

SECTION 6 CAPITAL REQUIREMENTS

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SECTION 6 CAPITAL REQUIREMENTS

Section 6 sets out minimum capital requirements that must be met by Market Participants. However, these requirements do not apply if the Market Participant operates solely as a Principal Trader or if the Market Participant is a Clearing Participant complying with the capital requirements under the Clearing Rules.

All other Market Participants are generally required to comply with the Risk Based Capital Requirements of Schedule 1A. However, a Market Participant with Trading Permission for Futures Market Transactions only may elect to comply with the NTA Requirements of Schedule 1B, or ASX may, under Rule 6.3, exempt such a Market Participant from the capital requirements if the conditions of that Rule are satisfied.

6.1 GENERAL REQUIREMENT

6.1.1 Requirement

A Market Participant must at all times comply with the Risk Based Capital Requirements, unless:

- (a) the Market Participant is only a Principal Trader;
- (b) the Market Participant has elected to comply with the NTA Requirements under Rule 6.2; or
- (c) the Market Participant is a Clearing Participant of an Approved Clearing Facility and complies with the capital requirements under the Clearing Rules;
- (d) ASX exempts the Market Participant from the Capital Requirements under Rule 6.3.

Note The Risk Based Capital Requirements are contained in Schedule 1A and the NTA Requirements are contained in Schedule 1B.

Introduced 11/03/04 Origin ASXF 5.2

6.2 PARTICIPANTS WITHOUT TRADING PERMISSION IN PRODUCTS OTHER THAN FUTURES

6.2.1 Certain Market Participants may choose regime

Unless Rule 6.3 applies, a Market Participant with Trading Permission for Futures Market Transactions only must elect to comply with either the Risk Based Capital Requirements or the NTA Requirements. That election must be made in any application for Trading Permission and may only be changed in accordance with Rule 6.2.3. A Market Participant must at all times comply with the Capital Requirements with which it has elected to comply.

Note The NTA Requirements are contained in Schedule 1B.

Introduced 11/03/04 Origin ASXF 5.1.1 Amended 28/11/05

6.2.2 Change of Capital Requirements

A Market Participant with Trading Permission for Futures Market Transactions only and to which the NTA Requirements or the Risk Based Capital Requirements applies is not entitled to change to the other requirements without the prior written consent of ASX.

Introduced 11/03/04 Origin ASXF 5.1.2 Amended 28/11/05

6.2.3 Expansion of trading business beyond Futures Market Transactions

A Trading Participant which is entitled to comply with the NTA Requirements under this Rule 6.2 must comply with the Risk Based Capital Requirements if it is granted Trading Permission for Products other than Futures Market Transactions (unless the Trading Participant is only a Principal Trader in respect of the other Products).

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

6.3 OTHER REGIMES OF PRUDENTIAL SUPERVISION

6.3.1 ASX may recognise other prudential supervision regimes

ASX may, if requested in writing, exempt a Market Participant with Trading Permission for Futures Market Transactions only from the requirement to comply with the Capital Requirements under Rule 6.1 or Rule 6.2 if the Market Participant can satisfy ASX that the Market Participant is subject to an appropriate level of prudential supervision (the "Other Capital Regime").

Introduced 11/03/04 Origin ASXF 5.3.1 Amended 28/11/05

6.3.2 ASX may impose conditions

ASX may impose conditions on the Market Participant in connection with any exemption under Rule 6.3.1 including, without limitation, a condition to the effect that the exemption will only apply for as long as there is an arrangement in place between ASX and the regulator responsible for the Other Capital Regime governing access to, and the exchange of information relating to compliance and non-compliance with the Other Capital Regime.

Introduced 11/03/04 Origin ASXF 5.3.2

6.3.3 Provision of information

A Market Participant which relies on an exemption under Rule 6.3.1 must provide to ASX all documentation and information relating to compliance (or non-compliance) by the Market Participant with the Other Capital Regime which ASX requests. The documentation and information must be provided by the time and in the manner and form specified by ASX.

Introduced 11/03/04 Origin ASXF 5.3.3

6.3.4 Exchange of information between other regulator and ASX

If a Market Participant relies on an exemption under Rule 6.3.1, the Market Participant acknowledges that the regulator responsible for the Other Capital Regime and ASX may provide any documents or other information in relation to the Market Participant's capital position to the other and to any Related Body Corporate.

Introduced 11/03/04 Origin ASXF 5.3.4

6.3.5 Costs of obtaining and translating information

Where documentation or information is provided or made available by or on behalf of a Market Participant or the other regulator under Rules 6.3.3 or 6.3.4 in a language other than English or in a form which is not readily accessible by ASX, the Market Participant indemnifies ASX against any costs and expenses ASX incurs in connection with translating that documentation or information into English and obtaining access to that documentation or information.

Introduced 11/03/04 Origin ASXF 5.3.5

6.3.6 Obligation to comply with Other Capital Regime

A Market Participant which relies on an exemption under Rule 6.3.1 must at all times comply with the Other Capital Regime and any condition imposed by ASX under Rule 6.3.2. If a Market Participant ceases to be subject to the Other Capital Regime, it must notify ASX in writing immediately and must specify in the notice whether it elects to comply with the Risk Based Capital Requirements or the NTA Requirements and immediately comply with those requirements.

Introduced 11/03/04 Origin ASXF 5.3.6

6.3.7 Obligation to report non-compliance with Other Capital Regime

A Market Participant which relies on an exemption under Rule 6.3.1 must notify ASX in writing immediately of any failure by the Market Participant to comply with the Other Capital Regime or any condition imposed by ASX under Rule 6.3.2.

Introduced 11/03/04 Origin ASXF 5.3.7