

**Australian Clearing House Pty Limited
ASX Settlement and Transfer Corporation Pty Limited**

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

Operational and Technical Standards

This document is provided in draft form for the information of interested parties. The ASX group reserves the right to make changes to the document prior to final publication and accepts no liability for any loss or damage incurred by any person who relies on the information presented in this draft document.

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 securities* dated [●] (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 review and cancellation
Manual review of accepted trades and protocols for cancelling instructions
- D. Communications
Communications with AMOs
- 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.

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Operational and Technical Standards

1. Definitions

The following definitions apply in this document:

ACH means Australian Clearing House Pty Limited (ACN 001 314 503).

ACH Clearing Rules means the Operating Rules of ACH, as amended from time to time.

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, and any other documents issued by the CS Entities from time to time (including, without limitation, updates, supplements or variations to the EIS), 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.

ASTC means ASX Settlement and Transfer Corporation Pty Limited (ACN 008 504 532).

ASTC Settlement Rules means the Operating Rules of ASTC, 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 ASTC Settlement Rule 2.13.1.

CHESS has the meaning given to that term in ASTC Settlement Rule 2.13.1.

Clearing Agreement has the meaning given to that term in ACH Clearing 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 ACH.

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 ASTC Settlement Rule 2.13.1.

CS Entities means ACH and ASTC.

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.

Eligible Financial Product Class means a class of Approved Financial Products (as defined in ASTC Settlement 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 ASTC Settlement Rule 2.13.1.

EIS has the meaning given to that term in ASTC Settlement 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 securities dated [●]*, as amended from time to time.

Message has the meaning given to that term in ASTC Settlement Rule 2.13.1.

Operating Hours means 9:00am to 5:30pm, 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 7 and 23.

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.

Reference Price means, in respect of an Eligible Financial Product Class at any time, [the last traded price of the Eligible Financial Product Class on the financial market operated by ASX Limited at that time, as determined by the CS Entities in their absolute discretion].

Settlement Participant means a Participant in the CS Facility operated by ASTC.

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

Trade means, in respect of an AMO, a transaction executed 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 has the meaning given to that term in ASTC Settlement 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 ASTC Settlement Rule 2.13.1; and
- (b) additionally, in relation to a Trade Registration Request Message, complies with each of Standards 14, 16, 17 and 19.

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. Inconsistency

If there is any inconsistency between the provisions of these Standards and the Legal Terms of Service or the AMO EIS, these Standards prevail to the extent of the inconsistency.

4. 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
Australian Clearing House Pty Limited / ASX Settlement and Transfer Corporation Pty Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Email: Rohan.Delilkhan@asx.com.au; and
Timothy.Hogben@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 by each addressee specified above.

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5. Standards

	Standard	Reason for inclusion
<i>A.</i>	<i>Technical and performance requirements</i>	
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>	Operational risk mitigation.
2	An AMO must at all times employ or retain such personnel familiar with these Standards as are necessary to allow the AMO to generate, Transmit, receive and process Messages in accordance with these Standards.	Operational risk mitigation.
3	<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>	Operational risk mitigation.
4	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 – 3.	Operational risk mitigation.

	Standard	Reason for inclusion
5	<p>An AMO must:</p> <p>(a) appoint a person to be responsible for communication with CHESSE;</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 CHESSE; and</p> <p>(c) 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 CHESSE under paragraph (b), and any subsequent changes to arrangements previously notified to the CS Entities.</p>	Operational risk mitigation.
6	<p>An AMO must do all things which are reasonably necessary to enable Participants in the CS Facilities to meet their obligations under the Operating Rules of the CS Facilities. This may include, without limitation, prompt transmission by the AMO to Participants in the CS Facilities of drop copies of Trades for the purposes of risk management and trade reconciliation by those Participants.</p>	Facilitates compliance by Clearing Participants with the requirements (including risk management requirements) of the CS Facilities' Operating Rules.
7	<p>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.</p>	Operational risk mitigation.
8	<p>An AMO must at all times ensure that it has sufficient personnel and other resources 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.</p>	Operational risk mitigation.

	Standard	Reason for inclusion
<i>B. Trade submission and Validation</i>		
9	If an AMO wishes to use the Trade Acceptance Service, it must do so by submitting Trades in respect of Eligible Financial Product Classes to the CS Facilities in accordance with these Standards.	Standard operating process.
10	If an AMO wishes to submit a Trade to the CS Facilities, it must do so by Transmitting a Valid Trade Registration Request Message to the CS Entities during Operating Hours. The CS Entities may reject a Trade Registration Request Message Transmitted by an AMO: (a) if the Message is not Valid; (b) if the Message is Transmitted outside of Operating Hours; or (c) in any other circumstances permitted by these Standards.	Standard operating process.
11	If the CS Entities notify an AMO of: (a) the rejection of a Trade Registration Request Message Transmitted by the AMO; or (b) the removal of a Trade from the CS Facilities under these Standards or the Operating Rules of the CS Facilities, the AMO must immediately notify AMO Participants that are affected by the rejection or removal (as the case may be).	Facilitates counterparty risk management by Clearing Participants.
12	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: (a) subject to paragraph (c), if the Trade was executed on the AMO's trading platform or reported to the AMO between 9:00am and [●]pm on a Business Day, within [●] ¹ seconds of the time at which the Trade was executed or reported; (b) subject to paragraph (c), if the Trade was executed on the AMO's trading platform or reported to the AMO after [●]pm on a Business Day and before 9:00am on the following Business Day, between 9:00am and [●]am on that following Business Day; or	The time limit on Trade submission: <ul style="list-style-type: none"> • ensures contemporary overview of the Trades to which ACH is central counterparty, thereby enabling ACH to accurately measure, and where appropriate mitigate, its counterparty exposure on an intraday basis; • promotes transparency of inputs to

¹ To be confirmed and to take account of any ASIC Rules on time limits for submission of trades.

	Standard	Reason for inclusion
	<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 [●]am on the Business Day following the day on which the Trade was executed on the AMO's trading platform or reported to the AMO.</p> <p>Compliance 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:</p> <p>(a) the Trade Execution Time specified by the AMO in the Trade Registration Request Message; and</p> <p>(b) the time of Transmission of the Trade Registration Request Message, as recorded in CHES.</p>	<p>Batch Settlement and prompt identification of potential errors; and</p> <ul style="list-style-type: none"> mitigates operational risk.
13	<p>The CS Entities may without notice to an AMO 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 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).</p>	<p>Operational risk mitigation.</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 ACH Clearing 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,</p> <p>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>
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>
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 securities.</p>

	Standard	Reason for inclusion
17	If any Basis of Quotation is specified in a Trade Registration Request Message Transmitted by an AMO, the Basis of Quotation so specified must be applicable, within the time period determined by the CS Entities in their absolute discretion (for special markets, conventionally by "Record Date -3"), to the Corporate Action (if any) stored in CHES in respect of the Security Code specified in the Message at the time of Validation of the Message.	Multiple trade sources can be accommodated by the CS Facilities only if a common Basis of Quotation is applied in relation to each Eligible Financial Product Class.
18	If no Basis of Quotation is specified in a Trade Registration Request Message Transmitted by an AMO and the Message is Valid, the CS Entities will apply to the scheduled settlement instruction the applicable Basis of Quotation stored in CHES in respect of the Security Code specified in the Message at the time of Validation of the Message.	Multiple trade sources can be accommodated by the CS Facilities only if a common Basis of Quotation is applied in relation to each Eligible Financial Product Class.
19	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>
20	A Trade Registration Request Message Transmitted by an AMO must relate to no more than one Trade.	"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.

	Standard	Reason for inclusion
<i>C. Post-Validation review and cancellation</i>		
21	<p>If an AMO submits a Trade to the CS Facilities in respect of which:</p> <p>(a) the Sale Price specified in the Trade Registration Request Message is less than [●]% or more than [●]% of the Reference Price of the Eligible Financial Product Class to which the Trade relates at the Trade Execution Time specified in the Message; or</p> <p>(b) the AMO has not complied with the time limit for the Transmission of Trade Registration Request Messages as set out in Standard 12</p> <p>and the Trade Registration Request Message is Valid, the Trade will be subject to post-Validation review by the CS Entities.</p> <p>The CS Entities may remove from the CS Facilities any Trade which is subject to post-Validation review 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 of removal of a Trade to the AMO by the End of Day on the Business Day following the Trade Date specified in the Trade Registration Request Message together with a statement of the reason for removal.</p>	Operational and counterparty risk mitigation.
22	<p>The CS Entities will not act upon any instructions from an AMO to cancel a Valid Trade Registration Request Message (Original Message) 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 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. The AMO is responsible for effecting any disclosure required by law of the cancellation of the Trade to which the Original Message relates.</p>	Standard operating process.

	Standard	Reason for inclusion
<i>D.</i>	<i>Communications</i>	
23	An AMO must comply with the AMO EIS.	Standard operating process.
24	An AMO must observe and comply with Section 16 of the ASTC Settlement Rules as though it was a “Facility User” within the meaning of those rules.	Standard operating process.
25	<p><i>[Specify limit on number of Trade Registration Request Messages which may be Transmitted in a given period]</i></p> <p>The CS Entities may reject any Trade Registration Request Message received in excess of this limit. The CS Entities must notify the AMO of any Trade Registration Request Message so rejected and the reason for the rejection.</p>	The CS System capability that is available for the Trade Acceptance Service is a trade capture capacity for each AMO of [●] ² Trade Registration Request Messages per Business Day. The ASX group’s announced annual fee for the Trade Acceptance Service of up to \$450,000 (excl. GST) per annum per AMO is based on the current available CS System capability.
26	<p>The CS Entities may reject a Trade Registration Request Message Transmitted by an AMO on a Business Day if:</p> <p>(a) the Message was Transmitted by the AMO before 5:30pm on that Business Day but has not been Validated by 5:30pm; and</p> <p>(b) the volume of all Trade Registration Request Messages Transmitted by all AMOs before 5:30pm on that Business Day and which have not been Validated by 5:30pm is such that the CS Entities consider it necessary to reject the Message in order to protect the orderly operation and integrity of the CS Facilities.</p> <p>The CS Entities must notify the AMO of any Trade Registration Request Message so rejected and the reason for the rejection.</p>	Mitigates the operational risk that the volume of Trade Registration Request Messages which have not been Validated at the end of Operating Hours on a given day may delay the commencement of End of Day processing in CHES.

² The actual trade capture capacity allocation for each AMO will be determined based on the number of AMOs seeking to acquire the Trade Acceptance Service and the trade capture capacity requirements of those AMOs.

	Standard	Reason for inclusion
<i>E.</i>	<i>AMO Operating Rules</i>	
27	<p>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:</p> <p>(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</p> <p>(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 Product Class at that time.</p>	Mitigates ACH's counterparty credit risk.
28	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.	<ul style="list-style-type: none"> • Ensures contemporary overview of the Trades to which ACH is central counterparty, thereby enabling ACH to accurately measure, and where appropriate mitigate, its counterparty exposure on an intraday basis. • Promotes transparency of inputs to Batch Settlement and prompt identification of potential errors. • Mitigates operational risk.
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.	Legal risk mitigation.

	Standard	Reason for inclusion
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 these Standards or the Operating Rules of the CS Facilities.</p>	Operational risk mitigation.
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 ACH 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 ACH or the Clearing Participant.</p> <p>An AMO must act in accordance with any notification received from ACH or a Clearing Participant as described in paragraph (b).</p>	Facilitates counterparty risk management by Clearing Participants.
32	<p>The Operating Rules of an AMO must contain an acknowledgement by AMO Participants that, or to the effect that, if no Basis of Quotation is specified in a Trade Registration Request Message Transmitted by the AMO and the Message is Valid, the CS Entities will apply to the scheduled settlement instruction the applicable Basis of Quotation stored in CHES in respect of the Security Code specified in the Message at the time of Validation of the Message.</p>	Legal risk mitigation.

	Standard	Reason for inclusion
<i>F.</i>	<i>Provision of information</i>	
33	An AMO must Transmit a Valid Price Registration Notification Message to the CS Entities by 6:00pm on each Business Day.	Enables accurate ACH counterparty credit risk estimation.
34	An AMO must provide to ACH, at no cost to ACH and in a format acceptable to ACH, such real time or historical market data relating to the trade facility operated by the AMO as ACH 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.	Addresses potential need to reference prices on AMOs other than ASX in order to calculate prices used for central counterparty (ACH) risk management purposes.
35	An AMO must notify the CS Entities promptly in writing of any fine, warning, condition or other sanction imposed or 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
36	<p>An AMO must provide to the CS Entities upon written request any information that the CS Entities reasonably require in order to:</p> <p>(a) operate the CS Facilities in accordance with the Operating Rules of those facilities;</p> <p>(b) discharge their obligations under the Financial Stability Standard for Central Counterparties or Financial Stability Standard for Securities Settlement Facilities (as applicable); or</p> <p>(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.</p> <p>Without limiting the generality of the foregoing, such information may include:</p> <ul style="list-style-type: none"> • information which ACH requires in the ordinary course of its business for the purpose of granting or varying the clearing permissions of an existing or prospective Clearing Participant; and • the projected future trade capacity requirements of an AMO in relation to the Trade Acceptance Service. 	Operational and legal risk mitigation.

	Standard	Reason for inclusion
<i>G.</i>	<i>Default management</i>	
37	<p>An AMO must:</p> <p>(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:</p> <p>(i) may constitute an event of default under ACH Clearing Rule 15.1.1 or an Event of Non-Compliance under ASTC Settlement Rule 12.18.1, as applicable, by the Common Participant; or</p> <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 ACH 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 ACH Clearing Rule 15.1.1 or Event of Non-Compliance under ASTC Settlement Rule 12.18.1 suspected or declared by the CS Entities in respect of a Common Participant.</p>	Operational and counterparty credit risk mitigation.
38	<p>If the CS Entities notify an AMO of:</p> <p>(a) the occurrence of an event of default under ACH Clearing Rule 15.1.1 or an Event of Non-Compliance under ASTC Settlement Rule 12.18.1 (as applicable) by a Participant in either of the CS Facilities; or</p> <p>(b) any change in, or condition or restriction placed on, the clearing permissions of a Clearing Participant,</p> <p>the AMO must immediately notify AMO Participants that are affected by the event(s) notified by the CS Entities 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>The CS Entities do not undertake to notify the AMO of any of such event(s).</p>	Operational and counterparty credit risk mitigation.