

ASX Clear Pty Limited  
ASX Settlement Pty Limited

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

14 June 2011

## The object of these Legal Terms

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

## Binding nature of Legal Terms

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

## The trade acceptance service

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

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

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

## Pricing

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

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

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

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

21 If ASX Clear and ASX Settlement are providing a trade acceptance service to three or more AMOs, ASX Clear and ASX Settlement will adjust the service fee paid or payable by each AMO on an equitable basis by reference to the costs incurred by ASX Clear and ASX Settlement in providing the trade acceptance service. The manner in which the fees are adjusted will be determined by ASX Clear and ASX Settlement, acting reasonably and in good faith.

## Service of comparable quality

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22 ASX Clear and ASX Settlement will provide to AMOs a service of comparable quality to that provided to ASX Limited.

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

## Clearing and settlement service

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

## No changes without consent

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

## Service Levels

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

## Safeguards

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

## Standards

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- 29 ASX Clear and ASX Settlement may, from time to time, promulgate:
- (a) technical standards; or
  - (b) operational standards
- (standards).**
- 30 ASX Clear and ASX Settlement will publish on the ASX website any applicable standards at the time of these Legal Terms coming into effect.
- 31 ASX Clear and ASX Settlement will not, subject to clauses 32 to 36 amend the applicable standards.
- 32 ASX Clear and ASX Settlement may amend the applicable standards where ASX Clear and ASX Settlement reasonably consider that a change is necessary in order to give effect to a proposed change in the

clearing and settlement services that ASX Clear and ASX Settlement provide to clearing and settlement participants. If ASX Clear and ASX Settlement propose to amend the standards:

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

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

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

34 Should ASX Clear and ASX Settlement agree to expand or enhance the trade acceptance service, the AMO requesting such expansion or enhancement and consequent amendment to the standards must make a monetary contribution towards the capital cost of such expansion or enhancement to ASX Clear or ASX Settlement (as specified by ASX Clear and ASX Settlement), in an amount to be agreed between that AMO and ASX Clear and ASX Settlement.

35 If no agreement as to the amount of the monetary contribution to ASX Clear or ASX Settlement can be reached, ASX Clear and ASX



Settlement are not obliged to provide that expansion or enhancement or implement the consequent amendment to the standards.

- 36 Clause 32 does not apply if any regulatory authority directs that ASX Clear and ASX Settlement must change the applicable standards, or if ASX Clear and ASX Settlement consider, in good faith and acting reasonably but otherwise in their absolute discretion, that a change is required to comply with ASX Clear's or ASX Settlement's licence obligations. ASX Clear and ASX Settlement will notify the AMO as soon as practicable of such a change.
- 37 As a condition of obtaining and continuing to receive the trade acceptance service, AMOs must comply with the standards as they are published from time to time. To the extent of any inconsistency between these Legal Terms and the standards, these Legal Terms will prevail.

## Reporting obligations

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

## Remedies for failure to comply

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- 40 If an AMO that has acquired the trade acceptance service fails to comply with any provision of these Legal Terms, and ASX Clear and ASX

Settlement consider (acting reasonably) that failure to be material, ASX Clear and ASX Settlement will first notify the RBA and ASIC and subsequently may, in their absolute discretion, either:

- (a) suspend the provision of the trade acceptance service until such time as they are satisfied that the AMO will comply with all of the provisions of these Legal Terms; or
- (b) terminate the right of the AMO to obtain the trade acceptance service.

41 In considering whether a failure to comply is material, ASX Clear and ASX Settlement may in their absolute discretion, have regard to their respective licence obligations and the objectives set out in s760A of the Corporations Act.

42 Without limiting the previous clauses of these Legal Terms there is a material failure to comply with a provision of these Legal Terms if:

- (a) an AMO that has acquired a trade acceptance service fails to provide a certificate in relation to its compliance with the standards within 15 business days from the date on which that certificate was to be provided;
- (b) an AMO that has acquired a trade acceptance service states in the certificate that it has failed to comply with the standards in any material respect and has not stated that the failure has been remedied or how the failure will be remedied within 15 business days;
- (c) ASX Clear and ASX Settlement reasonably believe that the AMO is failing to comply with a standard or any provision of these Legal Terms, and ASX Clear and ASX Settlement consider that failure to be material; or
- (d) ASX Clear and ASX Settlement (acting reasonably) direct an AMO to remedy any failure to comply with these Legal Terms and that AMO does not demonstrate to the satisfaction of ASX Clear and ASX Settlement, in their absolute discretion, that the failure has been remedied within 20 business days.

43 Except in circumstances where ASX Clear and ASX Settlement consider that continuing to provide the trade acceptance service contravenes any legal or licence obligation of ASX Clear and / or ASX Settlement, ASX Clear and ASX Settlement will provide an AMO with five business days notice of a decision to suspend the provision of the trade acceptance service or to terminate the right of the AMO to acquire the trade acceptance service. Notice of any suspension or termination will be made to the RBA and ASIC.

## Dispute resolution

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44 If a dispute arises between ASX Clear or ASX Settlement and an AMO that has acquired a trade acceptance service concerning any aspect of

these Legal Terms or their operation, other than one that is the subject of an absolute discretion of ASX Clear or ASX Settlement, either party may deliver to the other party a written notice which identifies the dispute (Notice of Dispute). The parties must then negotiate in good faith to resolve the dispute.

- 45 If after 30 days following receipt of the Notice of Dispute commercial negotiation fails to resolve the dispute, either party may refer the dispute to binding arbitration by a single arbitrator by written notice to the other party (Arbitration Notice).
- 46 The arbitrator must be a person agreed by the parties. However, if the parties fail to agree on the arbitrator within 14 days after the Arbitration Notice was delivered, the arbitrator will be the person nominated, at the request of either party, by the President of the Institute of Arbitrators & Mediators Australia or his or her nominee.
- 47 Except where they are inconsistent with the provisions of these Legal Terms, the rules published in 2007 by the Institute of Arbitrators & Mediators Australia entitled *the IAMA Arbitration Rules* will govern the conduct of any arbitration conducted under these Legal Terms.
- 48 The arbitrator must have regard to and take into account as fundamental elements the following matters in resolving the dispute:
- (a) the object of these Legal Terms;
  - (b) the legitimate business interests of ASX Clear and ASX Settlement, including the protection of any investment by them in the CS facility;
  - (c) the statutory and licence obligations of ASX Clear and ASX Settlement under the Corporations Act; and
  - (d) the interests under contract made under these Legal Terms of all other persons.
- 49 Subject to clause 50 an arbitration will be private and the result of the arbitration will not be published.
- 50 The result of an arbitration will be provided to the RBA and ASIC on condition that they keep the results confidential subject to any statutory reporting obligation.
- 51 The parties must bear their own costs of the arbitration, including the costs of any representatives.
- 52 The cost of the arbitrator and the costs of any facilities used for the arbitration shall be borne equally by both parties.

## Exclusions of liability

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

## Term of Legal Terms

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

## Review

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- 58 Twelve months prior to the expiry of these Legal Terms a review of the Legal Terms will be carried out and published by ASX Clear and ASX Settlement within four months from the commencement of the review.

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

## Transitional Arrangements

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

## Governing law

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

# Schedule 1

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

A trade acceptance service comprises the following items:

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

## **5. Business Relationship Management**

Business relationship management as follows:

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

## Schedule 2

### Application form (clause 18)

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

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## Application Form

### Approved Market Operator

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

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

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

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

### How to apply

The form is in two parts:

**Part 1** Deed Poll

**Part 2** Details of Applicant

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

Applicants must complete all questions in this application.

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

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





## Part 2 – Details of Applicant

### Part 2.1 Applicant Details

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

### Part 2.2 Licensing Information

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

Yes No

**(ANNEXURE A)**

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

## Schedule 3

### Service levels (clause 27)

#### 1. TRADE ACCEPTANCE

##### (a) Operating Hours

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

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

##### (b) Processing

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

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

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

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

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

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

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

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

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

## 2. CHESS HELP DESK AND CUSTOMER SUPPORT

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

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

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

For the purposes of the table above:

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

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

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

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

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

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

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

### 3. BUSINESS RELATIONSHIP MANAGEMENT

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

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

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

#### (b) Reports

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

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