

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

Provision of a trade acceptance service to Australian financial market licensees in respect of CHESS-eligible ASX-quoted financial products

ASX Clear Operating Rules - Rule Amendments

March 2011

The proposed rule changes set out in this document remain subject to regulatory approval and are not yet operative.

INTRODUCTION

ASX has committed to offering a Trade Acceptance Service to any approved Australian market licensee ("Approved Market Operator" or "AMO") trading CHESS-eligible ASX-quoted financial products. The Trade Acceptance Service will enable transactions in CHESS-eligible ASX-quoted financial products effected through multiple AMOs to be accepted by ASX Clear and ASX Settlement for clearing and settlement. Further information on the Trade Acceptance Service can be found on ASX's Trade Acceptance Service website: <http://www.asx.com.au/clearing/trade-acceptance-service.htm>

The proposed amendments to the ASX Clear Operating Rules are set out below.

High level overview of changes made to version of operating rule amendments published on 17 May 2010

- *Replace "ACH" and "Australian Clearing House" with "ASX Clear".*
- *Replace "ASX Settlement" with "Approved Settlement Facility", for consistency throughout the rules.*
- *Amend Rule 4.2.1 to enable ASX Clear to specify testing requirements in the Procedures (for transparency).*
- *Refine amendments to Rule 12.2.1 to clarify that novation occurs on the basis of the Clearing Participants being different legal entities (not on the basis of having different PIDs).*

SECTION 2 – DEFINITIONS AND INTERPRETATION

2.1(b) General Principles of Interpretation

In these Rules unless the context otherwise requires:

- ...
- (b) a reference to the operating rules of an Approved Settlement Facility, the operating ~~R~~rules of an Approved Market Operator, these Rules or the Procedures is a reference to those operating rules, the Rules or the Procedures as modified or amended from time to time;

Purpose of Amendment

Typographical correction

2.10.1 Definitions and Interpretation

...

“Approved Listing Market Operator” means, in respect of a Derivatives Market Contract, Derivatives CCP Contract, Derivatives Market Transaction or Series, the Approved Market Operator on whose market the contract is opened for trading or transaction is effected, as applicable.

...

“Call Option” means an Options Market Contract which the Approved Listing Market Operator specifies as being a call option.

...

“Contract Size”, in relation to a Derivatives CCP Contract over Underlying Financial Products or Underlying Commodities means the number of Underlying Financial Products or Underlying Commodities the subject of the Derivatives CCP Contract determined by the ~~relevant~~ Approved Listing Market Operator under its rules.

...

“Controller” means:

- (a) a person holding 20% of the total votes attached to voting shares of an applicant or a Participant or a person who, together with Related Parties, holds 20% of such votes; or
 - (b) a person who has the power to control the Participant or applicant Participant, whether that power is direct or indirect or is, or can be, exercised as a result of, by means of, in breach of, or by revocation of, trusts, relevant agreements and practices, or any of them, and whether or not they are enforceable;
- but for the purposes of Rules 4.1.1, 4.7, 4.9, 4.16, 4.17.1 and 4.22 does not include an entity if:
- (c) the entity, a holding company of the entity, or a subsidiary of the entity through which the entity has an interest in the applicant or Participant is an entity listed on ASX, ~~an Approved Market Operator~~, or any other Australian market licensee or a Recognised Overseas Stock Exchange; or
 - (d) ASX Clear is satisfied that it has received undertakings under Rule 4.22 or 4.16.1 from another entity or entities which are Controllers in the corporate group to which the first entity belongs, such that ASX Clear does not require the first entity to also be a Controller for the purposes of the Rules.

...

“Delivery Depot” means a facility for the storage and handling of the Underlying Commodity in a location approved by the Approved Listing Market Operator in consultation with ASX Clear.

...

“Exercise Level”, in relation to an Options CCP Contract over an Underlying Index, means the level of the Underlying Index specified by the ~~relevant~~ Approved Listing Market Operator under its rules as the Exercise Level of that Options CCP Contract.

...

“Exercise Limit” means a limit on the exercise of Options CCP Contracts prescribed by ASX Clear under Rule 14.3.1 or by the ~~relevant~~ Approved Listing Market Operator.

...

“Exercise Price”, in relation to an Options CCP Contract, means:

- (a) in the case of an Options CCP Contract over an Underlying Derivative, the price at which that Underlying Derivative will be registered upon the exercise of that Options CCP Contract; and
- (b) in the case of any other Options CCP Contract, the price specified as the Exercise Price by the ~~relevant~~ Approved Listing Market Operator for that Options CCP Contract (as adjusted in accordance with the rules of the ~~relevant~~ Approved Listing Market Operator).

...

“Expiry Date”, in relation to an Options CCP Contract, means the date determined by the ~~relevant~~ Approved Listing Market Operator under its rules as the date on which the contract expires.

...

“Futures Market Contract” means a derivatives contract under which:

- (a) one party has an obligation to make delivery of a specified quantity and quality of an Underlying Financial Product, an Underlying Derivative or an Underlying Commodity at a particular time in the future and at a price agreed when the transaction was entered into; or
- (b) one party has an obligation to pay or an entitlement to receive an amount of money to be determined by reference to the difference between a price specified by the Approved Listing Market Operator and the price of an Underlying Financial Product, an Underlying Commodity, an Underlying Derivative or an Underlying Index.

...

“**Futures Market Transaction**” means a transaction on the market of an Approved [Listing](#) Market Operator under which the parties enter into a number of Futures Market Contracts.

...

“**Index Multiplier**”, in relation to an Options CCP Contract over an Underlying Index, means the dollar amount specified by the ~~relevant~~ Approved [Listing](#) Market Operator under its rules as the Index Multiplier for that Options CCP Contract.

...

“**Local Participant**” means a participant of an Approved [Listing](#) Market Operator who is entitled to enter into Derivatives Market Transactions for the participant’s own account only.

...

“**OPIC**” (Opening Price Index Calculation) in relation to an Options CCP Contract over an Underlying Index:

(a) will be determined by reference to the Opening Traded Price for each component Financial Product of the Underlying Index on the day on which the Exercise Notice is submitted by the Buyer;

(b) where a component Financial Product of an Underlying Index does not have an Opening Traded Price on the Expiry Date, will be determined by reference to the last traded price; and

(c) will be determined by the ~~relevant~~ Approved [Listing](#) Market Operator, or reported to the ~~relevant~~ Approved [Listing](#) Market Operator by the Reporting Authority and rounded to the nearest one decimal place.

...

“**Options Market Transaction**” means a transaction on the market of an Approved [Listing](#) Market Operator under which the parties enter into a number of Options Market Contracts.

...

“**Position Limit**” means a limit on positions prescribed by ASX Clear under Rule 14.1.1 or by the Approved [Listing](#) Market Operator.

...

“**Put Option**” means a Derivatives Market Contract which the Approved [Listing](#) Market Operator specifies as being a put option.

...

“**Reporting Authority**”, in relation to an Underlying Index, means the person specified by the Approved [Listing](#) Market Operator as the official source for calculating and reporting the level of that Underlying Index.

...

“**Series**”, in relation to a Derivatives Market Transaction or a Derivatives CCP Transaction, means all transactions in the same Class with the same terms (other than as to price) as set out in the rules of the Approved [Listing](#) Market Operator and these Rules.

...

“**Settlement Amount**” means the amount of money to be paid by one party to a transaction to another party to that transaction on settlement of that transaction, as determined in accordance with these Rules and any applicable terms set out in the operating rules of the [relevant](#) Approved Market Operator.

...

“**Specified Quantity**” in respect of a Deliverable Derivatives Market Contract means the quantity of the Underlying Commodity which must be delivered on settlement of the contract, as determined by the ~~relevant~~ Approved [Listing](#) Market Operator.

...

“**Standard Settlement Price**” means a price determined by reference to bids/offers and the last sale price of a class of Financial Products on ~~an~~ [one or more](#) Approved Market Operators [\(as selected by ASX Clear in its absolute discretion\)](#) on the Business Day before the Settlement Date on which an Instruction Fails in accordance with the operating rules of the Approved Settlement Facility.

...

[“Terms of Trade Acceptance Service” means the contractual terms on which ASX Clear and an Approved Settlement Facility provide a Trade Acceptance Service to an Approved Market Operator. It includes any operational, technical or other standards promulgated under those contractual terms.](#)

...

[“Trade Acceptance Service” means a service provided by ASX Clear and an Approved Settlement Facility to an Approved Market Operator under which certain categories of Market Transactions entered into on or reported to the market of the Approved Market Operator are accepted by ASX Clear and the Approved Settlement Facility, subject to and in accordance with the Terms of Trade Acceptance Service, for clearing and settlement in the CS Facilities operated by ASX Clear and the Approved Settlement Facility.](#)

...

“**Underlying Commodity**” means, in relation to a Derivatives Market Contract or a Derivatives CCP Contract, the commodity which underlies that contract, as determined by the Approved [Listing](#) Market Operator.

...

“**Underlying Derivative**” means, in relation to a Derivatives Market Contract or a Derivatives CCP Contract, the Derivative which underlies that transaction, as determined by the Approved [Listing](#) Market Operator.

...

“**Underlying Index**” means, in relation to a Derivatives Market Contract or a Derivatives CCP Contract, the index which underlies that contract, as determined by the Approved [Listing](#) Market Operator.

...

Purpose of amendment

Introduce new definitions:

- “Approved Listing Market Operator”: this distinguishes, in relation to Derivatives Market Transactions, the AMO on which the transaction was effected or on which the relevant derivatives contract has been opened for trading;
- “Terms of Trade Acceptance Service” and “Trade Acceptance Service”.

SECTION 3 – PARTICIPATION IN THE CLEARING FACILITY

Introductory (boxed section)

This Section 3 covers Participation in ASX Clear's Clearing Facility. A Participant may be either a Direct Participant or a General Participant. An applicant will only be admitted as a Direct Participant or a General Participant if they satisfy the admission requirements of this Section. In addition, an applicant for admission as a General Participant must meet any additional admission requirements specified by ASX Clear and set out in the Procedures. Once admitted to participate, a Participant will be authorised to clear a specific category or categories of Market Transactions [effected through one or more specified Approved Market Operators](#). The Rules also provide for a Participant to apply for authorisation to clear additional categories of Market Transactions [or to clear Market Transactions effected through additional Approved Market Operators](#).

Purpose of amendment

Explanatory text expanded to clarify: Participants may be authorised/apply for authorisation to clear Market Transactions through one or more AMOs.

3.1.4 Conditions on admission

Where ASX Clear admits an applicant as a Participant, it may at that time, or at any later time impose any conditions on the Participant which it considers appropriate having regard to Rule 1.15. ASX Clear must notify the applicant or the Participant (as applicable) of any condition imposed under this Rule 3.1.4 in writing.

ASX Clear will always impose a standard condition as set out in the Procedures specifying:

- (a) the categories of Market Transactions which the Participant is authorised to clear through ASX Clear; and
- (b) one or more Approved Market Operators in respect of which the Participant is authorised to clear Market Transactions through ASX Clear.

Note: ASX Clear may impose additional conditions on General Participants or applicants for admission as General Participants under Rule 3.2.2.

Purpose of Amendment

Addition of standard condition: ASX Clear to specify AMOs in respect of which Participants are authorised to clear Market Transactions through ASX Clear.

(New) 3.1.8 Application for authorisation to clear Market Transactions effected through additional Approved Market Operator

A Participant may at any time make an application to ASX Clear to have conditions relating to the Approved Market Operators in respect of which the Participant is authorised to clear Market Transactions, amended in order to clear Market Transactions effected through additional Approved Market Operators. The application must be made in the form prescribed by ASX Clear in the Procedures. If a Participant makes an application in that form and complies with Rule 3.2.3 (if applicable), ASX Clear will approve the application and the amendment to the conditions will take effect from the time notified to the Participant by ASX Clear.

Purpose of amendment

Governs Participants' applications to clear Market Transactions effected through additional AMOs.

(New) 3.2.3 Additional requirements for Participants clearing Market Transactions effected through multiple Approved Market Operators

If an applicant for admission, or an existing Participant, wishes to clear Market Transactions effected through two or more Approved Market Operators, the applicant or Participant must, in addition to complying with Rule 3.2.1, comply with any requirements specified by ASX Clear in the Procedures.

Purpose of amendment

Imposes additional requirements (to be set out in Procedures) for Participants wishing to clear transactions effected through two or more AMOs. Additional requirement expected to consist of attestation similar in form and content (with necessary changes) to Rule/Procedure/Annexure 3.2.2.

3.5.1 Applicant to meet management requirements

The management requirements of this Section are that:

- (a) the applicant must have appropriate supervisory policies and procedures, and meet any standards prescribed by ASX Clear [in the Procedures](#), to ensure compliance by the applicant ~~and each person involved in its business~~ with these Rules and the Corporations Act;

Purpose of amendment

Recognises that the Participant is the primary obligor under the operating rules.

3.6.1 Applicant to have necessary organisational and technical resources

The technical and performance requirements of this Section are that the applicant must:

(a) have the necessary organisational and technical resources to ensure that:

~~(a)~~ Clearing Messages submitted by the Participant do not interfere with:

~~(i)~~A the efficiency and integrity of the Clearing System; or

~~(ii)~~B the proper functioning of the Clearing System; and

~~(b)~~ii) the Participant has the capacity to:

(A) communicate reliably with the Clearing System; and

(B) correctly process Clearing Messages, including, without limitation, the timely reconciliation of Clearing Messages transmitted to the Participant in respect of Market Transactions with communications received by the Participant from each relevant Approved Market Operator, and, where applicable, Market Participant, in respect of those Market Transactions; and

(b) comply with any additional requirements specified by ASX Clear in the Procedures.

Purpose of amendment

Introduces specific requirement on Participants: must be able to correctly process Clearing Messages (including reconciliation). Adds flexibility to specify additional tech/performance requirements in the Procedures.

3.10.1 Participant to notify ASX Clear of intention to cease clearing a category of Market Transaction or Approved Market Operator

If a Participant wishes to cease clearing:

(a) a category of Market Transaction; or

(b) Market Transactions effected through a particular Approved Market Operator,

~~for~~ in respect of which it has authority to clear, it must:

(a) give at least 20 Business Days written notice to ASX Clear of its intention and proposed date of ~~cessation~~ ceasing to clear the category of Market Transaction and deliver a copy of that notice to:

(i) (in the case of ceasing to clear a category of Market Transaction) the each relevant Approved Market Operator in respect of which the Participant is authorised to clear Market Transactions through ASX Clear; and

(ii) (in the case of ceasing to clear Market Transactions effected through a particular Approved Market Operator) the Approved Market Operator in respect of which the Participant intends to cease clearing Market Transactions;

(b) satisfy ASX Clear that it has taken or will have taken before the proposed date of cessation, proper steps for the orderly winding down of its business in respect of the relevant category of Market Transaction, or Market Transactions effected through the relevant Approved Market Operator, as applicable, with ASX Clear;

(c) not enter into, or have the Clearing Obligations for any Market Transaction in relation to the relevant category or effected through the relevant Approved Market Operator, as applicable, nor accept allocation of any Market Transaction in relation to the relevant category or effected through the relevant Approved Market Operator, as applicable, except with the consent of ASX Clear; and

(d) comply with any reasonable direction of ASX Clear in relation to the orderly winding down of its business in respect of ~~that~~ the relevant category of Market Transaction, or Market Transactions effected through the relevant Approved Market Operator, as applicable, with ASX Clear.

Purpose of amendment

Added: process to be followed when Participants wish to cease clearing Market Transactions effected through a particular AMO.

3.10.2 Participant to notify ASX Clear of intended resignation as a Participant

If a Participant wishes to resign as a Participant, the Participant must:

- (a) give at least 20 Business Days' written notice to ASX Clear of its intention to resign and the proposed date of resignation and deliver a copy of that notice to ~~the each relevant~~ Approved Market Operator in respect of which the Participant is authorised to clear Market Transactions;
- (b) satisfy ASX Clear that it has taken or will have taken before the proposed date of resignation, proper steps for the orderly winding down its business in respect of ASX Clear;
- (c) not enter into, or have the Clearing Obligations for any Market Transaction, nor accept allocation of any Market Transaction; and
- (d) comply with any reasonable direction of ASX Clear in relation to the orderly winding down of its business in respect of ASX Clear.

Purpose of amendment

Imposes requirement on Participant to notify all relevant AMOs of intention to resign.

3.10.3 ASX Clear to accept notice

A notice given by a Participant under Rule 3.10.1(~~ca~~) or 3.10.2(a) is not effective until the notice is accepted by ASX Clear. ASX Clear may accept a Participant's:

~~(a) —cessation of authority to clear a category of Market Transaction; or~~
notice when the Participant has:

- (c) complied with Rule 3.10.1 or Rule 3.10.2, as the case requires;
- (d) no Cash CCP Transactions or Derivatives CCP Contracts, as the case requires;
- (e) no Clearing Obligations in relation to relevant Market Transactions; and
- (f) satisfied all its obligations to ASX Clear including, without limitation, paid all outstanding fees owing by the Participant under these Rules.

ASX Clear will not unreasonably refuse to accept a notice given by a Participant's notice under Rule 3.10.1(c) or 3.10.2(a)~~to resign or cessation of authority to clear transactions or contracts.~~

Purpose of amendment

Correction and tidy up.

3.10.4 Notice to Participants

ASX Clear will notify Participants when it has accepted a Participant's notice ~~of cessation of authority to clear a category of Market Transaction or notice of resignation as a Participant~~ under ~~this~~ Rule 3.10.1(c) or 3.10.2(a).

Purpose of amendment

Correction and tidy up.

SECTION 4 - RIGHTS AND OBLIGATIONS OF PARTICIPANTS

4.2.1 Participant to maintain disaster recovery and business continuity arrangements

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

Purpose of amendment

ASX Clear proposes to amend Procedures 4.2.1 to include times for testing.

4.7.1 NOTIFICATION REQUIREMENTS

~~Change of details~~ Notification requirements

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

- (a) if the Participant changes its name, or the name under which the Participant carries on business before the change becomes effective;
- (b) if the Participant changes any address at which the Participant carries on business, before the change becomes effective;
- (c) at least 5 days before the appointment of a new director or Responsible Executive;
- (d) immediately if:
 - (i) any director or Responsible Executive is removed or resigns;
 - (ii) a person who is not a Controller becomes a Controller or a person who is a Controller ceases to be a Controller;
 - (iii) there is any change to a licence or other authorisation which authorises the Participant to carry on its business as a Participant;
 - (iv) there is any change to its management structure which the Participant has previously provided to ASX Clear; or
 - (v) there is any other material change in information concerning the Participant's business from that previously provided to ASX Clear;
- (e) if ~~the~~ Participant is informed by the Commission or its delegates (or any other person authorised under the Corporations Act) that action may be taken against the Participant or any of its Employees by the Commission, its delegates or an authorised person under the Corporations Act; ~~and~~
- (f) if ~~the~~ Participant is informed by an exchange, market operator, clearing and settlement facility or regulatory body that it may take disciplinary action against, or impose sanctions, restrictions or conditions on, the Participant or any of its Employees; and
- (g) as soon as reasonably practicable of information concerning any matters specified by ASX Clear in the Procedures.

The notice must include full details of the change, action or information as the case may be. In the case of paragraphs (e) and (f), the notice must be given to ASX Clear on or before the next Business Day.

Purpose of amendment

Added: ability to specify in Procedures additional circumstances that must be notified to ASX Clear re: changes to Participants' business.

Change to clarify nature of information required to be notified under paragraph (f) – being re: disciplinary action.

4.13.1 Obligation to notify

The legal proceedings requirements of this Section are that if:

- (a) a Participant commences legal proceedings against, or has legal proceedings commenced against it by, another Participant, a Market Participant, a Settlement Participant, [an Approved Market Operator](#), the Commission or other regulatory authority or a Client in connection with their role as a Participant; and
- (b) those legal proceedings may affect the operations of ASX Clear or the interpretation of the Rules, the Participant must, upon commencing or upon becoming aware of the proceedings, immediately notify ASX Clear in writing of the particulars of the proceedings.

Purpose of amendment

Expansion to cover AMOs as a possible source of legal proceedings.

4.20.1 Settlement of Cash Market Transactions and Cash CCP Transactions

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

(a) in an Approved Settlement Facility in accordance with the operating rules of the Approved Settlement Facility; and
(b) on the third Business Day following the date that the transaction was created on or reported to the market of the relevant Approved Market Operator, unless otherwise permitted in the Procedures.

Purpose of amendment

To introduce an obligation on Clearing Participants to ensure that Cash Market Transactions are settled T+3.

SECTION 5 - RISK MANAGEMENT CAPITAL REQUIREMENTS

5.2.4 Exchange of information between other regulator and ASX Clear

If a Participant relies on an exemption under Rule 5.2.1, the Participant acknowledges that the regulator responsible for the Other Capital Regime and ASX Clear may provide any documents or other information in relation to the Participant's capital position to the other and to any Related Body Corporate of ASX Clear or [any](#)~~the~~ relevant Approved Market Operator.

Purpose of amendment

Participants may clear Market Transactions effected through multiple AMOs.

SECTION 6 – COMMUNICATIONS WITH ASX Clear

6.2.1 ASX Clear may require Participant to undertake testing

~~If ASX Clear reasonably believes there is some fact or matter which may impair the ability of a Participant to communicate reliably with the Clearing System or to correctly process Clearing Messages, ASX Clear~~ may, on reasonable notice, require a Participant to undertake testing as specified by ASX Clear ~~including the tests set out~~ in the Procedures, or as otherwise directed by ASX Clear, for the purpose of confirming:

- (a) the ability of the Participant to communicate reliably with the Clearing System and to correctly process Clearing Messages including, without limitation, to reconcile in a timely manner Clearing Messages transmitted to the Participant in respect of Market Transactions with communications received by the Participant from each relevant Approved Market Operator, and, where applicable, Market Participant, in respect of those Market Transactions; and
- (b) any other matters as specified by ASX Clear in the Procedures.

Purpose of amendment

Rule recast to remove "belief of impairment" requirement, which may limit ASX Clear's ability to initiate preventative testing. Purpose of testing made explicit and by reference to Procedures.

SECTION 7 – CLIENT REQUIREMENTS

7.1.3 Terms of agreement

A Participant does not need to enter into a Client Agreement incorporating the terms set out in Schedule 5 where:

- (a) in relation to an Options Market Transaction, the Participant's client is a Wholesale Client and the Participant has satisfied itself that the Wholesale Client has previously executed and lodged with ASX Clear a client agreement in accordance with the operating rules of ~~an~~ [the](#) Approved [Listing](#) Market Operator; or
- (b) in relation to a Futures Market Transaction, the General Participant's client is a Market Participant and the services provided by the General Participant to the Market Participant are only those that are covered by a Clearing Agreement which complies with Rule 9.1.

If a Participant clears for a person and that person has lodged, or is taken to have lodged a Wholesale Client Agreement with the ASX Clear, that person, the Market Participant and the Participant are taken to have entered into an agreement in accordance with the terms of what Wholesale Client Agreement.

Purpose of amendment

Clarifies that the client agreement referenced must be one executed/lodged in accordance with terms of the relevant AMO.

SECTION 9 – THIRD PARTY CLEARING AND SETTLEMENT ARRANGEMENTS

9.1.1 Clearing Agreement required

A Participant must not clear Market Transactions for a Market Participant unless:

- (a) the Participant is admitted as a General Participant authorised to clear that category of Market Transaction;
- (b) a current Clearing Agreement is in force between the General Participant and the Market Participant which covers the category of Market Transaction which the General Participant is authorised to clear;
- (c) the Clearing Agreement contains the minimum requirements set out in Schedule 3; and
- (d) the Clearing Agreement addresses each of the following functions in compliance, where applicable, with any requirements specified by ASX Clear in the Procedures:
 - (i) procedures with respect to receipt and delivery of funds;
 - (ii) risk management provisions including dealings and position limits;
 - (iii) where applicable controls and filters (including if the Market Participant is to make automated client order processing available);
 - (iv) communications and trade confirmation;
 - (v) fees, government duty and any other applicable taxes;
 - (vi) reporting between the Market Participant and the General Participant;
 - (vii) extension of credit;
 - (viii) delivery of assets for a Cash CCP Transaction;
 - (ix) where applicable, opening, approving and monitoring of Accounts for Derivatives CCP Contracts;
 - (x) where applicable, Derivatives CCP Contract exercise;
 - (xi) where applicable, payment of Initial Margin or other margins for Derivatives CCP Contracts;
 - (xii) where applicable, the terms upon which the General Participant will accept instructions from the Market Participant on behalf of a mutual client, governing the exercise of a Derivatives CCP Contract; ~~and~~
 - (xiii) where applicable, procedures with respect to the settlement of Cash Market Transactions in Non CS Approved Products; ~~and~~
 - (xiv) procedures for dealing with any Misdirected Market Transaction which is cleared by the General Participant;
 - (xv) procedures for dealing with any Market Transaction submitted by an Approved Market Operator to ASX Clear which identifies in error (or alleged error) the General Participant as a clearing counterparty to the Market Transaction, other than a Misdirected Market Transaction; and
 - (xvi) procedures with respect to the restriction, suspension and termination of clearing arrangements between the Market Participant and the General Participant.

Purpose of amendment

Added: ability to specify in procedures any further detailed requirements.

Added: Restriction, Termination and Suspension of clearing arrangements are required to be addressed in Clearing Agreement.

Added: Clearing Agreement to address Market Transactions submitted by AMOs which identifies in error a General Participant as a clearing counterparty to the transaction.

9.1.10 Termination of Clearing Agreement by General Participant

If a General Participant intends to terminate its Clearing Agreement with a Market Participant, the General Participant must notify ASX Clear and ~~the~~[each relevant](#) Approved Market Operator in writing of the time and date when this will occur.

Purpose of amendment

Participant may clear transactions effected through multiple AMOs.

9.1.11 Effect of notice of termination

The termination of a Clearing Agreement is not effective until ASX Clear accepts the termination in writing. In deciding whether to accept a termination, ASX Clear may have regard to whether:

- (a) the Market Participant is suspended by ~~the~~[each relevant](#) Approved Market Operator and all orders of the Market Participant are removed from the trading facility operated by the Approved Market Operator;
- (b) the Market Participant has become a Participant authorised to clear those categories of Market Transaction;
- (c) the Market Participant has entered into a Clearing Agreement with another General Participant; and
- (d) appropriate arrangements have been made for the settlement, close out or transfer of any Cash CCP Transactions or Derivatives CCP Contracts registered to the General Participant.

Purpose of amendment

Multiple AMOs.

SECTION 10 – DERIVATIVES MARKET TRANSACTIONS – ACCOUNTS

10.2.2 Record of Cash Cover

ASX Clear will record the amount of Cash Cover credited to a Participant in respect of each Account.

| If Derivatives CCP Contracts referable to more than one Approved [Listing](#) Market Operator are registered in the same Account, ASX Clear may if the Participant requests it, or will if ASX Clear determines it necessary, also record separately | the amount of Cash Cover credited in respect of each Approved [Listing](#) Market Operator.

Purpose of amendment

Refer changes to definitions (“Approved Listing Market Operator”).

10.2.3 Record of Collateral

ASX Clear will record the value of Collateral attributed to each Account under Rule 14.6.4.

If Derivatives CCP Contracts referable to more than one Approved [Listing](#) Market Operator are registered in the same Account, ASX Clear will specify in the Procedures the extent to which the Collateral may be applied to discharge Payment Obligations in respect of those transactions.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

10.2.4 Record of Excess Cash

ASX Clear will record:

- (a) the aggregate amount of Excess Cash credited to a Participant in respect of all House Accounts for a particular Approved [Listing](#) Market Operator; and
- (b) the aggregate amount of Excess Cash credited to a Participant in respect of all Client Accounts for a particular Approved [Listing](#) Market Operator.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

10.3.2 Treatment of Cash Cover and Excess Cash relating to Client Accounts for different Approved Market Operators

ASX Clear must not, unless the Client is the same legal entity, apply or set off any amount of Cash Cover or Excess Cash recorded under Rule 10.2.2 or Rule 10.2.4 in respect of Client Accounts established for an Approved [Listing](#) Market Operator in or towards payment or satisfaction of the Participant's obligations to ASX Clear in respect of Client Accounts established for any other Approved [Listing](#) Market Operator.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

SECTION 11 – DERIVATIVES MARKET CONTRACTS – ALLOCATION, PRICE AVERAGING AND DESIGNATION

11.1.1 Participant may allocate Derivatives Market Contracts

If a Derivatives Market Contract is reported to ASX Clear for registration in the name of a Participant (the “**First Participant**”), the First Participant may, before the Derivatives Market Contract is registered, allocate the contract to another Participant (the “**Second Participant**”) in accordance with this Rule 11.1 and the Procedures. An allocation under this Rule 11.1 will only be effective if the Second Participant is admitted as a ~~p~~Participant ~~for of~~ the Approved Listing Market Operator to which the Derivatives Market Contract relates and the allocation of that contract complies with this Rule 11.1.

Purpose of amendment

Refer changes to definitions (“Approved Listing Market Operator”).

11.3.2 Failure to designate

If a Participant fails to designate an Account in which a Derivatives Market Contract is to be registered as required by Rule 11.3.1, ASX Clear will designate, in accordance with the Procedures, a House Account established in respect of the ~~relevant~~ Approved [Listing](#) Market Operator (if applicable) of the Participant into which the Derivatives Market Contract is to be registered.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

SECTION 12 – REGISTRATION, NOVATION, NETTING AND SETTLEMENT

Introductory (boxed section)

...

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

...

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

- (c) ~~the time at which~~[when](#) Market Transactions are novated to ASX Clear;
- (d) the effect of novation;

Purpose of amendment

Refer changes to 12.2.1 (ASX Clear to novate Cash Market Transactions and Derivatives Market Transactions)

12.1.1 Market Transactions to be registered

Subject to Rules 12.2.5 and 17.2, ASX Clear will register a Market Transaction if, and only if:

- (a) there is a current agreement between ASX Clear, an Approved Settlement Facility and ~~an~~ the Approved Market Operator through which the Market Transaction was effected, for the provision of a Trade Acceptance Service ~~under which ASX Clear agrees to clear that category of Market Transaction;~~
- ~~and~~
- (b) the Approved Market Operator has submitted ~~notifies ASX Clear of~~ the Market Transaction to ASX Clear in accordance with the Terms of Trade Acceptance Service; and
- ~~terms of that agreement.~~
- (c) the Market Transaction is in a category of Market Transactions which ASX Clear will accept for registration, as specified by ASX Clear ~~will specify~~ in the Procedures ~~those categories of Market Transaction which it will accept for registration. ASX Clear will notify Participants of any change of these categories.~~

Purpose of amendment

Clarifies: Requirement for agreement for provision of Trade Acceptance Service between ASX Clear, an Approved Settlement Facility and AMO for ASX Clear to register Market Transactions effected through that AMO. Notification of changes to Procedures is already mandated by Rule 1.3.3 and so has been removed from this rule.

12.1.2 Market Transactions notified but not registered

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

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

Purpose of amendment

Clarifies: Requirement for agreement for provision of Trade Acceptance Services between ASX Clear, an Approved Settlement Facility and AMO for ASX Clear to notify specified categories of Cash Market Transactions to the Approved Settlement Facility for settlement.

12.1.4 Reliance on particulars of Market Transactions

ASX Clear is entitled to rely on the particulars of any Market Transaction :

~~(a) — Cash Market Transaction; or~~

~~(b) — Derivatives Market Contract,~~

notified to it by an Approved Market Operator ~~under Rule 12.1.1 or 12.1.2~~ as being correct and, subject to Rule 12.21 in relation to Derivatives Market Contracts, is not bound to recognise any error in relation to those particulars. Without limiting the generality of the foregoing, but subject to Rule 12.21 in relation to Derivatives Market Contracts:

(a) where:

(i) an Approved Market Operator submits a Market Transaction to ASX Clear for registration in the name of a Participant (that is, the particulars of the Market Transaction notified to ASX Clear by the Approved Market Operator identify the Participant, by its PID or otherwise, as a clearing counterparty to the Market Transaction); and

(ii) the Participant is authorised under these Rules to clear one or more categories of Market Transactions effected through the Approved Market Operator, or

(b) where a Participant is directed a Misdirected Market Transaction;

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

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

Purpose of amendment

Clarifies that ASX Clear will not bear the risk of misdescription of parties in the particulars of transactions submitted by an AMO. Participants must therefore have in place systems and processes (including contractual arrangements with Market Participant clients) to ensure that such misdescriptions are promptly identified and rectified in accordance with the cancellation rules of the AMO.

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

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

If the delivering PID and the receiving PID relate to the same legal entity, ASX Clear will notify the relevant Participant that the Cash Market Transaction has been registered for information only.

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

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

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

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

Purpose of amendment

Clarification that the timing of novation is the same irrespective of the AMO through which the transaction was effected.
Clarification that Cash Market Transactions will only be novated if the Buyer and Seller are different Participants.

12.4.1 When obligations discharged

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

- (a) each of the obligations to deliver Financial Products and to make payment is discharged by; and
- (b) each of the entitlements to receive Financial Products and to receive payment is satisfied by, net delivery and net payment in accordance with the operating rules of the Approved Settlement Facility.

Purpose of amendment

Multiple AMOs.

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

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

- (a) ASX Clear reasonably considers it appropriate having regard to Rule 1.15 in order to maintain the orderly operation and integrity of ASX Clear;
- (b) it is requested to do so by an Approved Market Operator [in accordance with the Terms of Trade Acceptance Service](#), or [by an](#) Approved Settlement Facility, in order to ensure the efficiency, orderly operation, integrity or proper functioning of the market or facility; or
- (c) it is notified by an Approved Market Operator [in accordance with the Terms of Trade Acceptance Service](#), or [by an](#) Approved Settlement Facility, that the original Cash Market Transaction has been cancelled, and if it removes the Cash CCP Transactions, ASX Clear will immediately notify:
 - (d) the affected Participants that the Cash CCP Transactions have been removed; and
 - (e) where relevant, the Approved Market Operator or the Approved Settlement Facility that the Cash CCP Transactions have been removed, and Rule 12.7.6 will have effect.

Purpose of amendment

Specifies: request from AMO to remove Cash CCP Transactions or notification of cancellation must be made in accordance with the Terms of Trade Acceptance Service.

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

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

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

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

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

12.15.2 Setting the Daily Settlement Price

In order to effect the settlement of Derivatives CCP Contracts under this Rule 12.15, ASX Clear will determine the price (the "Daily Settlement Price") at which daily settlement of each Series or Delivery Month will occur, having regard to prevailing market prices reported by the ~~relevant~~ Approved [Listing](#) Market Operator and other factors it considers relevant.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

12.21.1 Error reported by Participant

If:

...

- | (d) the Approved [Listing](#) Market Operator has notified ASX Clear that it is satisfied that there was an error and that the error was inadvertent;
- | (e) the Participants referred to in paragraphs (b) and (c), or the Market Participant for whom the Participant clears (as relevant) has complied with any requirements under the rules of the ~~relevant~~ Approved [Listing](#) Market Operator relating to any correction of the error; and
- | (f) those Participants have each satisfied any conditions stipulated by ASX Clear or the ~~relevant~~ Approved [Listing](#) Market Operator in connection with the error,

then:

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

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

12.21.2 Error reported by Approved [Listing](#) Market Operator

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

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

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

12.21.3 Reliance on information

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

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

12.22.1 Cancellation or amendment binding on Participants

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

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

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

SECTION 13 – DERIVATIVES CCP CONTRACTS – TRANSFERS CLOSE OUTS AND ADJUSTMENTS

13.4.1 ASX Clear to make corresponding adjustment

If ~~an~~ ~~the~~ Approved [Listing](#) Market Operator makes an adjustment to the terms of a Series or Delivery Month pursuant to the rules of the ~~relevant~~ Approved [Listing](#) Market Operator, ASX Clear will make a corresponding adjustment to the terms of Derivatives CCP Contracts in that Series or Delivery Month.

Purpose of amendment

Refer changes to definitions (“Approved Listing Market Operator”).

13.4.2 Termination in some cases

If an event occurs and, instead of making an adjustment to the terms of a Series or Delivery Month open for trading on the [market conducted by an](#) Approved [Listing](#) Market Operator, the Approved [Listing](#) Market Operator directs pursuant to its rules that Derivatives CCP Contracts in that Series or Delivery Month be terminated, ASX Clear will terminate those Derivatives CCP Contracts in accordance with Rule 17.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

13.4.3 Time adjustment becomes effective

The time an adjustment under Rule 13.4.1 becomes effective will be determined by ASX Clear having regard to the time the adjustment to the Series or Delivery Month by the ~~relevant~~ Approved [Listing](#) Market Operator becomes effective.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

SECTION 14 – DERIVATIVES RISK MANAGEMENT

14.1.2 Breach of Position Limits

If ASX Clear determines that a Position Limit has been breached, ASX Clear may do one or more of the following:

- (a) direct the Participant (or in the case of a general Position Limit imposed under Rule 14.1.1 or by the ~~relevant~~ Approved [Listing](#) Market Operator, a number of Participants) to close out, or cause to be closed out, one or more Derivatives CCP Contracts immediately or within a specified time; and
- (b) take, or refrain from taking, any other action which ASX Clear considers appropriate having regard to Rule 1.15.

Purpose of amendment

Refer changes to definitions (“Approved Listing Market Operator”).

14.2.1 ASX Clear may prescribe Initial Margin limits

ASX Clear may prescribe and set out in the Procedures (or otherwise notify to Participants) a limit on the amount of exposure a Participant may have by limiting the total aggregate amount of Initial Margin liability that the Participant is permitted to have in respect of one or more markets conducted by ~~an~~ Approved [Listing](#) Market Operators, having regard to the Participant's capital or financial position. A limit may be imposed:

- (a) in respect of a particular Participant; or
- (b) in respect of Participants generally.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

14.2.2 Positions in excess of Initial Margin limits

If ASX Clear determines that a Participant has exceeded or is likely to exceed a limit imposed under Rule 14.2.1, ASX Clear may do one or more of the following to ensure the limit is not exceeded:

- (a) direct the Participant to do any or all of the following, immediately or within a specified time:
 - (i) close out or cause to be closed out, one or more Derivatives CCP Contracts;
 - (ii) increase its capital liquidity; or
 - (iii) request the transfer of one or more Derivatives CCP Contracts under Rule 13.1; and
- (b) refuse to register a Derivatives Market Contract reported for registration in the Participant's name or allocated to the Participant under Rule 11.1, but only after ASX Clear has notified the Participant and the ~~relevant~~ Approved Listing Market Operator that ASX Clear will not register Derivatives Market Contracts in that Participant's name; and
- (c) take, or refrain from taking, any other action which ASX Clear considers appropriate having regard to Rule 1.15.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

14.4.1 Failure to comply with direction

If a Participant fails to comply with:

- (a) a direction of ASX Clear under Rule 14.1 and Rule 14.2; or
 - (b) a direction of the ~~relevant~~ Approved [Listing](#) Market Operator in connection with position limits, exercise limits or exercise restrictions imposed under the operating rules of the Approved [Listing](#) Market Operator,
- that failure is an event of default under Rule 15.1.

Purpose of amendment

Refer changes to definitions (“Approved Listing Market Operator”).

14.4.2 Notification of action

ASX Clear must notify as soon as practicable the ~~relevant~~ Approved [Listing](#) Market Operator of any action taken by ASX Clear to enforce the relevant limits under Rules 14.1, 14.2 and 14.3.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

14.6.4 Attributing Cover

For the purposes of enabling ASX Clear to record Cash Cover and Collateral in accordance with Rules 10.2.2 and 10.2.3, Cash Cover and Collateral will be attributed in accordance with the Procedures:

- (a) to an Account or Accounts; and
- (b) if Derivatives CCP Contracts referable to more than one Approved [Listing](#) Market Operator are registered in the same Account, to an Approved [Listing](#) Market Operator.

The Participant may, with the consent of ASX Clear, change the attribution of some or all of the Cover in accordance with the Procedures.

Nothing in this Rule 14.6.4 or in the records maintained by ASX Clear for the purposes of Rule 10.2.3 limits the rights of ASX Clear to apply the proceeds ("Disposal Proceeds") received on sale or disposal of Collateral following enforcement by ASX Clear of its security interest in respect of that Collateral to discharge any of the Participant's obligations to ASX Clear secured by that Collateral. ASX Clear may apply the Disposal Proceeds against the obligations of the Participant secured by the Collateral which arise in connection with any Account, regardless of whether all or any part of the value of that Collateral has been recorded under Rule 10.2.3 in respect of that Account.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

14.6.5 Attributing Excess Cash

For the purposes of enabling ASX Clear to record Excess Cash in accordance with Rule 10.2.4, the Participant must specify, in accordance with the Procedures:

- (a) the Approved [Listing](#) Market Operator to which the Excess Cash is to be attributed; and
- (b) whether it is to be attributed to Client Accounts or House Accounts for that Approved [Listing](#) Market Operator.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

SECTION 16 – STATE OF EMERGENCY, UNDESIRABLE PRACTICES AND IMPOSSIBILITY OF PERFORMANCE

16.1.2 ASX Clear’s additional powers

In addition to the powers that ASX Clear has under Rule 16.1.1 to deal with a State of Emergency, in relation to:

...

- (c) a Deliverable Derivatives CCP Contract, ASX Clear may extend the places at or from which delivery may be made or permit delivery of the Underlying Commodity which does not meet the Approved [Listing](#) Market Operator’s contract specifications, or both, subject to payment of compensation to persons specified by ASX Clear.

Purpose of amendment

Refer changes to definitions (“Approved Listing Market Operator”).

16.1.3 Cessation of Clearing authorisation or entire arrangement

If:

- (a) ASX Clear ceases to be licensed under the Corporations Act to operate a clearing facility ~~provide clearing services for an Approved Market Operator~~;
- (b) an Approved Market Operator ceases to operate or ceases to be licensed to operate the market ~~for~~ in respect of which ASX Clear and an Approved Settlement Facility provides ~~clearing services~~ a Trade Acceptance Service; or
- (c) an agreement between ASX Clear, an Approved Settlement Facility and ~~the~~ an Approved Market Operator under which ASX Clear and the Approved Settlement Facility provides ~~clearing a Trade Acceptance~~ s ~~Services~~ is terminated,

ASX Clear may:

- (d) terminate any Derivatives CCP Contracts in respect of that Approved Market Operator under Rule 17; and/or
- (e) take or refrain from taking, or direct a Participant to take or refrain from taking any action which ASX Clear considers appropriate.

Purpose of amendment

Clarification: ASX Clear does not provide clearing services to AMOs. ASX Clear (and ASX Settlement) provide a Trade Acceptance Service to AMOs.

16.1.4 Cessation of arrangement in respect of some Series only

If:

- (a) Rule 16.1.3(a) or (b) relate to some but not all of the Series open for trading on the market of an Approved [Listing Market Operator](#); or
- (b) ASX Clear [and an Approved Settlement Facility](#) ceases to provide ~~clearing a Trade Acceptance services~~ [Service](#) to an Approved [Listing Market Operator](#) in respect of a Series or Delivery Month under the agreement under which ASX Clear [and the Approved Settlement Facility](#) provides ~~clearing the Trade Acceptance services~~ [Service](#),

ASX Clear may:

- (c) terminate the Derivatives CCP Contracts in that Series or Delivery Month under Rule 17; and/or
- (d) take or refrain from taking, or direct a Participant to take or refrain from taking any action which ASX Clear considers appropriate.

Purpose of amendment

Clarification: ASX Clear does not provide clearing services to AMOs. ASX Clear (and ASX Settlement) provide Trade Acceptance Services to AMOs.

16.5.1 Action by ASX Clear

If:

- (a) an event or series of events (whether related or not) occurs which is not determined by ASX Clear to be a State of Emergency but ASX Clear considers that it is impossible or impracticable for the parties to a Derivatives CCP Contract to perform their obligations or exercise their rights; and
- (b) ASX Clear considers that termination of those Derivatives CCP Contracts is appropriate having regard to Section 1.15,

ASX Clear may after consultation with ~~an~~ the Approved Listing Market Operator, terminate those Derivatives CCP Contracts under Rule 17. Where the Derivatives CCP Contract is Deliverable, ASX Clear may, alternatively, exercise one or more of the following powers:

- (c) defer the settlement of the Derivatives CCP Contracts until it determines that settlement can occur at a later time in accordance with the settlement process in these Rules;
- (d) determine that settlement of the Derivatives CCP Contracts should be effected in a manner other than that specified in these Rules;
- (e) direct Participants to close out the Derivatives CCP Contracts; or
- (f) take any other action ASX Clear considers appropriate having regard to Rule 1.15.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

SECTION 17 – ASX CLEAR TERMINATION OF DERIVATIVES CCP CONTRACTS

17.1.3 Role of Approved [Listing](#) Market Operator in setting termination price

Before terminating a Derivatives CCP Contract under this Rule 17, ASX Clear will request the ~~relevant~~ Approved [Listing](#) Market Operator:

- (a) to determine whether a market is available in the relevant Series or Delivery Month; or
- (b) if the ~~relevant~~ Approved [Listing](#) Market Operator determines that a market is not available, to determine a price at which the Derivatives CCP Contract will be terminated ("Termination Price"), and to notify ASX Clear of its determination.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

17.1.4 Meaning of 'available market'

ASX Clear and Participants acknowledge that the ~~relevant~~ Approved Listing Market Operator will, in determining whether a market is available for the purpose of this Rule 17 consider whether it is possible, practicable or desirable to enter into a transaction on the ~~relevant~~ Approved Listing Market Operator, having regard to all relevant circumstances, including without limitation, the size of the transaction, the liquidity of the relevant market conducted by ~~an~~ the Approved Listing Market Operator for the relevant transaction, the potential delay in effecting the transaction, and the potential effects of the transaction on the relevant market conducted by ~~an~~ the Approved Listing Market Operator or any Underlying Market.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

17.1.5 Available market determination

If, pursuant to a request under Rule 17.1.3, the ~~relevant~~ Approved [Listing](#) Market Operator determines and notifies ASX Clear that there is an available market:

- (a) ASX Clear will instruct a Participant to enter into a Derivatives Market Contract with another Market Participant, in the relevant Series or Delivery Month but in the opposite position to the position which had been held under the terminated Derivatives CCP Contract; and
- (b) if a Derivatives Market Contract is entered into, the price of that Derivatives Market Contract will be the Termination Price for the terminated Derivatives CCP Contract.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

17.1.6 No available market determination

If the ~~relevant~~ Approved [Listing](#) Market Operator determines and notifies ASX Clear that there is no available market for the purposes of this Rule 17.1 and notifies ASX Clear of a Termination Price for the Derivatives CCP Contract, that price will be the Termination Price for the terminated Derivatives CCP Contract.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

17.1.7 Failure to obtain Termination Price

If, within a reasonable time following a request under Rule 17.1.3:

- (a) the ~~relevant~~ Approved [Listing](#) Market Operator has not notified ASX Clear that there is an available market for the purposes of this Rule 17.1;
- (b) the ~~relevant~~ Approved [Listing](#) Market Operator has notified ASX Clear that there is an available market for the purposes of this Rule 17.1, but the Participant instructed by ASX Clear under Rule 17.1.5 to enter into a Derivatives Market Contract in the relevant Series or Delivery Month has failed to enter into a Derivatives Market Contract in that Series or Delivery Month; or
- (c) the ~~relevant~~ Approved [Listing](#) Market Operator has not notified ASX Clear of a Termination Price as requested under Rule 17.1.3(b),

ASX Clear may determine a Termination Price, which it considers fair and reasonable in the circumstances. The determination as to whether a reasonable time in the circumstances has elapsed following a request to the ~~relevant~~ Approved [Listing](#) Market Operator is at the absolute discretion of ASX Clear.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

17.1.8 Determination final and binding

Any determination by the ~~relevant~~ Approved [Listing](#) Market Operator or, if applicable, by ASX Clear under this Rule 17.1 as to:

- (a) whether there is an available market; or
- (b) the Termination Price,

is final and binding on ASX Clear, Participants and any other person affected by the determination.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

SECTION 18 - DISPUTES AND COMPLAINTS

18.1.1 Disputes between Participants and their Clients

Any disputes between Participants, or between Participants and their Clients must be dealt with in accordance with the operating rules ~~(if any)~~ of the relevant Approved Market Operator to which the dispute relates and will be taken to be a dispute within the meaning of those rules.

If the Participant is not a Market Participant of the relevant Approved Market Operator, the Participant agrees to be bound by the rules of that Approved Market Operator which relate to the resolution of the dispute (and any rules of that Approved Market Operator necessary to apply or construe these rules) as if those rules were repeated in full in these Rules and a reference in those rules to a participant included that Participant.

Purpose of amendment

Clarification: each AMO to have rules governing resolution of such disputes.

SECTION 20 – SETTLEMENT OF DERIVATIVES CCP CONTRACTS

20.2.2 Clearing and Settlement

Upon the allocation of an Exercise Notice given by a Buyer of a Options CCP Contract and allocated by ASX Clear to a Seller under Rule 20.1.5 and subject to these Rules, the terms of the Options CCP Contract and the rules of the ~~relevant~~ Approved [Listing](#) Market Operator:

- (a) in the case of a Call Option:
 - (i) a Derivatives CCP Contract in the Underlying Derivative will arise between ASX Clear as Seller and the Buyer as Buyer at the Exercise Price; and
 - (ii) a Derivatives CCP Contract in the Underlying Derivative will arise between ASX Clear as Buyer and the Seller as Seller at the Exercise Price; and
- (b) in the case of a Put Option:
 - (i) a Derivatives CCP Contract in the Underlying Derivative will arise between ASX Clear as Buyer and the Buyer as Seller at the Exercise Price; and
 - (ii) a Derivatives CCP Contract in the Underlying Derivative will arise between ASX Clear as Seller and the Seller as Buyer at the Exercise Price.

The Derivatives CCP Contracts arising under this Rule 20.2.2 are deemed to have arisen from the registration of a Derivatives Market Contract.

Purpose of amendment

Refer changes to definitions (“Approved Listing Market Operator”).

20.4.4 Notification of OPIC

ASX Clear will notify both the Buyer and the allocated Seller of the OPIC on the Business Day following the day on which the ~~relevant~~ Approved [Listing](#) Market Operator notifies it of the OPIC.

Purpose of amendment

Refer changes to definitions (“Approved Listing Market Operator”).

20.4.6 Accuracy of OPIC

Unless ASX Clear determines otherwise, the OPIC first reported by the ~~relevant~~ Approved [Listing](#) Market Operator to ASX Clear is conclusive for the purpose of ASX Clear's calculation of the Settlement Amount, even if the OPIC is later revised by the Approved [Listing](#) Market Operator (or any Reporting Authority) or if the Approved [Listing](#) Market Operator (or any Reporting Authority) later determines that the OPIC reported was inaccurate.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

20.4.7 Limitation of liability

The calculation and dissemination of information in relation to an Underlying Index is a Clearing Service as that term is defined in Rule 1.10.1. The benefit of Rule 1.10 extends to the Approved [Listing](#) Market Operator (and any Reporting Authority).

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

20.5.1 Payment of Settlement Amount

A Cash Settled Futures CCP Contract must be settled by ASX Clear or the Participant paying to the other the Settlement Amount, subject to these Rules, the terms of the Cash Settled Futures CCP Contract and the rules of the ~~relevant~~ Approved [Listing](#) Market Operator.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

ASX CLEAR OPERATING RULES - SCHEDULES

SCHEDULE 3 – CLEARING AGREEMENT – MINIMUM TERMS

S3.1 Application of Operating Rules

The Participant and the Market Participant agree that the terms of their relationship in respect of Market Transactions and any dealings between them concerning Market Transactions are subject to, and that they are each bound by, the Rules and the operating rules of the Approved Market Operator [through which the Market Transaction was effected](#), the Corporations Act and the customs, usages and practices of ASX Clear and the Approved Market Operator and their related entities as amended from time to time in so far as they apply to Market Transactions.

Purpose of amendment

Participants may clear Market Transactions effected through multiple AMOs.

S3.6 Agreement subject to any amendments required by ASX Clear ~~or the Approved Market Operator~~

The Participant and the Market Participant agree to make any amendments to their Clearing Agreement which are required from time to time by ASX Clear ~~or the Approved Market Operator~~.

Purpose of amendment

ASX Clear and not AMOs prescribes the minimum terms of the Clearing Agreement under the ASX Clear Operating Rules.

S3.8 Appointment as agent

The Participant and the Market Participant irrevocably appoint severally ASX Clear, and every director, manager and assistant manager for the time being of ASX Clear, at the option of ASX Clear to do all acts and execute all documents on the Participant's or the Market Participant's behalf for the purpose of exercising the powers conferred on ASX Clear under ASX Clear Rule 15 including, without limitation, the power to sell or buy Financial Products in respect of Cash CCP ~~Contracts~~[Transactions](#), or to transfer or close out Derivatives CCP Contracts if an event of default arises in respect of the ~~Market~~ Participant.

Note: ASX Clear has broad powers under section 15 of the Rules where an event of default occurs in respect of the Participant.

Purpose of amendment

Correction of typographical error.

SCHEDULE 5 – DERIVATIVES CLIENT AGREEMENT – MINIMUM TERMS

5.1 Approved Market Operator Application of ASX Clear’s operating Rules

The Client and the Participant agree that the terms of their relationship in respect of Derivatives CCP Contracts and any dealings between them concerning Derivatives CCP Contracts are subject to, and that they are bound by, the Corporations Act, the operating rules of ASX Clear (“Rules”) the ~~relevant~~ Approved [Listing](#) Market Operator’s operating rules and the procedures, customs, usages and practices of ASX Clear, the Approved [Listing](#) Market Operator, and their related entities, as amended from time to time, in so far as they apply to Derivatives CCP Contracts.

Purpose of amendment

Refer changes to definitions (“Approved Listing Market Operator”)

5.4 Nature of Participant's obligations and rights of Client

Notwithstanding that the Participant (or the Client’s Market Participant) may act in accordance with the instructions of, or for the benefit of, the Client, the Client acknowledges that any Derivatives Market Contract arising from any order submitted to ~~an~~the Approved [Listing](#) Market Operator, is entered into by the relevant Market Participant as principal. Upon registration of a Derivatives Market Contract with ASX Clear in the name of a Participant, the Client acknowledges that the Participant incurs obligations to ASX Clear as principal, even though the Derivatives Market Contract may have been entered into on the Client’s instructions.

The Client acknowledges that any benefit or right obtained by a Participant upon registration of a Derivatives Market Contract with ASX Clear by novation under the Rules or any other legal result of registration is personal to the Participant and the benefit of that benefit, right or legal result does not pass to the Client. The Client has no rights, whether by way of subrogation or otherwise, against the ~~relevant~~ Approved [Listing](#) Market Operator or ASX Clear in relation to any dealings by the Participant (or any other Participant or Market Participant) in Derivatives Market Contracts and Derivatives CCP Contracts.

The Participant is not required to act in accordance with the Client’s instructions, where to do so would constitute a breach of the Rules, the operating rules of ~~a relevant~~the Approved [Listing](#) Market Operator or the Corporations Act.

Purpose of amendment

Refer changes to definitions (“Approved Listing Market Operator”)

5.5 Participant taking opposite position

The Client acknowledges that the Participant may, in certain circumstances permitted under the Corporations Act and the Rules or the operating rules of ~~a relevant~~the Approved [Listing](#) Market Operator, take the opposite position in a Derivatives Market Contract, either acting for another client or on its own account.

Purpose of amendment

Refer changes to definitions (“Approved Listing Market Operator”)

5.7 Default

If:

- (a) the Client fails to pay, or provide security for, amounts payable to the Participant or fails to perform any obligation arising pursuant to the exercise or settlement of a Derivatives CCP Contract;
- (b) a guarantee or other security provided by the Client to the Participant is withdrawn or becomes ineffective and other replacement security acceptable to the Participant is not provided; or
- (c) any other event occurs which the Participant and the Client have agreed in their Client Agreement entitles the Participant to take action under this clause 7,

the Participant may, in addition to any other rights which they may have against the Client, without giving prior notice to the Client, take any action, or refrain from taking action, which it considers reasonable in the circumstances in connection with Derivatives Market Contracts registered in the Client Account of the Client (including, without limitation, Derivatives CCP Contracts arising from those contracts transacted) and, without limitation, the Participant may:

- (a) enter into one or more transactions to effect the close out of one or more Derivatives CCP Contracts in accordance with the Rules;
- (b) exercise one or more Derivatives CCP Contracts in accordance with the Rules and; or
- (c) exercise any other rights conferred by the Rules, the operating rules of ~~a relevant~~the Approved Listing Market Operator, or the Client Agreement or perform any other obligations arising under the Rules, the operating rules of ~~a relevant~~the Approved Listing Market Operator, or the Client Agreement in respect of those Derivatives CCP Contracts,

and the Client must account to the Participant as if those actions were taken on the instructions of the Client and, without limitation, is liable for any deficiency and is entitled to any surplus which may result.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator")

5.12 Effect of termination

Termination does not affect the existing rights and obligations of the Client or the Participant prior to termination. Upon termination of this Client Agreement, the Participant will close out all Derivatives CCP Contracts held by the Participant for the account of the Client, unless, in accordance with a direction from the Client, those contracts are transferred to another Participant in accordance with the Rules or the operating rules of ~~an~~the Approved Listing Market Operator.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator")