



Register of ASX Operating Warrant and AQUA Rule Waivers

16 to 31 October 2018

The purpose of this register is to record when ASX has exercised its discretion and granted a waiver from the ASX Operating Warrant and AQUA 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:
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Rule Number	10A.3.3(c)(iii)
Date	31/10/2018
Warrant or AQUA Product Issuer	BETASHARES LEGG MASON AUSTRALIAN BOND FUND
Waiver Number	WWI180003-001
Decision	<p>1. Based solely on the information provided, ASX Compliance Pty Ltd grants BetaShares Capital Limited (the "Issuer") a waiver from Rule 10A.3.3(c)(iii) to the extent necessary to permit the Issuer to allow the BetaShares Legg Mason Australian Bond Fund (Managed Fund) (ASX:BNDS) (the "Fund") to have its capital value or distributions linked to debentures or bonds issued by a related body corporate of an entity which is admitted to listing on an exchange which is a member of the World Federation of Exchanges ("WFE") or Federation of European Securities Exchanges ("FESE"), where the related body corporate's obligations under the debentures or bonds are fully guaranteed by the entity which is admitted to listing on an exchange which is a member of the WFE or FESE.</p>
Basis For Decision	<p>Underlying Policy</p> <p>1. AQUA Products admitted to Trading Status require the capital value or distributions to be linked to Underlying Instruments which are subject to a regulatory framework which supports the principles of the AQUA Rules and have a robust and transparent pricing mechanism. Such requirements ensure the admission of quality AQUA Products, protects investors' interests and maintains the integrity of the AQUA Product market.</p> <p>2. Rule 10A.3.3.(c)(iii) requires the capital value or distribution of the Financial Product (the point of reference for determining the value of the AQUA Product) to be linked to Underlying Instruments which are debentures or bonds which are issued by a government or by an entity of a type specified in the Procedures and in respect of which ASX is satisfied that Relevant Authorised Participants and AQUA Market Makers have sufficient information available in a timely manner to enable them to reliably determine prices at which the debentures or bonds are bought or sold.</p> <p>3. For the purposes of Rule 10A.3.3(c)(iii), the following types of entities are specified in the Procedures:</p> <p>3.1. an entity which is admitted to listing on or which has a class of its securities (as defined in Section 92 of the Corporations Act) quoted on an exchange which is a member of the WFE or FESE;</p> <p>3.2. a semi-government entity;</p> <p>3.3. an entity which is prudentially regulated by the Australian Prudential Regulation Authority (APRA), or for a foreign entity, by the equivalent regulator in its home jurisdiction.</p> <p>Present Application</p> <p>The Issuer is seeking to issue a new AQUA Product. The Fund seeks to provide exposure to an actively managed portfolio of ASX listed and unlisted fixed income securities and cash. The Fund will also invest in debentures and bonds issued by a related body corporate of entities admitted to listing on an exchange which is a member of the WFE or FESE.</p> <p>The waiver is proposed to be granted where the debenture or bond issued by a related body corporate is fully guaranteed by an entity which is admitted to listing on an exchange which is a member of</p>

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the WFE or FESE. This arrangement satisfies the underlying purpose of Procedure 10A.3.3(c)(iii), whereby a robust and transparent price discovery mechanism of the underlying assets exists, while having regard to the factors which underlie the prescription of certain permitted types of bond or debenture issuers in the Rules. Permitted bond or debenture issuers are so prescribed to ensure that the bond or debenture issuer is subject to a regulatory framework which supports the principles of the AQUA Rules. Where the relevant listed related body corporate fully guarantees the obligations of the bond or debenture issuer, the related body corporate is ultimately responsible to perform the obligations of the bond or debenture as if it was the issuer. This waiver does nothing to limit the operation of the second limb of the Rule, being that Relevant Authorised Participants and AQUA Market Makers must have sufficient information available in a timely manner to enable them to reliably determine prices at which the debentures or bonds are bought or sold. Relevant Authorised Participants and AQUA Market Makers will have access to live prices for the unlisted bonds that the Fund may invest in by way of financial data providers such as Bloomberg, Yieldbroker, IDC and Reuters.