal terms for the provision of a trade acceptance service to Australian financial market licensees in respect of CHESS-eligible ASX-quoted financial products* dated 14 June 2011, as amended from time to time.

**Operating Rules** has the meaning given to that term in s. 761A of the Act.

**Trade Acceptance Service** means the trade acceptance service as defined in the Legal Terms of Service.

## Schedule 1

### Financial Stability Standard for Central Counterparties (extract)

#### ~~8. Governance~~

~~The central counterparty must have effective, accountable and transparent governance arrangements. This requires that:~~

- ~~(a) the board of the CS facility licensee have appropriate expertise and independence;~~
- ~~(b) the board of the CS facility licensee be responsible for oversight of the operation of the central counterparty; and~~
- ~~(c) the risk control function of the central counterparty must not be adversely influenced by its business, marketing or other operations.~~



## Attachment E – Information handling standard for the Settlement Facilitation Service

**ASX Settlement Pty Limited**

**Operational procedure for the provision of a settlement facilitation service  
to Australian financial market licensees  
in respect of approved financial products**

**Information Handling Procedure**

## Preamble

ASX is the operator of a cash equity market in Australia.

ASX Clear Pty Limited (ASX Clear) is the central counterparty and clearing facility for ASX's cash equity market and provides all clearing and counterparty risk management services.

ASX Settlement Pty Limited (ASX Settlement) is the securities settlement facility for ASX's cash equity market and provides all settlement and asset registration services.

ASX Clear and ASX Settlement each hold an Australian CS facility licence under the Corporations Act. ASX Clear and ASX Settlement are regulated by the Australian Securities and Investments Commission and the Reserve Bank of Australia.

Each of ASX Clear and ASX Settlement has established arrangements with ASX Compliance Pty Limited (ASX Compliance) for supervising their respective clearing and settlement facilities.

ASX Limited is the ultimate holding company of ASX Clear, ASX Settlement and ASX Compliance.

The functions of the Boards of ASX Limited, ASX Clear, ASX Settlement and ASX Compliance are set out in the Board Charters, which are available on the ASX website.

Under the Operating Rules of ASX Settlement, an Australian financial market licence holder can apply to become an Approved Listing Market Operator (ALMO).

ASX Settlement provides settlement arrangements to ALMOs in respect of Approved Financial Products that are quoted or admitted to trading status on the markets operated by the ALMOs through the Settlement Facilitation Service. The Settlement Facilitation Service provides two options in respect of the settlement arrangements that are available:

1. a Transfer Facilitation Service, where financial products quoted on an ALMO can be transferred between counterparties, with payment effected outside of the settlement facility; or
2. a Delivery versus Payment (DvP) Facilitation Service, where financial products quoted on an ALMO are exchanged for payment simultaneously and irrevocably within the DvP batch settlement (where an ALMO elects a DvP Facilitation Service, it also obtains a Transfer Facilitation Service as the ability to transfer financial products is an integrated component of the DvP settlement function).

ASX Settlement also provides a service allowing issuers listed on ALMOs to use the ASX Primary Market Facility, which enables the use of DvP batch settlement for certain capital raisings.

This information handling procedure is promulgated by ASX Settlement as an operational procedure under the Settlement Facilitation Service Agreement for the protection of confidential information (including competitively sensitive information) of ALMOs which the ASX Group may acquire in connection with the provision of a Settlement Facilitation Service. This information handling procedure forms part of [ASX's Conflict Handling Arrangements](#), a summary of which is available on the ASX website.

This Preamble is provided for the assistance of the reader and does not form part of the information handling procedure.

**Operational procedure for the provision of  
a settlement facilitation service to  
Australian financial market licensees  
in respect of approved financial products**

**Information Handling Standard**

**1. Interpretation**

Capitalised terms used in this information handling standard have the meanings given to them in clause 7 (Glossary).

**2. Purpose, scope and application**

The ASX Group recognises that ALMOs may disclose ALMO Confidential Information to the ASX Group:

- for the purpose of determining whether to acquire a Settlement Facilitation Service from ASX Settlement;
- in the course of applying for approval as an ALMO under the Operating Rules of ASX Settlement;
- in the course of agreeing to be bound by the Settlement Facilitation Service Agreement;
- in the course of acquiring a Settlement Facilitation Service; or
- in seeking to reach an agreement with ASX Settlement to expand or enhance a Settlement Facilitation Service.

**The ASX Group does not require an ALMO to disclose ALMO Confidential Information to the ASX Group for any of the purposes or in any of the instances listed above.**

The purpose of this information handling standard is to establish a transparent framework for handling confidential information disclosed to the ASX Group by ALMOs in connection with the provision of a Settlement Facilitation Service.

The ASX Group recognises that certain ALMO Confidential Information may also be ALMO Conflict Sensitive Information.

In relation to ALMO Conflict Sensitive Information, this information handling standard seeks to balance:

- the need to ensure that the potential for conflicts on the part of ASX Group Directors or ASX Group Employees, resulting from the receipt of ALMO Conflict Sensitive Information, is appropriately managed; and
- the need to ensure that ASX Settlement continues to comply with its statutory obligations as CS facility licensee.

The statutory obligations referred to above include but are not limited to:

- the governance requirements applicable to ASX Clear under the Financial Stability Standards for Securities Settlement Facilities<sup>1</sup>In particular, this information handling standard seeks to ensure that restrictions on the flow of information do not adversely affect:
  - the ability of the Board of ASX Settlement to continue to provide oversight of the operations of the settlement facility; or
  - the risk-control functions of ASX Settlement's settlement facility; and

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<sup>1</sup> The Financial Stability Standards for Securities Settlement Facilities are available [here](#).

- the obligation of a CS facility licensee under section 821A(c) of the Act to have adequate arrangements for supervising its clearing and settlement facility.

This information handling standard applies to the provision by ALMOs of ALMO Confidential Information (including ALMO Conflict Sensitive Information) to the ASX Group in connection with the provision of a Settlement Facilitation Service and the protection and use of that information by the ASX Group.

### **3. Commencement**

This information handling standard takes effect on the date specified by ASX Settlement.

### **4. Protection of ALMO Confidential Information**

The ASX Group will use the same degree of care (but no less than a reasonable degree of care) to prevent ALMO Confidential Information being disclosed to third parties as the ASX Group uses to protect its own confidential information of a similar nature.

The ASX Group will not store, process, use or disclose ALMO Confidential Information except:

- to provide a Settlement Facilitation Service to the ALMO, to provide settlement services to participants of the settlement facility and to comply with the CS Entity's license;
- if required by law or by any order or notice of a court, tribunal, authority or regulatory body including in relation to the supervision of a financial market or settlement facility (as defined under the Act), provided that the ASX Group shall use reasonable endeavours to notify the ALMO of the information to be disclosed (and of the circumstances in which the disclosure is alleged to be required) before such disclosure must be made; or
- with the written approval of the ALMO.

### **5. Submission and screening of ALMO Conflict Sensitive Information**

An ALMO which seeks to share ALMO Conflict Sensitive Information with any member of the ASX Group in connection with the provision of a Settlement Facilitation Service should provide the information in writing to the General Manager, Regulatory Assurance by emailing [gm.regulatoryassurance@asx.com.au](mailto:gm.regulatoryassurance@asx.com.au). ALMO Conflict Sensitive Information should not be provided to any ASX Group Director or any ASX Group Employee or be provided by any other means. This applies irrespective of:

- whether the document containing the ALMO Conflict Sensitive Information also contains other information;
- whether an ASX Group Employee (other than the General Manager, Regulatory Assurance) has asked for the information, or the ALMO considers that the ASX Group requires the information, in connection with the provision of a Settlement Facilitation Service;
- the specific purpose for which the ALMO seeks to share the information with the ASX Group.

Any ALMO Conflict Sensitive Information which an ALMO provides to the General Manager, Regulatory Assurance should be clearly marked as "ALMO Conflict Sensitive Information" and accompanied by a statement of:

- the purpose for which the information is being provided to the ASX Group; and
- the ASX Group Employees to whom the ALMO wishes the information to be provided.

The ASX Group takes no responsibility for the unauthorised use or distribution of ALMO Conflict Sensitive Information which is submitted to the ASX Group otherwise than in accordance with this information handling standard.

The General Manager, Regulatory Assurance will screen all information submitted to him or her in accordance with this clause 5 to confirm that the information is ALMO Conflict Sensitive Information. If the General Manager, Regulatory Assurance determines that the information is not ALMO Conflict Sensitive Information, he or she will:

- treat the information as confidential;
- advise the ALMO that it has been determined that the information is not ALMO Conflict Sensitive Information; and
- take no further action in relation to the information other than to return the information to the ALMO in accordance with the instructions from the ALMO.

If the General Manager, Regulatory Assurance determines that the information is ALMO Conflict Sensitive Information, he or she will distribute it in accordance with clause 6 (Distribution and use of ALMO Conflict Sensitive Information).

## **6. Distribution and use of ALMO Conflict Sensitive Information**

If the General Manager, Regulatory Assurance determines that information submitted to him or her in accordance with clause 5 (Submission and screening of ALMO Conflict Sensitive Information) is ALMO Conflict Sensitive Information, he or she will distribute it as follows:

### *ASX Group Employees*

ALMO Conflict Sensitive Information will be distributed only to those ASX Group Employees:

- to whom the ALMO has requested the General Manager, Regulatory Assurance to provide the information;
- who require the information in connection with the provision or potential provision of a Settlement Facilitation Service to the ALMO, as determined by the General Manager, Regulatory Assurance in consultation with the ASX Office of General Counsel; or
- who require the information in the ordinary course of performing their role in connection with the discharge of regulatory obligations of the ASX Group (including, without limitation, ASX Group Employees who need access to ALMO Conflict Sensitive Information for the purpose of preparing reports required to be given to the Australian Securities and Investments Commission or the Reserve Bank of Australia).

### *ASX Group Directors*

Subject to two exceptions, ALMO Conflict Sensitive Information shall not be distributed to ASX Group Directors.

Exception 1 – ALMO Conflict Sensitive Information may be distributed to the directors of ASX Settlement where:

- the information is reasonably required by the directors in order for them to discharge their duties as directors and perform their responsibilities as directors of ASX Settlement in respect of its obligations as licensed CS facility; or
- the information is relevant to the risk-control function of the settlement facility.

Directors of ASX Settlement may sit on other ASX Group Boards. Directors of ASX Settlement who also sit on the ASX Limited Board will not participate in consideration of ALMO Conflict Sensitive Information without the consent of the ALMO. Directors of ASX Settlement may not use the ALMO Conflict Sensitive Information of an ALMO for the purpose of operating ASX's cash equity market without the consent of that ALMO.

No ASX Group Employee who is a member of ASX's Business Development function shall be present during any Board consideration of ALMO Conflict Sensitive Information pursuant to this exception.

Exception 2 — ALMO Conflict Sensitive Information may be distributed to the directors of ASX Compliance (including those directors who also sit on other ASX Group Boards) where the information is relevant to the supervision of the settlement facility, for the purpose of discharging their duties as directors and performing their responsibilities as directors of ASX Compliance. Directors of ASX Compliance who also sit on the ASX Limited Board will not be provided with ALMO Conflict Sensitive Information or participate in consideration of ALMO Conflict Sensitive Information without the consent of the ALMO.

Board Papers which are to be presented to the Board of ASX Settlement, ASXSC or ASX Compliance in reliance on either of the foregoing exceptions shall:

- be submitted to the General Manager, Regulatory Assurance in draft for review prior to distribution to directors; and
- clearly state on the first page that they contain ALMO Conflict Sensitive Information.

## 7. Glossary

The following definitions apply in this standard:

**Act** means the Corporations Act 2001 (Cth).

**Approved Listing Market Operator (ALMO)** means, in respect of a class of financial products or the issuer of a class of financial products, the Approved Market Operator:

- (a) to whose official list the issuer is admitted or has applied or admission in connection with the quotation of the class of financial products on the financial market operated by the Approved Market Operator; or
- (b) under whose operating rules the issuer has applied for admission of the class of financial products to trading status on the financial market operated by the Approved Market Operator.

**Approved Market Operator (AMO)** means the holder of, or an applicant for, an Australian market licence (as defined in s. 761A of the Act) which has been approved, or which has submitted an application to be approved, as an “Approved Market Operator” for the purposes of the Operating Rules of ASX Clear and ASX Settlement.

**ALMO Confidential Information** means information in any form (whether it is stored electronically or in hard copy) which is received by the ASX Group from an ALMO and is confidential to the ALMO, but does not include information which:

- (a) was in the possession of the ASX Group before receipt from the ALMO;
- (b) is or becomes a matter of public knowledge through no fault of the ASX Group;
- (c) is received by the ASX Group from a third party without a duty of confidentiality; or
- (d) is independently developed by the ASX Group without the use of confidential information received from the ALMO.

**ALMO Conflict Sensitive Information** means ALMO Confidential Information which:

- (a) relates to the current or future business plans or potential initiatives, in respect of market services in Australia, of an ALMO; and
- (b) is marked by the ALMO as “ALMO Conflict Sensitive Information”.

Information concerning a proposed change in the market operating hours of an ALMO is ALMO Conflict Sensitive Information.

**ASX Clear** means ASX Clear Pty Limited (ACN 001 314 503).

**ASX Compliance** means ASX Compliance Pty Limited (ACN 087 780 489).

**ASX Group** means ASX and all of its subsidiaries (as defined in the Act) from time to time.

**ASX Group Director** means any director of one or more of ASXL, ASX Compliance, ASX Clear, ASXCC, ASX Settlement and ASXSC.

**ASX Group Employee** means an employee of the ASX Group.

**ASX Settlement** means ASX Settlement Pty Limited (ACN 008 504 532).

**ASXCC** means ASX Clearing Corporation Limited (ACN 087 801 554), a wholly owned subsidiary of ASXL and the intermediate holding company of ASX Clear.

**ASX Limited** means ASX Limited (ACN 008 624 691).

**ASXSC** means ASX Settlement Corporation Limited (ACN 008 617 187), a wholly owned subsidiary of ASXL and the intermediate holding company of ASX Settlement.

**CHES** stands for Clearing House Electronic Subregister System and has the meaning given to that term in ASX Settlement Operating Rule 2.13.1

**CS Entities** means ASX Clear and ASX Settlement.

**General Manager, Regulatory Assurance** means the ASX Group employee who from time to time holds the position of General Manager, Regulatory Assurance or any similarly designated position.

**Settlement Facilitation Service Agreement** means the legal terms for the provision of a settlement facilitation service to Australian financial market licensees in respect of Approved Financial Products that are quoted or admitted to trading status on the market operated by the market licensees, as amended from time to time.

**Operating Rules** has the meaning given to that term in s. 761A of the Act.

**Settlement Facilitation Service** means the settlement facilitation service as defined in the Settlement Facilitation Service Agreement.