



## **Register of ASX Clear Operating Rule Waivers**

**16 to 30 June 2012**

**The purpose of this register is to record when ASX has exercised its discretion and granted a waiver from the ASX Clear Operating rules. Waivers are published bi-monthly and include information such as:**

- Organisation**
- Rule Number**
- Decision Details**
- Basis for Decision**

**For all product enquiries, please contact:  
- Customer Service Centre on 131 279**

ASX Limited ABN 98 008 624 691 and its related bodies corporate reserve all rights in the material incorporated in this publication. No part of this publication may be photocopied, reproduced, transcribed into or stored in a retrieval system or any other form of electronic medium, nor may it be transmitted in any form or by any means whether electronic, mechanical or otherwise without the prior written approval of the General Manager, Market Information, ASX Limited. NO RESPONSIBILITY IS ACCEPTED FOR ANY INACCURACIES IN THE MATTER PUBLISHED



<b>Rule Number</b>	5.1.1
<b>Date</b>	15/06/2012
<b>Participant</b>	ABN AMRO Clearing Sydney Pty Ltd
<b>Waiver Number</b>	WPA120013-001
<b>Decision</b>	<p>ASX Clear Pty Limited ("ASX Clear") grants ABN AMRO Clearing Sydney Pty Ltd ("ABN AMRO Sydney") a waiver of ASX Clear Rule 5.1.1 to the extent that, for the purpose of the Risk Based Capital Requirements contained in Schedule 1, ABN AMRO Sydney does not have to treat guarantees given to an ABN AMRO group entity to guarantee a client's obligations (or the obligations of a client's related party) to that ABN AMRO group entity ('secured guarantees') as Excluded Liabilities (as per ASX Clear Rule S1.1.1) subject to the following conditions:</p> <ol style="list-style-type: none"> <li>1. A guarantee will be considered a 'secured guarantee' and as such will not need to be treated as an Excluded Liability if: <ol style="list-style-type: none"> <li>a) ABN AMRO Sydney enters into a Deed of Counter Indemnity (or equivalent document) with the relevant client whereby the client indemnifies ABN AMRO Sydney and agrees to a collateral amount equivalent to the guaranteed amount being retained by and for the benefit of ABN AMRO Sydney as security for the fulfilment of the client's (or the client's related party's) obligations under the guarantee; and</li> <li>b) The guarantee is secured by cash held and controlled by ABN AMRO Sydney; and</li> <li>c) ABN AMRO Sydney deducts the guarantee amount from the client's Net Liquidation Value and treats the client as only having a Net Liquidation Value equal to the pre-guarantee Net Liquidation Value amount less the amount of the guarantee.</li> </ol> </li> <li>2. The total amount of all secured guarantees issued to a client cannot exceed the client's Net Liquidation Value less the client's Correlation Haircut. Net Liquidation Value and Correlation Haircut have the same meaning as in the Standard Client Agreement between ABN AMRO Sydney and the client.</li> <li>3. ABN AMRO Sydney will be required to include in the Additional Comments section of each Capital Liquidity Return: <ol style="list-style-type: none"> <li>o a description of the gross amount of the third party guarantee (A);</li> <li>o the amount of the collateral held against the third party guarantee (B); and</li> <li>o the net of these two amounts (A - B).</li> </ol>           If the net amount is positive, the positive amount will need to be treated as an Excluded Liability.         </li> <li>4. ABN AMRO Sydney is required to create a monitoring program with appropriate supervisory arrangements to ensure that it is compliant with all conditions under this waiver at all times.</li> <li>5. ABN AMRO Sydney is required to self-report any non-compliance with any of these conditions to ASX Clear immediately.</li> </ol>

ASX Limited ABN 98 008 624 691 and its related bodies corporate reserve all rights in the material incorporated in this publication. No part of this publication may be photocopied, reproduced, transcribed into or stored in a retrieval system or any other form of electronic medium, nor may it be transmitted in any form or by any means whether electronic, mechanical or otherwise without the prior written approval of the General Manager, Market Information, ASX Limited. NO RESPONSIBILITY IS ACCEPTED FOR ANY INACCURACIES IN THE MATTER PUBLISHED

## Register of ASX Clear Operating Rule Waivers

	<p>6. The waiver ceases on the earlier of:</p> <p>a) 12 months from the date the waiver is granted; or</p> <p>b) the effective date of an amendment to ASX Clear Rule S1 to reflect the treatment of secured guarantees.</p>
<p><b>Basis For Decision</b></p>	<p><b>Underlying Policy</b>  Guarantees outside the ordinary course of a Participant's securities or derivatives business can only be given if a maximum liability is specified at the time it is given. The full amount must be classified as an Excluded Liability and hence will be a 100% deduction from Liquid Capital.</p> <p><b>Present Application</b>  ASX Clear Rule S1 does not currently recognise security held for guarantees. The reason for this is that it was never envisaged when the Rule was drafted that third party guarantees would be secured by liquid collateral.</p> <p>If a guarantee is secured with cash collateral, then a Participant has no risk exposure arising from giving the guarantee and hence the Participant should not have to exclude the amount of the guarantee from its liquid capital calculation.</p>