

ASX OTC Rulebook

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4 REGISTRATION

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4.10 Trade amendment and cancellation

An OTC Open Contract may only be varied by OTC Participants by netting the OTC Open Contract in accordance with OTC Rule 4.15 (Netting of OTC Open Contracts) and, where applicable, submission of a new OTC Transaction for registration in accordance with OTC Rule 4.3 (Submission of OTC Transactions).

An OTC Open Contract may only be cancelled by OTC Participants by netting the OTC Open Contract in full in accordance with OTC Rule 4.15 (Netting of OTC Open Contracts).

ASX Clear (Futures) may cancel, amend or create an OTC Open Contract by effecting a Multilateral Compression in accordance with OTC Rule 4.14 (Multilateral Compression).

Amended 11/02/14, 07/04/14

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4.14 ~~Multilateral~~ **OTC Portfolio Compression**

~~If the requirements for portfolio compression set out in the OTC Handbook are met, then ASX Clear (Futures) may facilitate a portfolio compression cycle with respect to an OTC Transaction Type in accordance with the procedures set out in the OTC Handbook.~~

ASX Clear (Futures) may, from time to time in its absolute discretion, facilitate a Multilateral Compression Cycle with respect to OTC Open Contracts of an OTC Transaction Type and currency. A Multilateral Compression Cycle may include OTC Open Contracts that are held in a House Clearing Account or a Client Clearing Account.

A Multilateral Compression Cycle is coordinated by an Approved Compression Service Provider and carried out in accordance with the Compression Documentation and procedures set out in the OTC Handbook. To participate in a Multilateral Compression Cycle, an OTC Participant must satisfy the conditions set out in the OTC Handbook.

ASX Clear (Futures) will satisfy itself that a compression service provider is suitable before approving it as an Approved Compression Service Provider. ASX Clear (Futures) makes no warranty (and accepts no liability) as to the effectiveness or performance or any other aspect or matter in connection with an Approved Compression Service Provider.

Each participating OTC Participant, and each of its OTC Affiliates and CPM Clients (as applicable) that is or will become a party to OTC Open Contracts comprised in an Unwind Proposal ('Relevant Parties'), will be bound irrevocably by:

- (a) acceptance of the Unwind Proposal that is communicated to ASX Clear (Futures) by the participating OTC Participant directly or the Approved Compression Service Provider in respect of the participating OTC Participant; and
- (b) the termination, amendment and creation of OTC Open Contracts effected by ASX Clear (Futures) as part of the Multilateral Compression.

By participating in a Multilateral Compression Cycle, an OTC Participant represents and warrants to ASX Clear (Futures) that it is duly authorised by each of the Relevant Parties to do so. However, any lack of authority will not invalidate the acts or matters referred to in paragraph 4.14(a) or (b) above.

ASX Clear (Futures) is entitled to rely and act upon the acceptance of an Unwind Proposal and any other information communicated to ASX Clear (Futures) by an Approved Compression Service Provider without making any verification or investigation.

ASX Clear (Futures) will effect a Multilateral Compression when it is satisfied that all conditions for proceeding set out in the Compression Documentation and OTC Handbook are met, and such Multilateral Compression will take legal effect on and from the Unwind Date in accordance with the Procedures.

ASX Clear (Futures) will notify participating OTC Participants once a Multilateral Compression has been effected. OTC Participants are responsible for providing notification to their OTC Affiliates and CPM Clients (as applicable).

In this Rule 4.14:

Approved Compression Service Provider means a third party compression service provider approved by ASX Clear (Futures) and specified in the OTC Handbook.

Compression Documentation means such agreements and documents as may be required from time to time by ASX Clear (Futures) and an Approved Compression Service Provider in order to allow an OTC Participant to participate in a Multilateral Compression Cycle.

Multilateral Compression means the exercise in which ASX Clear (Futures), in accordance with an Unwind Proposal, terminates OTC Open Contracts nominated for inclusion in a Multilateral Compression Cycle and, where relevant, simultaneously amends the terms of or creates new OTC Open Contracts having a combined notional value which is less than that of the terminated OTC Open Contracts in the House Clearing Accounts or Client Clearing Accounts (as applicable) of the OTC Participants participating in that Multilateral Compression Cycle.

Multilateral Compression Cycle means the process leading to a Multilateral Compression in accordance with an Unwind Proposal.

Unwind Date means the date by which the Unwind Proposal must be accepted by ASX Clear (Futures) and all relevant parties as specified in the Compression Documentation.

Unwind Proposal means, in relation to a Multilateral Compression Cycle, the final statement of the proposed set of terminating OTC Open Contracts and the proposed set of resulting OTC Open Contracts.

Amended 11/02/14, 07/04/14

ASX OTC HANDBOOK

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1.4A Approved Compression Service Provider

ASX Clear (Futures) will notify OTC Participants when it approves an Approved Compression Service Provider.

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4 REGISTRATION

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4.14 Multilateral OTC Portfolio Compression

~~For each proposed portfolio compression cycle with respect to an OTC Transaction Type, not less than two months prior to the scheduled execution date of such compression cycle, ASX Clear (Futures) will request:~~

- ~~(a) the consent in writing of all OTC Participants; and~~
- ~~(b) that each OTC Participant nominate which Accounts (including any Client Sub-Accounts) (if any) they would like to be included in the portfolio compression cycle.~~

~~If:~~

- ~~(c) more than 50% of the OTC Participants confirm in writing confirming they consent to ASX Clear (Futures) facilitating a portfolio compression cycle; and~~
- ~~(d) the selected portfolio compression service provider for such OTC Transaction Type can facilitate the portfolio compression requirements.~~

~~ASX Clear (Futures) may, in its discretion, facilitate a portfolio compression cycle with respect to the relevant OTC Transaction Type, provided that only the Accounts nominated by each OTC Participant may be included in that portfolio compression cycle.~~

~~The proceedings for any compression cycle will be notified by ASX Clear (Futures), following consultation with OTC Participants.~~

Conditions to participation in a Multilateral Compression Cycle

An OTC Participant may participate in a Multilateral Compression Cycle if the OTC Participant:

- (a) is a party to and in compliance with the Compression Documentation up to and including the time at which ASX Clear (Futures) effects the Multilateral Compression;
- (b) is not in Default; and
- (c) is authorised as an OTC Participant in respect of the relevant OTC Transaction Type.

Multilateral Compression Cycle

(A) Initiating a Multilateral Compression Cycle

OTC Participants that are eligible to participate in the Multilateral Compression Cycle will be notified of the timing and procedure for the Multilateral Compression

Cycle including, but not limited to, the process for nominating OTC Open Contracts for inclusion in the Multilateral Compression Cycle.

In relation to each Multilateral Compression Cycle, ASX Clear (Futures) will instruct the Approved Compression Service Provider in accordance with the Compression Documentation to:

- (a) generate an Unwind Proposal in accordance with the Compression Documentation; and
- (b) communicate the Unwind Proposal to each participating OTC Participant for acceptance in the manner set out in the Compression Documentation.

OTC Open Contracts that are held in:

- (a) a participating OTC Participant's House Clearing Account; or
- (b) an Individual Sub-Account within the participating OTC Participant's Client Clearing Account.

may be nominated for inclusion in a Multilateral Compression Cycle, as notified by ASX Clear (Futures) in relation to the cycle.

ASX Clear (Futures) reserves the right to determine in its sole discretion whether OTC Open Contracts nominated for inclusion in a Multilateral Compression Cycle may be included.

ASX Clear (Futures) may disclose details of a participating OTC Participant's House Clearing Account and Client Clearing Account (as applicable) to the Approved Compression Service Provider in order to facilitate the Multilateral Compression Cycle.

(B) Accepting an Unwind Proposal

Acceptance of an Unwind Proposal must be communicated in accordance with the Compression Documentation and such acceptance is irrevocable. Acceptance of the Unwind Proposal by all relevant parties as specified in the Compression Documentation is required before a Multilateral Compression Cycle can be effected.

Prior to effecting a Multilateral Compression, ASX Clear (Futures) may require an OTC Participant to provide additional OTC Initial Margin.

The acceptance of the Unwind Proposal by all relevant parties as specified in the Compression Documentation will not bind or require ASX Clear (Futures) to proceed with a Multilateral Compression. Prior to effecting a Multilateral Compression, ASX Clear (Futures) may in its sole discretion decide to reject the Unwind Proposal or to end the Multilateral Compression Cycle. In particular, but without limiting ASX Clear (Futures)' discretion, ASX Clear (Futures) may reject an Unwind Proposal if:

- (a) a participating OTC Participant is not eligible to participate in the relevant Multilateral Compression Cycle at or prior to the time at which ASX Clear (Futures) proposes to effect the Multilateral Compression; or
- (b) a participating OTC Participant does not provide the additional OTC Initial Margin required by ASX Clear (Futures).

(C) Effecting a Multilateral Compression

If an Unwind Proposal is accepted by ASX Clear (Futures) and all relevant parties as specified in the Compression Documentation, the resulting Multilateral Compression will take legal effect on the Unwind Date from the time notified to OTC Participants by ASX Clear (Futures) on the Unwind Date, such time to be no later than 4.00pm (Sydney time) on the Unwind Date.

Amended 11/02/14, 07/04/14