



ASX CLEAR (FUTURES) OPERATING RULES

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PART 6 MANDATORY CASH SETTLEMENT AND DELIVERY PROCEDURES

60 Introduction

60.1 This Part of the Rules contains provisions for the Mandatory Cash Settlement of Cash Settlement Contracts and for delivery under Deliverable Contracts.

61 Obligations of ASX Clear (Futures)

61.1 ASX Clear (Futures) shall effect the Mandatory Cash Settlement of Open Contracts which are Cash Settlement Contracts, in accordance with Exchange Operating Rules and these Rules.

61.2 ASX Clear (Futures) shall make and take or cause to be made and taken by buyers and sellers delivery of Commodities in relation to Open Contracts which are Deliverable Contracts, in accordance with the Exchange Operating Rules and these Rules.

62 Mandatory Cash Settlement

62.1 Mandatory Cash Settlement shall be effected subject to the Rules by ASX Clear (Futures) paying or receiving the Mandatory Cash Settlement Amount in accordance with the terms of Open Contracts and the Exchange Operating Rules.

63 Delivery Procedures

63.1 Subject to the Exchange Operating Rules, Delivery under Deliverable Contracts shall at the absolute discretion of ASX Clear (Futures) be effected by:

- (a) ASX Clear (Futures) directing Clearing Participants holding Open Contracts under which they are obliged to make or take delivery to make delivery to or take delivery from a Clearing Participant holding an opposite obligation nominated by ASX Clear (Futures) and to make or receive the settlement amount accordingly. Clearing Participants shall comply with any direction so given and any failure to do so shall be deemed to be a Default; or
- (b) ASX Clear (Futures) making or taking delivery under Open Contracts subject to delivery obligations and paying or receiving the settlement amounts accordingly. Any failure by a Clearing Participant to give or take delivery or pay the settlement amount under an Open Contract with ASX Clear (Futures) shall be deemed to be a Default.

63.2 Delivery effected under Rule 63.1 shall be a full and complete discharge of obligations under the relevant Open Contracts.

63.3 A Clearing Participant shall comply with all provisions of Exchange Operating Rules or the Rules and the terms of Open Contracts relating to the delivery of information, documents or Commodity to ASX Clear (Futures) or to Clearing Participants and shall comply with all time limits therein imposed. Clearing Participants shall be obliged to accept Delivery of any Commodity made in accordance with the Rules and the Exchange Operating Rules.

63.4 ASX Clear (Futures) shall be under no obligation to check any Commodity or document received from a Clearing Participant in relation to an obligation to give or

take delivery under an Open Contract. The passing on of such Commodity or a direction to deliver to a Clearing Participant in respect to which ASX Clear (Futures) is making or taking delivery shall not be taken to be acceptance of such Commodity or document by ASX Clear (Futures) and rejection of such Commodity or documents by such Clearing Participant in accordance with the Exchange Operating Rules or the Rules shall be deemed to be a rejection by ASX Clear (Futures).

- 63.5 ASX Clear (Futures) shall have no liability with respect to any forged Commodity or document delivered to Clearing Participants pursuant to Rule 63.1 (whether by or at the direction of ASX Clear (Futures)) and the sole recourse of the Clearing Participant receiving such forged Commodity or document shall be to the Clearing Participant which delivered or caused to be delivered that forged Commodity or document to the Clearing Participant or ASX Clear (Futures) and ASX Clear (Futures) shall have no liability under any Open Contract as a result of any non-fulfilment of that Open Contract because of such forgery.

Amended 01/07/13

- 63.6 Where ASX Clear (Futures) is obliged under Open Contracts to make or have effected delivery of a Commodity and does not receive delivery or delivery is not available, under an Open Contract opposite in effect in accordance with the Rules it shall not be obliged to effect or have effected delivery of the Commodity but may effect cash settlement with the Buyer (or Seller in the case of a Deliverable Swap Futures Contract) at a price determined by the Relevant Exchange which price may include any compensation determined by the Relevant Exchange pursuant to Exchange Operating Rules. Where ASX Clear (Futures) is satisfied that any failure by a Clearing Participant to deliver to ASX Clear (Futures) or to deliver at its direction is due to delivery being rendered impossible ASX Clear (Futures) may instead direct that such Clearing Participant may make cash settlement to it in such an amount as it determines.

Amended 30/11/15

Explanatory Note:

Delivery under a Deliverable Swap Futures Contract is dealt with in Rule 65.

Where a Buyer or Seller that has failed to make delivery under a Deliverable Swap Futures Contract the cash settlement amount determined by ASX Clear (Futures) will include an amount of compensation to the OTC Participant that has taken all steps necessary to effect delivery.

- 63.7 If ASX Clear (Futures) invoice is not ready by the time Prescribed then ASX Clear (Futures) may estimate the amount of such invoice and the Buyer shall pay such invoice on account. ASX Clear (Futures) shall likewise estimate the amount payable to the Seller and shall pay the amount on account, pending final calculation.
- 63.8 Subject to any shorter period specified in the Exchange Operating Rules, any dispute or claim with respect to the delivery of a Commodity shall be referred to arbitration in accordance with Rule 91 within seven (7) Business Days of the Relevant Exchange.

63A BRC Delivery Procedures

- 63A.1 Delivery under a BRC transaction shall, at the absolute discretion of ASX Clear (Futures), be effected by:

- (a) ASX Clear (Futures) directing BRC Participants holding Open Contracts under which they are obliged to make or take delivery to make delivery to or take delivery from a Clearing Participant holding an opposite obligation nominated by ASX Clear (Futures) and to make or receive the netted settlement amount accordingly. BRC Participants shall comply with any

direction so given and any failure to do so shall be deemed to be a Default;
or

- (b) ASX Clear (Futures) making or taking delivery under Open Contracts subject to delivery obligations and paying or receiving the netted settlement amounts accordingly. Any failure by a Clearing Participant to give or take delivery or pay the netted settlement amount under an Open Contract with ASX Clear (Futures) shall be deemed to be a Default.

- 63A.2 Delivery effected under Rule 63A.1 shall be a full and complete discharge of obligations under the relevant Open Contracts.
- 63A.3 A BRC Participant shall comply with all provisions of the Rules and the terms of Open Contracts relating to the delivery of information or documents to ASX Clear (Futures) or to BRC Participants and shall comply with all time limits therein imposed.
- 63A.4 ASX Clear (Futures) shall be under no obligation to check any document received from a BRC Participant in relation to an obligation to give or take delivery under an Open Contract. The passing on of a document to a BRC Participant in respect to which ASX Clear (Futures) is making or taking delivery shall not be taken to be acceptance of such document by ASX Clear (Futures) and rejection of such document by such BRC Participant in accordance with the Rules shall be deemed to be a rejection by ASX Clear (Futures).
- 63A.5 ASX Clear (Futures) shall have no liability with respect to any forged document delivered to BRC Participants pursuant to Rule 63A (whether by or at the direction of ASX Clear (Futures)) and the sole recourse of the BRC Participant receiving such forged document shall be to the BRC Participant which delivered or caused to be delivered that forged document to the BRC Participant or ASX Clear (Futures) and ASX Clear (Futures) shall have no liability under any Open Contract as a result of any non-fulfilment of that Open Contract because of such forgery.
- Amended 01/07/13
- 63A.6 In the event of a failure to settle a BRC transaction by the time required for settlement under ASX Clear (Futures)'s BRC procedures, ASX Clear (Futures) may, in its absolute discretion, determine the Clearing Participant at fault and may direct Clearing Participants to pay and receive compensation calculated in accordance with a methodology determined by ASX Clear (Futures). A Clearing Participant required to pay compensation pursuant to a direction under this Rule shall do so promptly. ASX Clear (Futures) is authorised to access any credit balance in a BRC Participant's BRC House Account for the purpose of satisfying a direction to pay compensation.

Explanatory Note

Refer to [Procedure 63A.6 BRC Delivery Procedures \(Compensation Policy\)](#).

64 Warehouse Receipts

- 64.1 In Rules 64.2, 64.3, 64.4 and 64.5, "Warehouse Receipt" includes a Warehouse which is forged or which contains any endorsement or signature which is forged, irregular, or which has been placed on the Warehouse Receipt without the authority of the person whose signature it purports to be.

Introduced 26/03/96

- 64.2 None of the Exchange, ASX Clear (Futures), their respective Boards, directors and employees will be liable in respect of, or in connection with:

- (a) the delivery of a Warehouse Receipt;
- (b) the transfer of title, or failure to transfer title, of a commodity by an Approved Warehouse in respect of a Warehouse Receipt;
- (c) the limitation or exclusion of liability by an Approved Warehouse in respect of a Warehouse Receipt.

Introduced 26/03/96

64.3 The Exchange, ASX Clear (Futures) and Approved Warehouse intend that the rights represented by a Warehouse Receipt may be transferred by the endorsement and delivery of that Warehouse Receipt by the holder, and that Warehouse Receipts will be used by all market participants on that basis. However, the Approved Warehouse, in issuing the Warehouse Receipt does not warrant the negotiability of the Warehouse Receipt, and neither ASX Clear (Futures) nor the Exchange warrant the negotiability of a Warehouse Receipt. No right of action can be acquired by any person (including the holder of a Warehouse Receipt) against an Approved Warehouse, ASX Clear (Futures) or the Exchange by reason only of a Warehouse Receipt being in fact not negotiable.

Introduced 26/03/96

64.4 Provided that the seller has acted in good faith and in the ordinary course of business:

- (a) the delivery to a buyer or ASX Clear (Futures) of an endorsed Warehouse Receipt and certificates as required by these Rules or the Exchange Operating Rules in respect of a futures contract shall fully discharge the obligations of the seller;
- (b) the seller is not required to prove that the endorsement (if any) are regular and were made by or under the authority of the persons whose endorsement they purport to be; and
- (c) the buyer has no right of action against the seller of the Warehouse Receipt even if it contains any endorsement or signature which is forged, irregular, or which has been placed on the Warehouse Receipt without the authority of the person whose signature it purports to be.

Introduced 26/03/96

64.5 The buyer agrees with ASX Clear (Futures), the Exchange and Clearing Participants that the buyer has no right of action against any holder or previous holder of the Warehouse Receipt even if it contains endorsements which are irregular, unauthorised or forged provided that the holder was a bona fide purchaser without notice. These Rules constitute an effective release of liability that such a holder would but for this sub-clause otherwise be under.

Introduced 26/03/96

64.6 Rules 64.2, 64.3, 64.4 and 64.5 operate without limiting the generality of Rules 63.4, 63.5 and 63.6.

Introduced 26/03/96

65 Deliverable Swap Futures Contracts

65.1 Delivery under a Deliverable Swap Futures Contract will be effected by the creation of two OTC Open Contracts, one between ASX Clear (Futures) and each nominated OTC Participant, in accordance with the contract and within the time specified in the Procedures. If delivery under a Deliverable Swap Futures Contract is not effected in accordance with this Rule 65.1, the Deliverable Swap Futures Contract will be cash

settled pursuant to Rule 63 and any OTC Transaction that may be taken to have been entered into in accordance with OTC Rule 4.3 in connection with delivery of that Deliverable Swap Futures Contract is terminated.

Introduced 30/11/15

- 65.2 A Futures Participant that is not an OTC Participant must close out its position in Deliverable Swap Futures Contracts or arrange with an OTC Participant to effect delivery on the Futures Participant's behalf, by the time and in the manner specified in the Procedures. If a Futures Participant does not comply with this Rule 65.2, the Futures Participant's Deliverable Swap Futures Contracts will be cash settled pursuant to Rule 63.

Introduced 30/11/15

66 to 69 Not in use.

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