

ASX Clear (Futures) Operating Rules

...

PART 4 ACCOUNTS AND DAILY SETTLEMENT

...

49A Absolute transfer of securities, collateral and other property

All securities, collateral or other property deposited with ASX Clear (Futures) by a Clearing Participant by way of Initial Margin, Extra Margin or otherwise (whether or not arising from obligations under the Rules) is transferred to ASX Clear (Futures). All such transfers are absolute transfers of all right, title and interest in the securities, collateral or other property to ASX Clear (Futures) except to the extent that Part 11 (Security Interest provisions) of the Future Rules applies. No Clearing Participant, nor any OTC Affiliate or CPM Client has any proprietary right or proprietary interest in the securities, collateral or other property absolutely transferred. ASX Clear (Futures) only has the obligation to transfer equivalent securities, collateral or other property in accordance with these Rules and not the same property.

49B Cash deposits represent property of ASX Clear (Futures)

All cash deposited with ASX Clear (Futures) by a Clearing Participant by way of Initial Margin, Intra-Day Margin, Extra Margin, Commitment or otherwise (whether or not arising from obligations under the Rules) is the absolute legal and beneficial property of ASX Clear (Futures) and, subject to the Client Protection Model Provisions, represents a debt equal to the credit balance of the Clearing Participant's House Clearing Account or Client Clearing Account (as applicable). No Clearing Participant nor any OTC Affiliate or CPM Client has a proprietary right or proprietary interest in the cash.

...

PART 7 PROCEDURES ON A DEFAULT

...

72 Powers of ASX Clear (Futures) Upon A Default and Determination of A Loss

- 72.1 Upon a Default by a Clearing Participant ASX Clear (Futures) shall in its absolute discretion have the power to do all or any of the following in any order:
- (a) to Close Out all or any Open Contracts of the Clearing Participant in Default including in its absolute discretion Open Contracts in the Client Clearing Account by Closing Out any opposite positions in any House Clearing Account or Client Clearing Account and/or by buying or selling opposite positions on the Exchanges Markets as if a request to Close Out had been made by the Clearing Participant in Default pursuant to Rule 46 and to appropriate any excess after the application of Rule 47 or 48. Without limitation, a Close Out may occur by the matching of opposite positions which are held in different Accounts or Client Sub-Accounts of the Clearing Participant in Default. The prices attributable to the Close Out of any Open Contracts is to be determined by ASX Clear (Futures) in its discretion provided that the price is fair and equitable as between Open Contracts regardless of the Account in which they were registered and whether they were closed out on- or off-market. Without limitation, if any two Clearing Participants are in default and hold Open Contracts that ASX Clear (Futures) determines to be opposite positions, ASX Clear (Futures) shall in

its absolute discretion have the power to Close Out these Open Contracts by the matching of these opposite positions. The price attributable to the Close Out of such Open Contracts is to be determined by ASX Clear (Futures) in its discretion;

- (b) to sell, realise, apply and set off any monies, securities, collateral or other property deposited with ASX Clear (Futures) by the Clearing Participant in Default by way of Initial Margin, Commitment or otherwise (whether or not arising from obligations under the Rules) and to apply the proceeds towards satisfaction of any amount payable by the Clearing Participant in Default to ASX Clear (Futures) under or in connection with these Rules and the OTC Rules, without being required to give notice to or obtain the consent of the Clearing Participant in Default or any court order, with full power to execute any documents in its own name or as attorney for the Clearing Participant in Default for that purpose, PROVIDED ALWAYS that any monies, securities, collateral or other property deposited with ASX Clear (Futures) with respect to Open Positions designated to a Client Clearing Account or which are subject to a written agreement under Regulation 7.8.02(3) of the Corporations Regulations 2001, or an acknowledgment under Regulation 10 of the Futures Industry (Client Funds) Regulations 1990 of New Zealand, may be used to meet obligations in a Client Clearing Account and shall not be used to meet any obligations in a House Clearing Account;
- (ba) to re-hypothecate any securities, collateral or other property deposited with ASX Clear (Futures) by the Clearing Participant in Default by way of Initial Margin, Extra Margin or otherwise (whether or not arising from obligations under the Rules) for the purpose of managing the Default;
- (c) to apply any surplus in any House Clearing Account of the Clearing Participant in Default to any deficiency on any Client Clearing Account of the Clearing Participant in Default;
- (d) to Transfer pursuant to Rule 74.1 all or any Open Positions designated to a Client Clearing Account of the Clearing Participant in Default to another Clearing Participant with the written authority of such transferee Clearing Participant, together with any Initial Margins which in the opinion of ASX Clear (Futures) are held with respect to such Open Positions;
- (e) to Exercise or Abandon any Option Contract of the Clearing Participant in Default. Any such Exercise or Abandonment shall be deemed to have been effected by the Clearing Participant which is the party to the Option Contract;
- (f) notwithstanding any direction given under Rule 63, to itself give or take delivery of any Commodity;
- (g) to Close Out any remaining Open Contracts of the Clearing Participant in Default in the manner referred to in Rule 72.2;
- (h) terminate Open Contracts of the Clearing Participant in Default at a price determined by ASX Clear (Futures) subject to these Rules;
- (i) to terminate the Clearing Participant in Default's rights and status as a Clearing Participant in accordance with Rule 72.1A;
- (j) to do any thing permitted by the OTC Rules; and
- (k) to do all such other necessary acts and things as are ancillary or incidental to the execution of ASX Clear (Futures)' powers enumerated under these Rules in connection with the Default, provided that, for the avoidance of doubt, in exercising power under paragraphs (a) to (k), ASX Clear (Futures) may not:

- (i) affect the order in which assets are applied under Rule 7.1; or
- (ii) Invoice Back or Force Allocate Open Contracts to another Clearing Participant.

ASX OTC Rulebook

...

5 ACCOUNTS AND MARGIN

5.1 Signpost to related Futures Rules

These OTC Rules relate to matters which are addressed in Part 4 (Accounts and Daily Settlement) of the Futures Rules. Part 4 of the Futures Rules (except Futures Rules 41, 44.5 to 44.7, ~~and~~ 47.2 to 47.4, 49A and 49B) does not apply to OTC Clearing except to the extent set out in this OTC Rule 5.

Amended 11/02/14

...

Schedule 1 – Relationship with Futures Rules

This schedule sets out whether, for each Futures Rule, it is replaced by a specific OTC Rule or is varied or supplemented by a specific OTC Rule, and, if neither, whether it otherwise applies to OTC Clearing, or is not relevant to OTC Clearing.

A Futures Rule	B Replaced by OTC Rule (and Futures Rule does not apply)	C Supplementary OTC Rule (and Futures Rule applies as varied or supplemented)	If not referred to in column B or C:	
			D Futures Rule applies	E Futures Rule not relevant (and does not apply)
1.1		1.3		
...				
<u>49A</u>		<u>5.3</u>		
<u>49B</u>			<u>Applicable</u>	
...				

...