



ASX Clear (Futures) Client Clearing

'Nominated Persons'



Document Purpose

The purpose of this document is to provide users of ASX's Client Clearing Service for OTC Interest Rate Derivatives (IRD) and ASX 24 Exchange Traded Derivatives (ETD) with further information on how the benefits of individual account segregation can be made available to end user clients, without the ASX Clear (Futures) Operating Rules requiring those clients to contract with a Clearing Participant.

In this document, 'CPM Client' refers to a Client with an Open Position in a financial product to which ASX's Client Protection Model applies. For more details on the Client Protection Model refer to www.asx.com.au/documents/clearing/client-protection-model-fact-sheet.pdf

This document is provided for guidance only and should be read in conjunction with the ASX Clear (Futures) Operating Rules. It does not replace or vary those Operating Rules.

What is the Nominated Person option?

To accommodate multi-level client structures where an end user client is seeking individual segregation but is not a direct client of a Clearing Participant, ASX has introduced the ability for an end user client to be nominated by an entity that is itself a direct client of a Clearing Participant (the 'Nominated Person option'). The Nominated Person option is not available for Omnibus Accounts.

Under the Nominated Person option, a CPM Client may provide to ASX the contact and bank account details of its end user client (Nominated Person) in respect of an Individual Client Account opened by the CPM Client for the Nominated Person. Where a Nominated Person has been designated in respect of an Individual Client Account, and the CPM Client's Clearing Participant defaults, then:

- ASX will, if necessary, contact the Nominated Person instead of the CPM Client for instructions relating to porting the positions in that Individual Client Account to an Alternate Clearing Participant; and
- If the positions in the Individual Client Account and the associated initial margin value cannot be ported, the CPM Client Agrees that ASX will remit the residual initial margin directly to the Nominated Person's bank account.

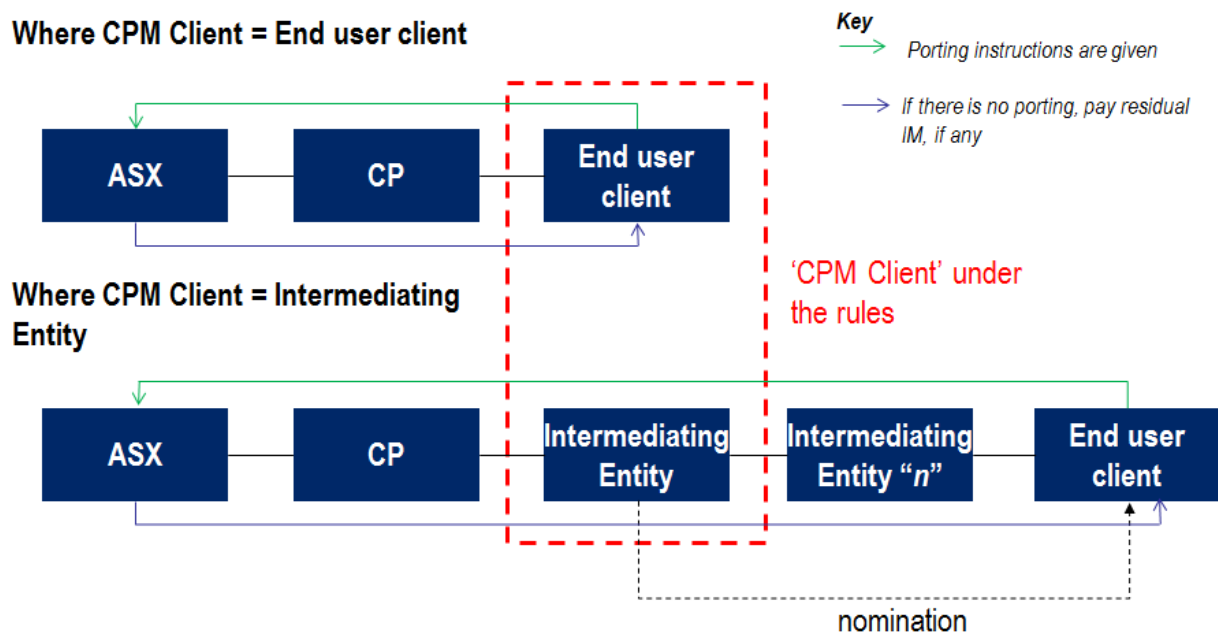
The Nominated Person does not have any other rights or entitlements under the Operating Rules. In particular, the Nominated Person does not have any further protections in the event of the default of the CPM Client or any other intermediating entity. The Nominated Person is only protected from the default of the Clearing Participant to the extent outlined above.

What do the relationships look like if the Nominated Person option is used?

The CPM Client, Clearing Participant and ASX remain the only parties to the Open Contract and bound by the Operating Rules. The Nominated Person does not become a party to the Open Contract.

The Nominated Person is only entitled to communicate with ASX upon the default of the CPM Client's Clearing Participant in relation to the porting process for the Individual Client Account in respect of which it is the Nominated Person.

The diagram below contrasts the Nominated Person option with the 'base case' (where the end user client deals directly with the Clearing Participant).



How is a Nominated Person designated in respect of an Individual Client Account?

The CPM Client designates a Nominated Person in respect of its Individual Client Account by providing to ASX the contact, bank account and any other prescribed details of the Nominated Person. This is completed through the Nominated Person Configuration Form or online via ASX Static Data Portal (SDP), which will be made available to CPM Clients on commencement of ASX 24 ETD Client Clearing Service from Q3 2014.

The CPM Client may also amend these details by notifying ASX through the same method. If the CPM Client makes such an amendment, ASX may notify the Nominated Person of the amendment by using the contact details recorded prior to the amendment.

The designation of the Nominated Person and any changes to the details of such Nominated Person are only effective if made prior to the default of the Client's CP.

The Nominated Person cannot provide their details to ASX directly.

How does the position of a Nominated Person differ from that of a CPM Client?

Unlike the CPM Client, the Nominated Person will not have a direct relationship with ASX because it is not a party to the CPM Client's Open Contract. However, the Nominated Person will have some of the key benefits of a CPM Client, namely, on default of the CPM Client's Clearing Participant it may provide instructions to ASX in relation to porting and will receive residual initial margin value where the positions in the Individual Client Account in respect of which it has been nominated are not ported.

Nominated Persons Configuration Form/Static Data Portal

A Nominated Person is set up by ASX in a similar way to a CPM Client, but it is directly linked to a CPM Client. A CPM Client must first be set up by ASX prior and provided with an ASX Client Code before completing the Nominated Person Configuration Form or information within the Static Data Portal. By referencing their existing ASX Client Code, ASX will be able to link the Nominated Person to a particular Client Account

Clearing Participant Static Reports

Once the SDP is available, ASX will provide daily Static Data reports to a Clearing Participant detailing all Client Account and Book/Fund details related to that Clearing Participant. This will include details in relation to any Nominated Persons associated with Individual Client Accounts. In addition all information will be available for Clearing Participants to review within the Portal.

Until the SDP is available, ASX will manually provide this information upon request from a Clearing Participant.

End User Client Reports

Where a Nominated Person has been notified to ASX Clear (Futures) in respect to an Individual Client Account, ASX will provide that Nominated Person with access to the following reports.

Client Static Data report for Individual Client Accounts

Report contents include:

- Client Name, Legal Entity Identifier
- Address Information
- Account Type
- Settings for trade netting
- Clearing Participant (and Alternate Clearing Participant information)
- Legal, Operations and Default Event contact details and methods

Open Position Report

Report contents:

- Open Position per Individual Client Account
- Initial Margin value of Open Position per Individual Client Account

Contact Us

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