

SECTION 5 CLEARING AND SETTLEMENT ARRANGEMENTS

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SECTION 5 CLEARING AND SETTLEMENT ARRANGEMENTS

Under the Rules all Trading Participants are required to maintain adequate arrangements for clearing and settlement of all Market Transactions entered into by it (or in respect of which it is a Nominating Trading Participant).

These arrangements may include participation in an Approved Clearing Facility, a Clearing Agreement with a Clearing Participant or, for Trading Participants who are Principal Traders in respect of a class of Derivatives Market Contract, a Nominating Trading Participant Agreement in respect of that class of Derivatives Market Contract.

Trading Participants are also required to ensure the settlement of all Cash Market Transactions in accordance with Rule 5.7.3. The detailed rules relating to the settlement of Non-CS Approved Products are contained in Schedule 8.

5.1 APPROPRIATE CLEARING AND SETTLEMENT ARRANGEMENTS

5.1.1 General obligations

A Trading Participant must satisfy ASX that it has in place and will maintain adequate arrangements for the clearing and settlement of all Market Transactions entered into by the Trading Participant or for which the Trading Participant is a Nominating Trading Participant under Rule 5.6. A Trading Participant may have third party clearing arrangements in place that comply with this Section 5 to clear its Market Transactions in each class of Product. For the purposes of this Section 5, the relevant classes of Product are prescribed in the Procedures.

Introduced 11/03/04 Amended 09/12/04

5.1.2 Where Trading Participant is not a Clearing Participant

Subject to Rule 5.6, where a Trading Participant has Trading Permission in respect of a class of Product but is not itself a Clearing Participant entitled under the Clearing Rules to clear Market Transactions in such class of Product, then the Trading Participant must have third party clearing arrangements in place that comply with Rule 5.2 and Clearing Agreements that comply with Rule 5.3 for the clearing and settlement of Market Transactions in that class of Product and must comply with all of its obligations under such arrangements and agreements.

Introduced 11/03/04 Amended 09/12/04, 19/08/09

5.2 THIRD PARTY CLEARING ARRANGEMENTS

5.2.1 Description of arrangement

A third party clearing arrangement between a Trading Participant and a Clearing Participant will comply with this Rule 5.2.1 in respect of a class of Product if:

- (a) pursuant to the arrangement the Relevant Clearing Participant has the obligation to clear and settle (or arrange the settlement of) all the Trading Participant's Market Transactions allocated to it in that class of Product, other than Market

Transactions which are to be cleared through an Alternative Clearing Facility in accordance with Rule 5.8;

- (b) ASX has no objection to that Relevant Clearing Participant clearing the Market Transactions of the Trading Participant in that class of Product;
- (c) the arrangement complies with this Section 5; and
- (d) while that arrangement continues, the Trading Participant may not have arrangements with more than the maximum number of Clearing Participants set out in Rule 5.2.5 for the clearing of Market Transactions in that class of Product.

Note: Upon execution by a Trading Participant of a Market Transaction which is subject to a clearing agreement with the Relevant Clearing Participant, the Clearing Obligations of the Trading Participant in respect of the relevant Market Transaction will immediately become obligations of the Relevant Clearing Participant.

Introduced 11/03/04 Origin ASX 2.1A.2(2), (3), 7.2.1.2(b), 7.2.1A.5, ASXF 6.1.1 Amended 09/12/04

5.2.2 Nature of Clearing Obligations

Subject to Rule 5.8, each Market Participant that is party to a Market Transaction acknowledges that the Clearing Obligations owing to it or by it in respect of that Market Transaction will be performed as principal obligations of the Relevant Clearing Participant in respect of those Clearing Obligations (which may be the counterparty Trading Participant or a Clearing Participant with whom such Trading Participant has a Clearing Agreement).

Introduced 11/03/04 Amended 09/12/04

5.2.3 Allocation of orders through Open Interface Device

Where a Trading Participant has third party clearing arrangements with more than one Clearing Participant, or is itself a Clearing Participant and has third party clearing arrangements with other Clearing Participants to clear its Market Transactions in a class of Product, the Trading Participant must maintain at least one Open Interface Device for each Clearing Participant as set out in the Procedures. The Trading Participant may only make one Clearing Participant responsible for all orders placed through an Open Interface Device.

Introduced 09/12/04

5.2.4 Allocation of client orders

A Trading Participant must:

- (a) direct and allocate responsibility for all orders of a client of the Trading Participant in each class of Product to one Clearing Participant only. This Rule does not apply to the execution of Crossings in respect of Derivatives Market Contracts, which must be carried out according to Rule 5.2.4(c);
- (b) ensure that all orders of a client are directed through the correct Open Interface Device, such that they are directed to the Relevant Clearing Participant; and

- (c) where executing a Crossing of orders for Derivatives Market Contracts in accordance with Section 22, do so through one Open Interface Device as set out in the Procedures.

Introduced 09/12/04 Amended 28/11/05

5.2.5 Maximum number of third party clearing arrangements

For each class of Product, a Trading Participant may not have third party clearing arrangements with more than the following number of Clearing Participants at any time for the clearing of its Market Transactions:

- (a) where the Trading Participant is itself a Clearing Participant, one other Clearing Participant;
- (b) where the Trading Participant is a Principal Trader, one Clearing Participant;
- (c) in all other circumstances, two Clearing Participants.

Introduced 09/12/04

5.3 CLEARING AGREEMENTS

5.3.1 Written agreement required

Subject to Rule 5.6, a Trading Participant which is not a Clearing Participant must enter into and maintain at all times a separate written agreement ("**Clearing Agreement**") with each of its Clearing Participants setting out the terms and conditions which govern their relationship. Each Clearing Agreement must be in compliance with the requirements of the Clearing Rules.

The Trading Participant must promptly give ASX a copy of each of the Clearing Agreements.

Introduced 11/03/04 Origin ASX 2.1A.4(1), 7.2.1A.1, ASXF 6.2.1 Amended 09/12/04 28/11/05

5.3.2 Obligation to notify ASX of amendments

A Trading Participant must notify ASX in writing of any amendments to any of its Clearing Agreements at least 10 Business Days before the amendment becomes effective.

Introduced 11/03/04 Origin ASX 2.1A.4(3), 7.2.1A.3, ASXF 6.2.3 Amended 09/12/04

5.3.3 ASX requirements concerning amendments

ASX may give reasonable directions to a Trading Participant requiring it to make (or refrain from making) amendments to the terms of any of its Clearing Agreements and the Trading Participant must comply with those directions within the time specified by ASX.

Introduced 11/03/04 Origin ASX 2.1A.4(3), 7.2.1A.3, ASXF 6.2.4 Amended 09/12/04

5.3.4 Trading Participant bound by minimum terms

In relation to a Clearing Participant clearing Market Transactions for a Trading Participant, the Trading Participant is bound by each minimum term which the Clearing

Rules require to be included in a Clearing Agreement, whether or not that term is actually incorporated in a Clearing Agreement between the Trading Participant and the Clearing Participant.

Introduced 22/05/06

5.4 SUSPENSION OF CLEARING PARTICIPANT

5.4.1 Suspension by an Approved Clearing Facility

If an Approved Clearing Facility takes action against a Trading Participant's Relevant Clearing Participant under the Clearing Rules which prevents or restricts that Clearing Participant from clearing the Trading Participant's Market Transactions in a class of Product, ASX may suspend the Trading Participant's Trading Permission in whole or in part in respect of that class of Product and either remove all orders of the Trading Participant from a Trading Platform or take other action ASX considers appropriate until either:

- (a) the Trading Participant becomes a Clearing Participant;
- (b) ASX and the Approved Clearing Facility lift the relevant suspensions and restrictions; or
- (c) the Trading Participant has entered into a Clearing Agreement with another Clearing Participant, which complies with Rule 5.3.1, has given a copy of that agreement to ASX and ASX has not objected to that other Clearing Participant clearing the Market Transactions of the Trading Participant in the relevant class of Product.

Introduced 11/03/04 Origin ASX 2.1A.6(b), 7.2.1A.3, ASXF 6.3.1 Amended 09/12/04 28/11/05

5.5 TERMINATION OF CLEARING ARRANGEMENTS

5.5.1 Trading Participant to give notice

Subject to Rule 5.5.2, if a Trading Participant intends to terminate its Clearing Agreement with any of its Clearing Participants, the Trading Participant must notify ASX, the relevant Approved Clearing Facility and its Clearing Participants in writing of the time and date when this will occur.

Introduced 11/03/04 Origin ASX 2.1A.5(1), 7.2.1B.1, ASXF 6.4.1 Amended 09/12/04

5.5.2 Short notice of termination

Where the date notified under Rule 5.5.1 is less than one Trading Day from the date of notification, the termination of the Clearing Agreement is not effective until ASX suspends the Trading Permission of the Trading Participant in whole or part in the relevant class of Product and removes the relevant orders of the Trading Participant from the relevant Trading Platform, unless the Trading Participant by the time and date notified:

- (a) is or has become a Clearing Participant responsible for clearing its Market Transactions; or

- (b) entered into a Clearing Agreement or Agreements with another Clearing Participant or Clearing Participants, which comply with Rule 5.3.1, has given a copy of those agreements to ASX and ASX has not objected to those other Clearing Participants being the Trading Participant's Clearing Participant for that class of Product.

Introduced 11/03/04 Origin ASX 2.1A.5(3), 7.2.1B.3, ASXF 6.4.3 Amended 09/12/04, 19/08/09

5.5.3 Effect of termination

Subject to Rule 5.5.2, the Trading Permission of a Trading Participant to enter into Market Transactions in the relevant class of Product is automatically suspended in whole or in part from the time and date notified under Rule 5.5.1 unless the Trading Participant:

- (a) is or has become a Clearing Participant; or
- (b) entered into a Clearing Agreement or Agreements with another Clearing Participant or Clearing Participants which comply with Rule 5.3.1, has given a copy of that agreement to ASX and ASX has not objected to those other Clearing Participants being the Trading Participant's Clearing Participant for that class of Product.

Introduced 11/03/04 Origin ASX 2.1A.5(4), 7.2.1B.4, ASXF 6.4.4 Amended 09/12/04, 19/08/09

5.6 PRINCIPAL TRADERS – NOMINATING TRADING PARTICIPANT ARRANGEMENTS – DERIVATIVES MARKET CONTRACTS ONLY

5.6.1 Application

This Rule 5.6 applies to a Market Participant which is a Principal Trader in respect of a class of Derivatives Market Contract. For the purpose of this Rule 5.6:

"relevant Derivatives Market Contract" means a class of Derivatives Market Contract for which the Trading Participant has Trading Permission;

"relevant Derivatives Market Transaction" means a Derivatives Market Transaction.

A Market Participant may have an arrangement with a Nominating Trading Participant under this Rule 5.6 in respect of Derivatives Market Contracts for which it is Principal Trader and also have third party arrangements with Clearing Participants in respect of other Products for which it is not a Principal Trader.

Introduced 11/03/04 Amended 09/12/04, 28/11/05, 19/08/09

5.6.2 Principal Trader may clear Derivatives Market Contracts through a Nominating Trading Participant

Unless a Principal Trader is a Market Maker, the Principal Trader is not required to have a Clearing Agreement in respect of relevant Derivatives Market Contracts in place with a Clearing Participant if the Principal Trader has entered into a binding agreement (the "Nominating Trading Participant Agreement") with a Trading Participant (the "Nominating Trading Participant") on terms acceptable to ASX, under which the

Nominating Trading Participant is deemed to have entered into each relevant Derivatives Market Contract entered into by the Principal Trader.

Without limiting ASX's discretion under this Rule, the Nominating Trading Participant Agreement must include:

- (a) the minimum terms required for a Client Agreement under Section 7; and
- (b) an acknowledgment by the Nominating Trading Participant that it is deemed to have entered into any Derivative Market Contract entered into by the Principal Trader.

Introduced 11/03/04 Origin ASXF 6.5.1 Amended 28/11/05

5.6.3 Clearing Obligations under Nominating Trading Participant arrangement

Rule 5.6.2 has the effect that where the Nominating Trading Participant is not a Clearing Participant, the Relevant Clearing Participant of the Nominating Trading Participant has, under Rule 5.2.2, the Clearing Obligations in respect of a relevant Derivatives Market Contract entered into by the Principal Trader.

Introduced 11/03/04. Origin ASXF 6.5.2. Amended 09/12/04 28/11/05

5.6.4 Obligation to provide agreement and notify ASX of amendments

The Principal Trader must give ASX a copy of the Nominating Trading Participant Agreement. A Principal Trader and its Nominating Trading Participant must jointly notify ASX in writing of any amendments to their Nominating Trading Participant Agreement at least 10 Business Days before the amendment becomes effective. The Principal Trader and its Nominating Trading Participant agree to make (or refrain from making) any amendments to the terms of their Nominating Trading Participant Agreement which ASX may reasonably direct.

Introduced 11/03/04. Origin ASXF 6.5.3

5.6.5 ASX may suspend Principal Trader

If ASX or an Approved Clearing Facility takes action against a Principal Trader's Nominating Trading Participant or the Nominating Trading Participant's Relevant Clearing Participant which prevents or restricts relevant Derivatives Market Contracts entered into by the Principal Trader from being assumed by the Nominating Trading Participant or cleared by the Nominating Trading Participant's Relevant Clearing Participant, ASX may suspend the Principal Trader or its Trading Permission and remove all orders of the Principal Trader from a Trading Platform or take other action ASX considers appropriate until the matter has been resolved or alternative arrangements in accordance with these Rules have been implemented.

Introduced 11/03/04 Origin ASXF 6.5.4 Amended 09/12/04 28/11/05

5.6.6 Effect on obligations of Nominating Trading Participant and its Clearing Participant

If a Principal Trader, or its Trading Permission, is suspended under these Rules (whether or not that suspension is the result of a suspension of, or restriction imposed on, the Principal Trader's Nominating Trading Participant or that Nominating Trading Participant's Relevant Clearing Participant), that Nominating Trading Participant and its

Clearing Participant continue to be responsible for all relevant Derivatives Market Transactions of the Principal Trader entered into before the Principal Trader, or its Trading Permission, was suspended and before the removal of all orders of the Principal Trader from a Trading Platform.

Introduced 11/03/04 Origin ASXF 6.5.5 Amended 09/12/04 28/11/05

5.6.7 Principal Trader to give notice

Subject to Rule 5.6.9, if a Principal Trader intends to terminate its Nominating Trading Participant Agreement with its Nominating Trading Participant, the Principal Trader must notify ASX, and the Nominating Trading Participant, in writing of the time and date when this will occur.

Introduced 11/03/04 Origin ASXF 6.5.6 Amended 19/08/09

5.6.8 Nominating Trading Participant to give notice

Subject to Rule 5.6.9, if a Nominating Trading Participant intends to terminate its Nominating Trading Participant Agreement with a Principal Trader, the Nominating Trading Participant must notify ASX and the Principal Trader in writing of the time and date when this will occur.

Introduced 11/03/04 Origin ASXF 6.5.7

5.6.9 Short notice of termination

Where the date notified under Rule 5.6.7 or 5.6.8 (as applicable) is less than one Trading Day from the date of notification, the termination of the Nominating Trading Participant Agreement is not effective until ASX suspends the Principal Trader or its Trading Permission and removes all orders of the Principal Trader from a Trading Platform, unless the Principal Trader has by the time and date notified:

- (a) entered into a Nominating Trading Participant Agreement with another Trading Participant, which complies with Rule 5.6.2;
- (b) entered into a Clearing Agreement with a Clearing Participant which complies with Rule 5.3,

and, in each case, the Principal Trader has given a copy of the relevant Nominating Trading Participant Agreement or Clearing Agreement to ASX and ASX has not objected to that other Nominating Trading Participant or Clearing Participant (as applicable) performing that role.

Introduced 11/03/04 Origin ASXF 6.5.8 Amended 28/11/05

5.6.10 Effect of termination

Subject to Rule 5.6.9, the Trading Permission of the Principal Trader to enter into relevant Derivatives Market Transactions is automatically suspended from the time and date notified under Rule 5.6.7 or 5.6.8 (as applicable) unless the Principal Trader has entered into alternative arrangements of the kind described in Rule 5.6.9.

Introduced 11/03/04 Origin ASXF 6.5.9 Amended 28/11/05

5.6.11 Effect on obligations of Nominating Trading Participant

If a Principal Trader ceases to have an arrangement of the kind described in Rule 5.6.9, the outgoing Nominating Trading Participant remains responsible for all relevant Derivatives Market Transactions of the Principal Trader which take place before:

- (a) (if Rule 5.6.9 applies) the suspension of the Principal Trader or its Trading Permission and the removal of all orders of the Principal Trader from a Trading Platform; or
- (b) in any other case, the date and time notified under Rules 5.6.8 or 5.6.9 (as applicable).

Introduced 11/03/04 Origin ASXF 6.5.10 Amended 28/11/05

5.6.12 Compliance with Nominating Trading Participant Agreement

A Principal Trader must comply with all its obligations under any Nominating Trading Participant Agreement to which it is party.

Introduced 11/03/04

5.7 SETTLEMENT ARRANGEMENTS FOR CASH MARKET TRANSACTIONS

5.7.1 Application

This Rule applies to Cash Market Transactions.

Introduced 11/03/04 Amended 28/11/05

5.7.2 General settlement arrangements

The Relevant Clearing Participant referred to in Rule 5.2.1 must have arrangements in place for the settlement (either itself or through its Settlement Participant) of all Cash Market Transactions for which the Trading Participant has Trading Permission, whether or not those Cash Market Transactions are novated to an Approved Clearing Facility.

Introduced 11/03/04 Amended 09/12/04 28/11/05

5.7.3 Time for settlement

Trading Participants must ensure that each Cash Market Transaction to which they are a party is settled on the third Business Day following the date that the transaction was created on or reported to the Market, unless:

- (a) the Trading Participants agree to a later date for settlement which is no more than 30 days after the Cash Market Transaction (in which case, the Cash Market Transaction must be settled on the agreed date);
- (b) the Cash Market Transaction is a Forward Delivery Transaction (in which case, the Cash Market Transaction must be settled on the agreed forward date); or
- (c) ASX classifies the Cash Market Transaction as "deferred delivery" or "deferred settlement" (in which case, the Cash Market Transaction must be settled on the day specified by ASX).

Introduced 11/03/04 Origin ASX 4.33(1), (2) Amended 28/11/05

5.7.4 Ex Periods for trading before Record Date in respect of corporate action

Where, in accordance with the Listing Rules, the Issuer of a Cash Market Product notifies ASX of a Record Date in relation to a corporate action such as:

- (a) an entitlement to dividends, interest or capital returns; or
- (b) a bonus issues, rights issues, priorities and other entitlements,

(each an "Entitlement")

ASX will quote the Cash Market Product on an "ex" basis on the day (referred to as the "ex date") which is 4 Business Days before the Record Date, unless ASX determines a different date as the ex date and notifies that date to Market Participants.

A person who enters into a Cash Market Transaction as Buyer during the period from the ex date to and including the Record Date will not be entitled to the Entitlement on settlement of the Cash Market Transaction even if that person is recorded on the register of the Issuer as the holder of the Cash Market Product before the Record Date. ASX may permit Market Participants to enter into Cash Market Transactions on a "cum" basis during the period from the ex date to and including the Record Date in accordance with Rule 16.7.2.

Introduced 11/03/04 Amended 28/11/05, 19/08/09

5.7.5 Settlement of Non-CS Approved Products

Settlement of Non-CS Approved Products will occur in accordance with Schedule 8.

Introduced 11/03/04

5.8 CHOOSING AN ALTERNATIVE CLEARING FACILITY

5.8.1 With the consent of ASX

A Trading Participant may, with the consent of ASX, arrange for the clearing and or settlement of transactions through an Alternative Clearing Facility.

Introduced 11/03/04 Origin ASX 7.7.7

5.9 CORNERS

5.9.1 Postponement of deliveries

When, in the opinion of ASX, a person or two or more persons acting in concert have acquired such control of a Quoted Product that the Quoted Product cannot be obtained for delivery on existing contracts except at prices or on terms arbitrarily dictated by such persons which are unfair, harsh, or unconscionable, ASX may:

- (a) for the purpose of enabling equitable settlement to be effected on these contracts, postpone (or from time to time further postpone) the times for deliveries on contracts for any such Quoted Product; and

- (b) at any time declare that if such Quoted Product is not delivered on any contract requiring delivery on or before the time to which delivery has been postponed such contract will be settled by payment to the party entitled to receive such Quoted Product or by the credit to such party of a fair settlement price determined under Rule 5.9.2.

Introduced 11/03/04 Origin ASXBR 3.9(1)

5.9.2 Establishment of a fair settlement price

If the parties to any such contract do not agree on a fair settlement price and set a date for payment they will be deemed to have agreed to submit the differences or matter in dispute to arbitration by a special committee comprising three persons appointed by ASX for that purpose, and to be bound by the decision of the special committee.

The special committee will make an award on the difference or matters in dispute in accordance with the provisions of the Commercial Arbitration Act 1984 (NSW).

Introduced 11/03/04 Origin ASXBR 3.9(2) Amended 19/08/09

5.9.3 Appointment of a special committee

Either party to any contract upon which delivery has been postponed under this Rule may require ASX at any time to appoint a special committee under this Rule.

Introduced 11/03/04 Origin ASXBR 3.9(3)

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