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ASX SETTLEMENT PROCEDURE GUIDELINES



This document is available online in Adobe Portable Document Format (PDF) at:
www.asxonline.com > Participants > Library > Manuals

Context of this Document

The ASX Settlement Procedure Guidelines must be read in the context of the ASX Settlement Operating Rules.

Any terms explicitly defined in the ASX Settlement Operating Rules and used in the ASX Settlement Procedure Guidelines should be interpreted according to the definition given in ASX Settlement Operating Rules. This includes terms such as participant, registry, holder, issuer, subregister, and financial product. Because of the large number of these terms, they have not been capitalised for emphasis in this document.

In the interests of readability and comprehension, where a procedure applies only in the context of securities in a listed company, the specific term security has been used instead of the more generic term financial product.

Change History

Version	Date	Description of changes
2.2	May 2013	New section describing Cash Market Margining (CMM) functionality
3.1	Jan 2016	ASXOnline document merge.
3.2	Mar 2016	T+2 implementation and change in references from C&S Operations to Post Trade Operations

SECTION 30. CASH MARKET MARGINING (CMM)

30.1 CASH MARKET MARGINING OVERVIEW

In the aftermath of the Global Financial Crisis (GFC), there was an increased focus on the importance of systemic risk management. Regulatory and user expectations of central counterparty (CCP) capabilities have increased in response, particularly in relation to the strengthening of CCP risk controls.

In March 2009, the Review of Participation Requirements in Central Counterparties published jointly with the Australian Securities and Investments Commission (ASIC), the RBA highlighted the significance of the GFC and recommended that ASX Clear (previously known as the Australian Clearing House - ACH) “review, particularly in the light of experience from the global financial crisis, whether there is a longer term case for considering other risk controls”.

In response, a project to introduce routine daily margining of Clearing Participants was undertaken by ASX. This margining approach is based on a Historic Simulation Value at Risk (HSVaR). This simulates the potential losses to ASX Clear in the event that the CCP has to close out a defaulting Clearing Participant’s unsettled novated transactions. The result of this project is the introduction of Cash Market Margining.

This section describes CHES procedures (and related CHES messaging) required for Clearing Participants to meet their daily Cash Market Margining obligations with ASX Clear.

30.2 CASH MARKET MARGINING CONCEPTS

Cash Market Margins are calculated based on the Clearing Participant's total unsettled novated cash market transactions. These transactions cover all cash market products: equities, warrants and interest rate securities.

All unsettled novated transactions will be included in Cash Market Margining, including:

- Unsettled obligations resulting from trades executed on approved trading platforms that utilise ASX Clear's Trade Acceptance Service (TAS)
- Deferred basis settlement obligations.
- Accrual settlement obligations (as a result of corporate event diary adjustments).
- Insettled obligations for securities subjected to a trading halt.

The following transactions will not be included in Cash Market Margining:

- Crossed trades executed on ASX Trade and other Approved Market Operator platforms.
- Matched non-novated DvP settlement obligations (this includes IPO/Placements).
- Single entry non-novated DvP settlement obligations.

Under ASX Clear Operating Rule 14.6.1 all Clearing Participants are required to meet their daily cash market margin obligation. Clearing participants' daily margins can be covered with cash and/or approved financial products as non-cash collateral. The margin calculation is managed by ASX Clearing Risk Management. Any calculation queries should be directed to the Exposure Risk Management Team via email: ermteam@asx.com.au.

Clearing Participants can manage their daily margin settlement amount via the use of:

- Lodging or removing excess cash on a daily or at need basis via the Margin Settlement Amount Change Request (MT921) function (refer to section 29.3.2).
- Lodging an excess cash standing instruction to notify ASX Clear of a specified amount to settle to (refer to section 29.4).
- Lodging of non-cash collateral (refer to section 29.5).

Under ASX Clear Operating Rule 14.8 Clearing Participants cannot use their underlying client monies or securities to satisfy their margin obligations.

Cash Market Margins are calculated and cover/payment is required on all Business days, **including CHES non-settlement days**.

30.3 MARGIN SETTLEMENT PROCESSING

30.3.1 Daily Margin Settlement Confirmation

ASX Clear generates Clearing Participant's daily margin obligations and notifies CHESSE during CHESSE End of Day processing. A Margin Settlement Advice message is generated and available for collection by Clearing Participant at CHESSE Start of Day. The Margin Settlement Advice includes all cash balance, collateral and margin components. The Clearing Participant uses this advice to determine their required margin settlement cash flow for that business day.

Where a Clearing Participant has multiple clearing PIDs under the one legal entity name only, only one of their nominated PID's under their control will:

- Receive messages related to CMM.
- Have the ability to lodge non cash collateral on the entities behalf.

Clearing Participants can nominate the CMM PID by liaising with ASX Clearing Risk Management via email: ermteam@asx.com.au.

ASX Clear may call an additional margin in the morning prior to CHESSE Settlement Cut-off. This will be managed outside of CHESSE messaging. Clearing Participants will be contacted directly by ASX Clearing Risk Management. Additional cover will be reflected in the following days Margin Settlement Advice under the Other Margin field.

A Clearing Participants resultant cash balance must always be in credit (credit includes an amount of zero).

Where a Clearing Participant has no Excess Cash Standing Instruction set (section 29.5), and does not change their daily settlement amount (by submitting a margin settlement amount change request), i.e. no action taken to amend settlement amount the following will occur:

- A resultant shortage means the Clearing Participant will be required to pay ASX Clear.
- A resultant excess and no further instruction is sent by the Clearing Participant the cash balance will be carried forward to the next business day and interest will be earned on the excess cash.

30.3.2 Change Margin Settlement Amount

A Clearing Participant may request to change the margin settlement amount for the following reasons:

- To facilitate the lodgement of a lump sum of funds (excess cash) whereby a daily margin with a resultant cash shortage will be covered.
- To have excess funds returned providing the funds are not required for any CMM already calculated.

ASX SETTLEMENT PROCEDURE GUIDELINES

If the Clearing Participant sends a margin settlement amount change request to receive payment from ASX Clear the amount must be entered as a negative value and the funds must be available with ASX Clear. ASX Clear may reject a margin settlement amount change request where:

- The settlement amount results in a settlement amount shortage.
- The settlement amount exceeds the maximum allowed excess cash. The maximum allowed excess cash rejection is to notify the Clearing Participant when they have entered an erroneous amount.
- The message is received after margin settlement cut off (approximately 9.15am*).

The cash settlement for cash market margins will be completed in Austraclear System. All margin obligations must be settled by 10.30am as stipulated under the ASX Clear Operating rules. Clearing Participants can enter their cash trade from Austraclear Start of Day (approximately 7.15am). Please refer to the ASX Clear Operating Rules and Procedures for Austraclear information.

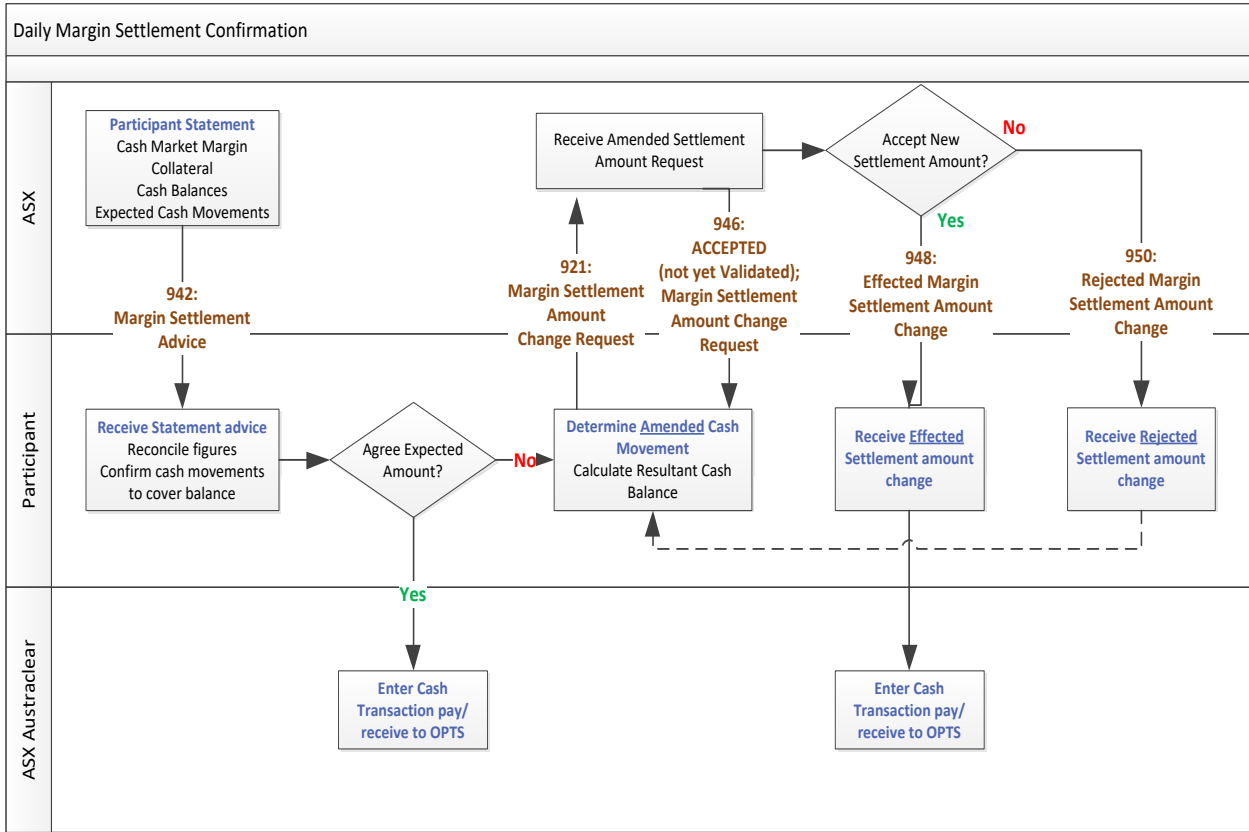
Failure to meet the margin obligation will result in a participant default scenario.

Cash Market Margins must be paid on all business days. This includes CHES non-settlement days.

*The margin settlement cut off time may change where an additional margin is called.

ASX SETTLEMENT PROCEDURE GUIDELINES

Process Flow - Margin Settlement Advice



PROCEDURE

30.3.1.1 ASXCL sends Margin Settlement Notification to CHES.

30.3.1.2 Clearing participants receive Margin Settlement Advice from CHES with notification type of 'E' for EOD.

ASXCL calls additional margin in the morning prior to settlement, or another event causes the margin or collateral numbers to change prior to settlement. ASXCL will manually amend the Margin Settlement Advice and a new Notification will be disseminated to Clearing Participants with notification type "U" for Update.

30.3.1.3 At the same time CHES sends an Effected ASX Clear Transaction to ASXCL.

Where the Clearing Participant agrees with the settlement amount it needs to match and settle the margin obligation via cash trade in Austraclear. Payment to ASXCL must settle by 10.30am, payments to Clearing Participants will be released at around 12 pm Sydney time each day (subject to all of ASX Clear's receipts having settled).

30.3.1.4 If the Clearing Participant submits a change request to the margin settlement amount, the Clearing Participant must calculate a new settlement amount and communicate this to ASXCL by sending a Margin Settlement Amount Change Request to CHES by Margin Settlement Cut off (usually 9.15am).

ASX SETTLEMENT PROCEDURE GUIDELINES

- 30.3.1.5 If the request is valid CHESSE sends an Accepted Margin Settlement Amount Change Request message to the Clearing Participant. If the message is invalid CHESSE sends a rejected transaction message to the Clearing Participant.
- 30.3.1.6 At the same time CHESSE sends a Margin Settlement Amount Change Authorisation Request to ASXCL.
- ASXCL validates the Margin Settlement Amount Change Authorisation Request and determines whether to accept or reject the new settlement amount.
- 30.3.1.7 If the new settlement amount is accepted by ASXCL, ASXCL sends a Margin Settlement Amount Change Authorisation to CHESSE.
- 30.3.1.8 CHESSE sends an Effected Margin Settlement Amount Change to the Clearing Participant to confirm the new settlement amount and the new resultant excess.
- Where the Clearing Participant agrees with the settlement amount it needs to match and settle the margin obligation via a cash trade in Austraclear. Payment to ASXCL must settle by 10.30am, payments to Clearing Participants will be released at around 12.30 pm Sydney time each day (subject to all of ASX Clear's receipts having settled).
- 30.3.1.9 At the same time CHESSE sends an Effected ASX Clear transaction message to ASXCL.
- 30.3.1.10 If the new settlement amount is not accepted by ASXCL, ASXCL sends a Margin Settlement Amount Change Rejection to CHESSE.
- 30.3.1.11 CHESSE sends a Rejected Margin Settlement Amount Change to the Clearing Participant.
- The Clearing Participant will need to identify the rejection reason, and recalculate the cash movement and if further margin settlement amount changes are still required continue the process flow from 30.3.1.4 to advise CHESSE
- 29.3.1.12 At the same time CHESSE sends an effected ASX Clear Transaction to ASXCL.

Message Reference Table

Section	Message Number and Description	Sender	Recipient
30.3.1.1	917 Margin Settlement Notification	ASXCL	CHESSE
30.3.1.2	942 Margin Settlement Advice	CHESSE	Clearing Participant
30.3.1.3	602 Effected ASX Clear Transaction	CHESSE	ASXCL
30.3.1.4	921 Margin Settlement Amount Change Request	Clearing Participant	CHESSE
30.3.1.5	946 Accepted Margin Settlement Amount Change Request	CHESSE	Clearing Participant

ASX SETTLEMENT PROCEDURE GUIDELINES

Section	Message Number and Description	Sender	Recipient
30.3.1.5	518 Rejected Transaction	CHESS	Clearing Participant
30.3.1.6	944 Margin Settlement Amount Change Authorisation Request	CHESS	ASXCL
30.3.1.7	923 Margin Settlement Amount Change Authorisation	ASXCL	CHESS
30.3.1.8	948 Effected Margin Settlement Amount Change	CHESS	Clearing Participant
30.3.1.9	602 Effected ASX Clear Transaction	CHESS	ASXCL
30.3.1.10	925 Margin Settlement Amount Change Rejection	ASXCL	CHESS
30.3.1.11	950 Rejected Margin Settlement Amount Change	CHESS	Clearing Participant
30.3.1.12	602 Effected ASX Clear Transaction	CHESS	ASXCL

30.4 EXCESS CASH STANDING INSTRUCTION PROCESSING

The excess cash standing instruction allows Clearing Participants the option to pay or receive funds to a set resultant value each day. This value can be set to zero. Set values greater than zero will earn interest on excess funds.

30.4.1 Lodgement of Excess Cash Standing Instruction

The Clearing Participant sends an Excess Cash Standing Instruction Request with the nominated Excess Cash Standing Instruction amount. This request can be sent at any time on a valid business day, but will not take effect until the next ASX Clear Settlement Notification calculation (usually as part of the end of day process).

A Clearing Participant can manage the Excess Cash Standing Instruction by setting it to a predetermined amount. It is up to the Clearing Participant to determine if they wish to use this function and how much excess they wish to nominate.

A Clearing Participant may decide to set their Excess Cash Standing Instruction to zero. This will mean that the Clearing Participant will either pay or receive each day depending on their margin obligation, and hold zero excess cash. Note: where no (null) excess cash standing instruction exists a resultant excess settlement amount will be carried forward to the next ASX Clear Settlement Notification Calculation and interest will be earned on this amount.

A Clearing Participant must always pay to zero or be in credit with ASX Clear.

ASX Clear may reject an Excess Cash Standing Instruction where:

A Clearing Participant enters an amount greater than ASX Clear predetermined maximum amount for Excess Cash.

30.4.2 Change or Removal of Excess Cash Standing Instruction

A Clearing Participant has the option to change or remove the Excess Cash Standing Instruction. An effected Excess Cash Standing Instruction becomes valid post calculation of the next Settlement Notification Advice by ASX Clear (usually as part of the end of day process).

Changing the excess cash amount will NOT result in the reissue of the Daily Settlement Notification.

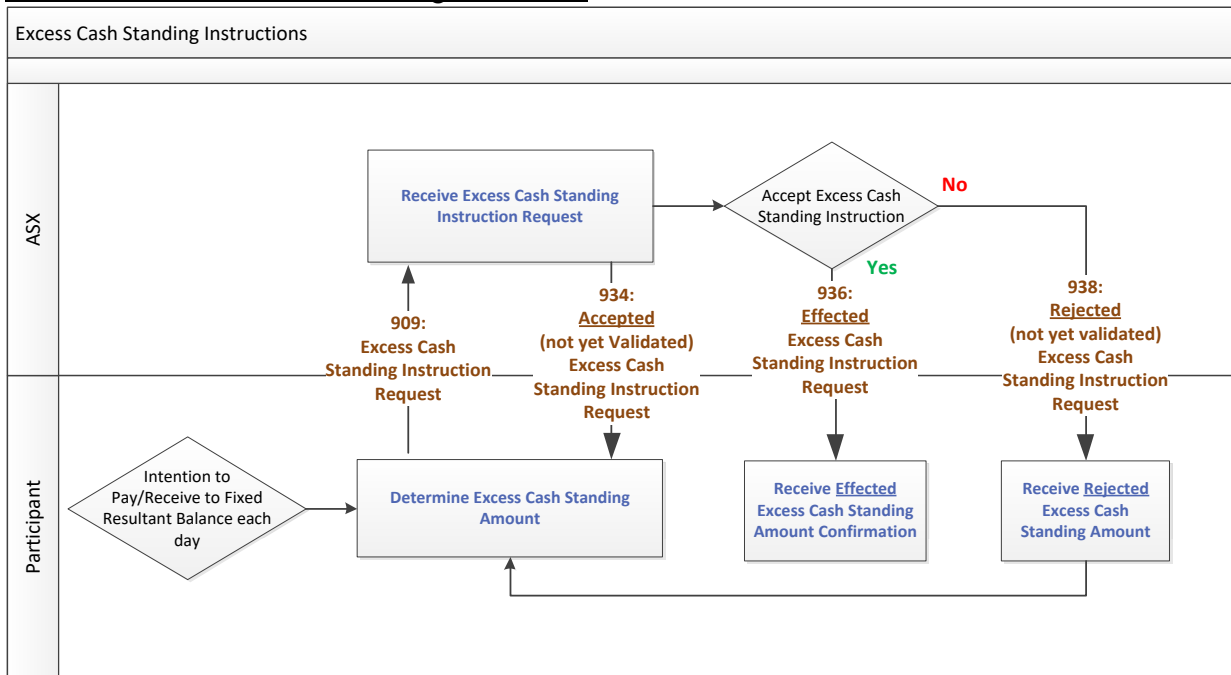
ASX Clear may reject a Change or Removal Excess Cash Standing Instruction if the Clearing Participant has attempted to remove or change a non-existent Excess Cash Standing Instruction.

- The request was received after margin settlement cut-off.
- The Clearing Participant has attempted to change an amount greater than ASX Clear predetermined maximum amount for Excess Cash.

The process flow for lodgement and removal of an excess cash standing is the same and outlined in the following diagram and procedure.

ASX SETTLEMENT PROCEDURE GUIDELINES

Process Flow - Excess Cash Standing Instruction



PROCEDURE

- 30.4.1.1 The Clearing Participant sends Excess Cash Standing Instruction Request to CHES
- 30.4.1.2 CHES validates the request. If the request is valid CHES sends an Accepted Excess Cash Standing Instruction Request to the Clearing Participant to confirm that the request has been received. If the request is invalid CHES sends a rejected transaction to the Clearing Participant.
- 30.4.1.3 At the same time CHES sends an Excess Cash Standing Instruction Authorisation Request to ASXCL
ASXCL validates the Excess Cash Standing Instruction Authorisation Request and will determine whether to accept or reject the request.
- 30.4.1.4 If the request is accepted, ASXCL sends an Excess Cash Standing Instruction Authorisation to CHES.
- 30.4.1.5 CHES sends an Effected Excess Cash Standing Instruction Request to the Clearing Participant to confirm the new standing instruction that will take effect in the next margin run.
- 30.4.1.6 At the same time CHES sends an Effected ASX Clear Transaction to ASXCL
- 30.4.1.7 If the request is not accepted by ASXCL, ASXCL sends an Excess Cash Standing Instruction Rejection to CHES.
- 30.4.1.8 CHES sends a Rejected Excess Cash Standing Instruction Request to the Clearing Participant.

ASX SETTLEMENT PROCEDURE GUIDELINES

The Clearing Participant will need to identify the rejection reason, and if a further Excess Cash Standing Instruction Request is required continue the process flow from 30.4.1.1.

30.4.1.9 At the same time CHESS sends an Effected ASX Clear Transaction to ASXCL

Message Reference Table

Section	Message Number and Description	Sender	Recipient
30.4.1.1	909 Excess Cash Standing Instruction Request	Clearing Participant	CHESS
30.4.1.2	934 Accepted Excess Cash Standing Instruction Request	CHESS	Clearing Participant
30.4.1.2	518 Rejected Transaction	CHESS	Clearing Participant
30.4.1.3	932 Excess Cash Standing Instruction Authorisation Request	CHESS	ASXCL
30.4.1.4	913 Excess Cash Standing Instruction Authorisation	ASXCL	CHESS
30.4.1.5	936 Effected Excess Cash Standing Instruction Request	CHESS	Clearing Participant
30.4.1.6	602 Effected ASX Clear Transaction	CHESS	ASXCL
30.4.1.7	915 Excess Cash Standing Instruction Rejection	ASXCL	CHESS
30.4.1.8	938 Rejected Excess Cash Standing Instruction Request	CHESS	Clearing Participant
30.4.1.9	602 Effected ASX Clear Transaction	CHESS	ASXCL

ASX SETTLEMENT PROCEDURE GUIDELINES

30.4.3 Summary of Excess Cash Standing Instruction

Option	Excess Cash Standing Instruction	Action required for CMM cash Shortage	Action required for CMM cash excess
A	null	CP to pay *	CP no action – cash excess held by ASXCL
B	Set to zero	CP to pay settlement amount – resultant excess cash value is zero	CP to receive settlement amount - resultant excess cash value is zero
C	Greater than zero (e.g. \$1000000.00)	CP to pay settlement amount – resultant excess cash value is \$100000.00.	CP to receive settlement amount - resultant excess cash value is \$1000000.00

* if lump sum of excess cash previously lodged via Margin Settlement Amount Change Request (MT 921) and excess cash covers CMM, no action will be required by CP i.e. CMM shortage will be covered.

30.5 NON-CASH COLLATERAL PROCESSING

The non-cash collateral suite of CHES messages (released within CHES Release 8.o) are not a mandatory requirement. Clearing Participants will need to ensure their system has been technically accredited prior to utilising non-cash collateral as a means of covering their Cash Market Margins.

30.5.1 NON-CASH COLLATERAL CONCEPTS

A Clearing Participant may elect to lodge non-cash collateral using securities from the acceptable collateral list to cover all or part of their margin obligation for the day. The securities used must be beneficially owned by the Clearing Participant and unencumbered.

The following criteria will be validated prior to accepting a lodgement on a HIN:

- The Holder Type of the HIN is Direct.
- The HIN/s are registered with ASX Clear as a nominated HIN/s for Cash Market Margining.
- The security lodged is on the list of Acceptable Collateral for Cash Market Margining (published via ASXOnline).
- There is sufficient unit quantity available for use on the HIN.

These requirements will be monitored by ASX Clear and ASX Compliance.

To nominate HIN/s a Clearing Participant must submit a Cash Market Account HIN form. The form is located in Annexure 2 of the ASX Clear Operating Procedures. A Clearing Participant can elect to have more than one Direct HIN in use for their non-cash collateral margin obligation. Multiple HIN's can be entered on the one form. Once the lodgement is accepted by CHES the non-cash collateral units will be held in a subposition and the value of the securities will be calculated against the cash market margin obligation in the following margin run. A Clearing Participant can identify the CMM subposition type on a HIN as M – Margin Cover. Approved lodgements of non-cash collateral will be included in the EOD margin calculation. The Clearing Participant may elect to remove the non-cash collateral lodged against their cash market margin obligation. The non-cash collateral removal request will be released by ASX Clear after cash settlement the following business day and only once other cash or non cash collateral has been lodged to ensure the Clearing Participant is not exposed to a shortage.

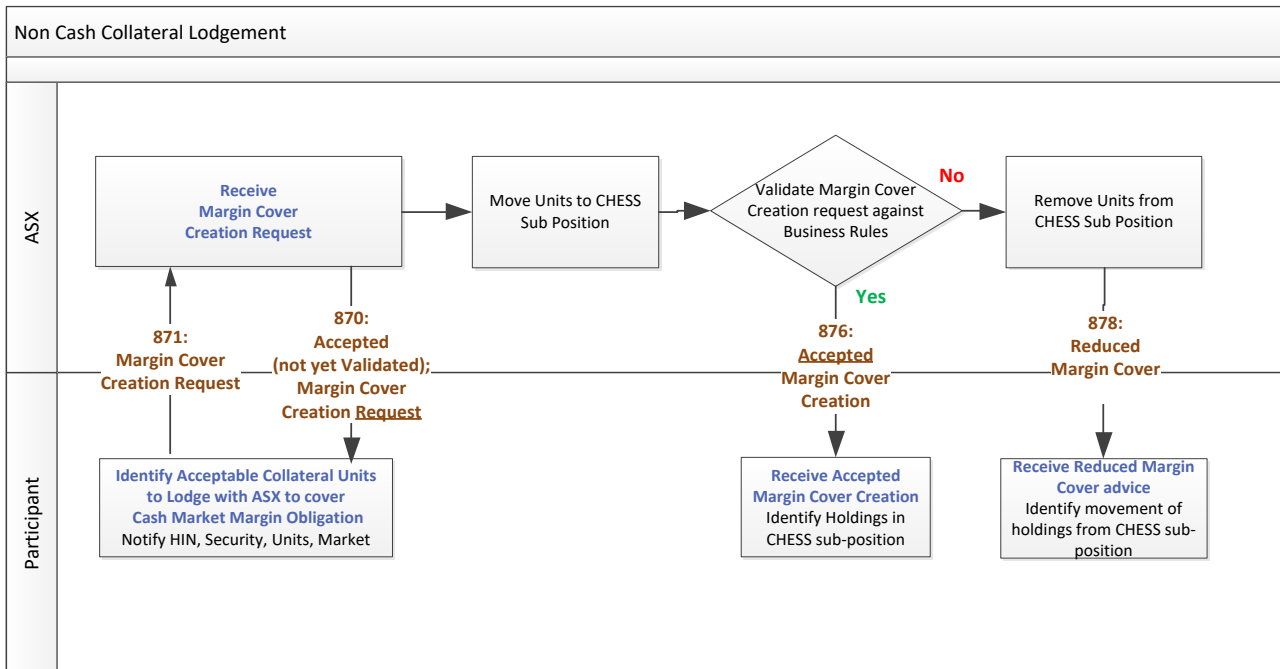
ASX Clear will remove eligible collateral from time to time. Please refer to section 17.4 ASX Clear Removes Collateral, of the APG.

Nominated direct HINs will not be transferred as part of a bulk change of sponsor to the new controlling participant if it holds lodged CMM subpositions. CHES will send a rejection message to the relinquishing participant.

ASX SETTLEMENT PROCEDURE GUIDELINES

30.5.2 Non-Cash Collateral Lodgement

Process Flow - Non-Cash Collateral Lodgement



PROCEDURE

- 30.5.2.1 The Clearing Participant sends a Margin Cover Creation Request to CHES.
- 30.5.2.2 CHES validates the request if valid CHES sends an Accepted Margin Cover Creation Request to the Clearing Participant, to confirm the request has been received. If the request is invalid CHES sends a rejected transaction to the Clearing Participant.
- 30.5.2.3 At the same time CHES sends a Margin Cover Creation Authorisation Request to ASXCL.

On receipt of the Margin Cover Creation Request, the notified units will be moved to a sub-position within CHES and effectively locked.

ASXCL validates the Margin Cover Creation Request and will determine whether to accept or reject the request.
- 30.5.2.4 If the request is accepted by ASXCL, ASXCL sends a Margin Cover Creation Authorisation to CHES.
- 30.5.2.5 CHES sends an Accepted Margin Cover Creation to the Clearing Participant. The units will remain in the CHES subposition and the value of the non-cash collateral will be included against the Cash Market Margin obligation in the next margin run
- 30.5.2.6 At the same time CHES sends an Effected ASX Clear Transaction to ASXCL

ASX SETTLEMENT PROCEDURE GUIDELINES

30.5.2.7 If the request is not accepted by ASXCL, ASXCL sends a Margin Cover Creation Rejection to CHES

30.5.2.8 CHES validates this request and if valid CHES sends a Reduced Margin Cover message to the Clearing Participant. If the request is invalid CHES sends a rejected transaction to the Clearing Participant.

If the Reduced Margin Cover message is a result of a Margin Cover Creation Rejection the Reduced Margin Cover message may include the collateral reject reason.

30.5.2.9 At the same time CHES sends an Effected ASX Clear Transaction to ASXCL.

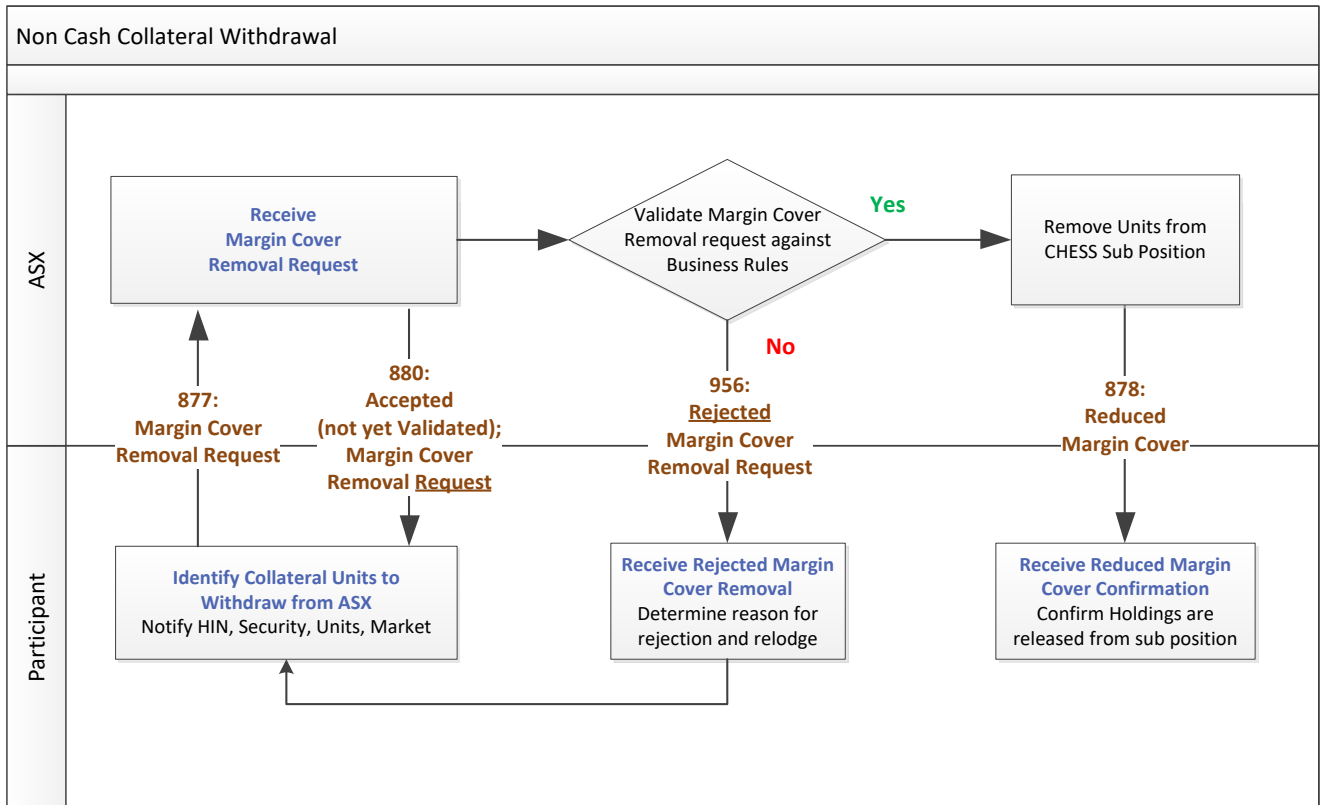
Message Reference Table

Section	Message Number and Description	Sender	Recipient
30.5.2.1	871 Margin Cover Creation Request	Clearing Participant	CHES
30.5.2.2	870 Accepted Margin Cover Creation Request	CHES	Clearing Participant
30.5.2.2	518 Rejected Transaction	CHES	Clearing Participant
30.5.2.3	872 Margin Cover Creation Authorisation Request	CHES	ASXCL
30.5.2.4	873 Margin Cover Creation Authorisation	ASXCL	CHES
30.5.2.5	876 Accepted Margin Cover Creation	CHES	Clearing Participant
30.5.2.6	602 Effected ASX Clear Transaction	CHES	ASXCL
30.5.2.7	875 Margin Cover Creation Rejection	ASXCL	CHES
30.5.2.8	878 Reduced Margin Cover	CHES	Clearing Participant
30.5.2.8	518 Rejected Transaction	CHES	Clearing Participant
30.5.2.9	602 Effected ASX Clear Transaction	CHES	ASXCL

ASX SETTLEMENT PROCEDURE GUIDELINES

30.5.3 Non-Cash Collateral Withdrawal

Process Flow - Non-Cash Collateral Withdrawal



PROCEDURE

- 30.5.3.1 The Clearing Participant sends a Margin Cover Removal Request to CHES.
- 30.5.3.2 CHES validates the request. If the request is valid CHES sends an Accepted Margin Cover Removal Request to the Clearing Participant to confirm the request has been received. If the request is invalid CHES will send a rejected transaction to the Clearing Participant.
- 30.5.3.3 At the same time CHES sends a Margin Cover Removal Authorisation Request to ASXCL. ASXCL validates the Margin Cover Removal Authorisation Request and determines whether to accept or reject.
- 30.5.3.4 If the Margin Cover Removal Authorisation Request is accepted by ASXCL, ASXCL sends a Margin Cover Removal Authorisation to CHES.
- 30.5.3.5 CHES sends a Reduced Margin Cover message to the Clearing Participant. The Reduced Margin Cover message does not include a rejection reason as ASXCL has accepted the removal request. The units will be released from the CHES subposition back to the CHES holding balance.
- 30.5.3.6 At the same time CHES sends an Effected ASX Clear Transaction to ASXCL.

ASX SETTLEMENT PROCEDURE GUIDELINES

- 30.5.3.7 If the Margin Cover Removal Request is not accepted by ASXCL, ASXCL sends a Margin Cover Removal Rejection to CHESSE. The units will remain in the CHESSE subposition.
- 30.5.3.8 CHESSE sends a Rejected Margin Cover Removal Request to the Clearing Participant.
The Clearing Participant will need to identify the rejection reason and re-lodge an amended request if required.
- 30.5.3.9 At the same time CHESSE sends an Effected ASX Clear Transaction to ASXCL.

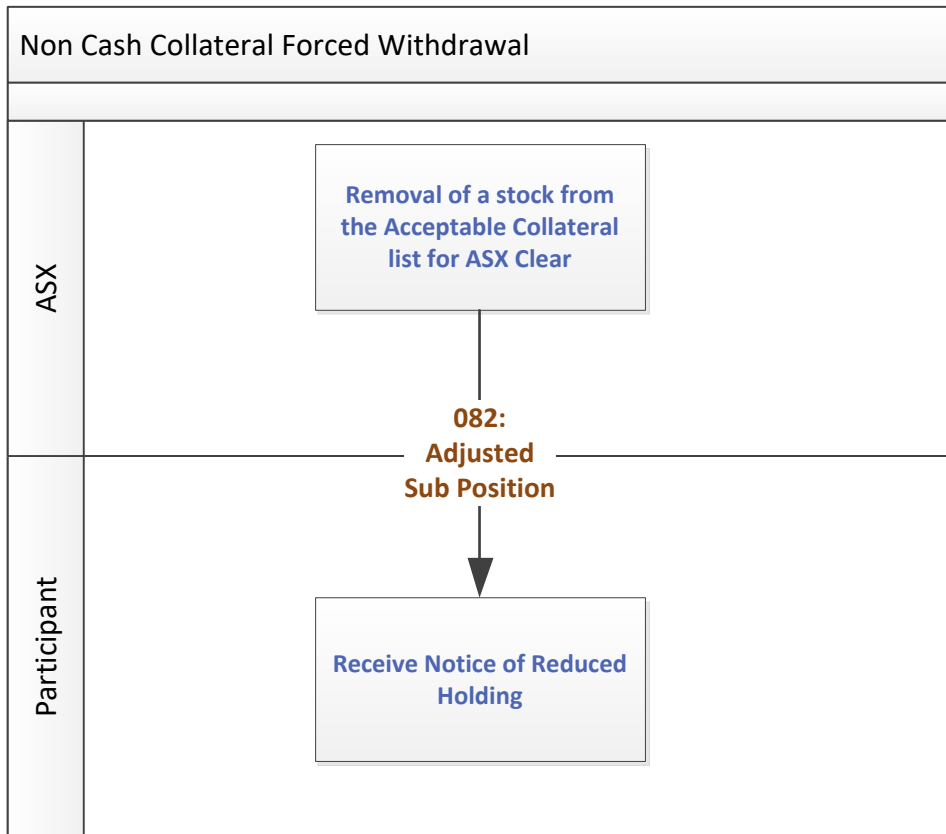
Message Reference Table

Section	Message Number and Description	Sender	Recipient
30.5.3.1	877 Margin Cover Removal Request	Clearing Participant	CHESSE
30.5.3.2	880 Accepted Margin Cover Removal Request	CHESSE	Clearing Participant
30.5.3.2	518 Rejected Transaction	CHESSE	Clearing Participant
30.5.3.3	882 Margin Cover Removal Authorisation Request	CHESSE	ASXCL
30.5.3.4	879 Margin Cover Removal Authorisation	ASXCL	CHESSE
30.5.3.5	878 Reduced Margin Cover	CHESSE	Clearing Participant
30.5.3.6	602 Effected ASX Clear Transaction	CHESSE	ASXCL
30.5.3.7	931 Margin Cover Removal Rejection	ASXCL	CHESSE
30.5.3.8	956 Rejected Margin Cover Removal Request	CHESSE	Clearing Participant
30.5.3.9	602 Effected ASX Clear Transaction	CHESSE	ASXCL

30.5.4 Non-Cash Collateral Forced Withdrawal

Process Flow - Non-Cash Collateral Forced Withdrawal

ASX SETTLEMENT PROCEDURE GUIDELINES



PROCEDURE

- 30.5.4.1 ASXCL sends an ASXCL Removal Margin Cover to CHES.
- 30.5.4.2 CHES sends an Adjusted Subposition message to the Clearing Participant. The lodged collateral will be removed from the locked subposition.
- 30.5.4.3 At the same time CHES sends an Effected ASX Clear Transaction to ASXCL.

Message Reference Table

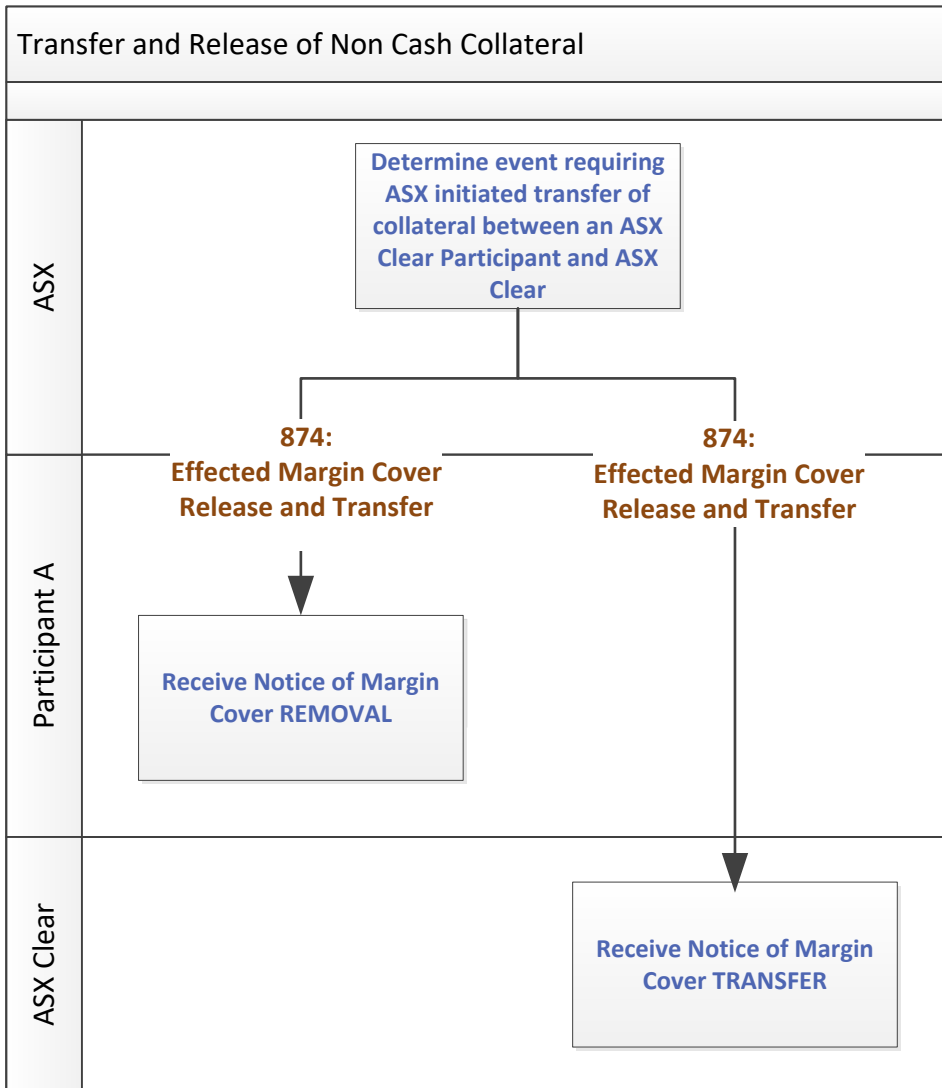
Section	Message Number and Description	Sender	Recipient
30.5.4.1	883 ASXCL Removal Margin Cover	ASXCL	CHES
30.5.4.2	082 Adjusted Subposition	CHES	Clearing Participant
30.5.4.3	602 Effected ASX Clear Transaction	CHES	ASXCL

30.5.5 Non-Cash Collateral Transfer and Release

ASX SETTLEMENT PROCEDURE GUIDELINES

As part of the close out process when a participant default occurs, the MT885 may be used to transfer collateral from the defaulting clearer to ASX Clear. Default events are outlined under section 15.1 of the ASX Clear Operating Rules.

Process Flow Diagram - Non- Cash Collateral Transfer and Release



ASX SETTLEMENT PROCEDURE GUIDELINES

PROCEDURE

- 30.5.5.1 ASXCL sends an ASXCL Margin Cover Release Transfer to CHESS.
- 30.5.5.2 CHESS sends an Effected Margin Cover Release and Transfer message to the Clearing Participant that had lodged the non-cash collateral and to the new Clearing Participant.
- 30.5.5.3 At the same time CHESS sends an Effected ASX Clear Transaction to ASXCL.

Message Reference Table

Section	Message Number and Description	Sender	Recipient
30.5.5.1	885 ASXCL Margin Cover Release Transfer	ASXCL	CHESS
30.5.5.2	874 Effected Margin Cover Release and Transfer	CHESS	Participants
30.5.5.3	602 Effected ASX Clear Transaction	CHESS	ASXCL

30.6 LODGING A BANK GUARANTEE

Another form of non-cash collateral is lodging a bank guarantee. This facility is available in extraordinary circumstances and at the discretion of ASX Clearing Risk Management.

Clearing Participants requiring further information on the criteria and procedures for lodging a bank guarantee can refer to procedure 14.6.1 of the ASX Clear Operating Rules and Procedures or contact ASX Clearing Risk Management via email:

ermteam@asx.com.au.

30.7 DAILY COLLATERAL STATEMENT PROCESSING

30.7.1 Daily Collateral Statement

The Daily Collateral Statement allows a Clearing Participant to identify all cash and non-cash collateral lodged with ASX Clear for their daily Cash Market Margin.

The statement is sent for each business day only when the Clearing Participant has cash or non-cash collateral for cash market margining lodged with ASX Clear.

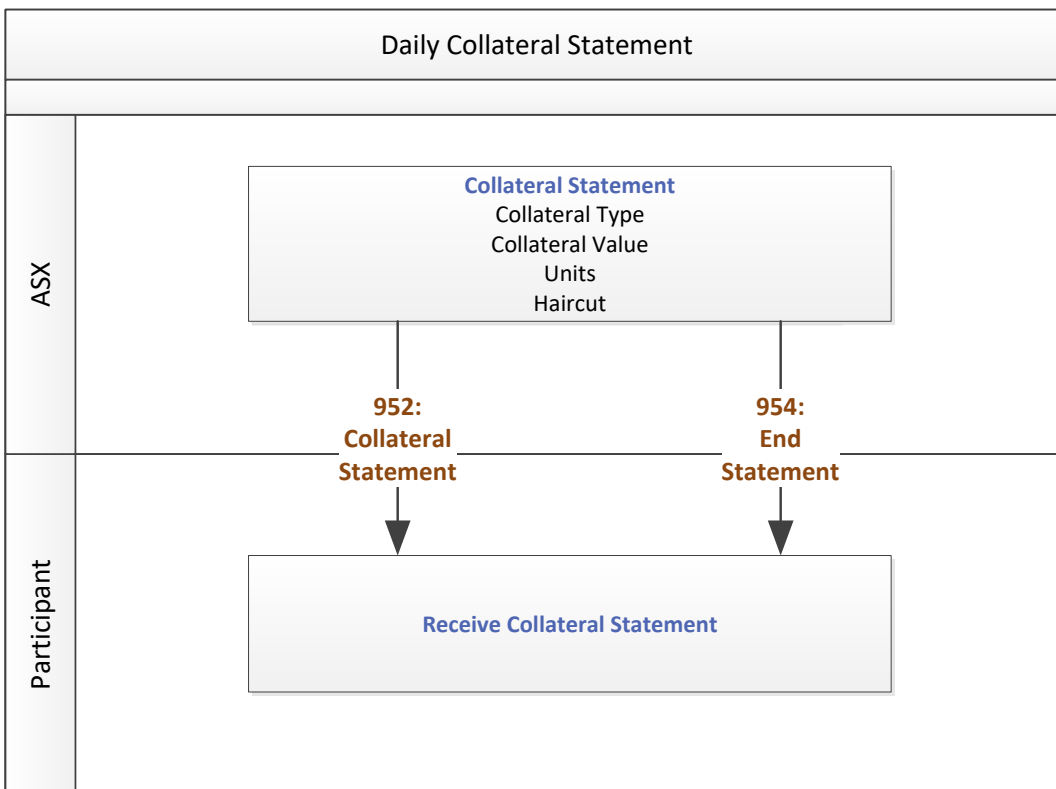
The daily collateral statement is produced as part of the CHESSE end of day processing and is available to Clearing Participants prior to the commencement of CHESSE start of day. The information contained in the Daily Collateral Statement CHESSE message includes information such as collateral types, values and haircuts.

A collateral statement will be sent for the following reasons:

- Lodged acceptable security and will be defined on the statement as EQY. A statement will be sent for each HIN per security.
- Lodged bank guarantee and will be defined on the statement as BKG.
- Lodged cash collateral and will be defined on the statement as CSH.

This will occur each business day until the collateral lodgement is removed.

Process Flow Diagram for Daily Collateral Statement



ASX SETTLEMENT PROCEDURE GUIDELINES

PROCEDURE

- 30.7.1.1 ASXCL sends a Collateral Statement Notification to CHES.
- 30.7.1.2 CHES sends a Collateral Statement to the Clearing Participant.
- 30.7.1.3 At the same time CHES sends an Effected ASX Clear Transaction to ASXCL.
- 30.7.1.4 ASXCL sends an End Statement Notification to CHES.
- 30.7.1.5 CHES sends an End Statement to the Clearing Participant.
- 30.7.1.6 At the same time CHES sends an Effected ASX Clear Transaction to ASXCL.

Message Reference Table

Section	Message Number and Description	Sender	Recipient
30.7.1.1	927 Collateral Statement Notification	ASXCL	CHES
30.7.1.2	952 Collateral Statement	CHES	Clearing Participant
30.7.1.3	602 Effected ASX Clear Transaction	CHES	ASXCL
30.7.1.4	929 End Statement Notification	ASXCL	CHES
30.7.1.5	954 End Statement	CHES	Clearing Participant
30.7.1.6	602 Effected ASX Clear Transaction	CHES	ASXCL

ASX SETTLEMENT PROCEDURE GUIDELINES

30.8 DAILY INTEREST EARNED PROCESSING

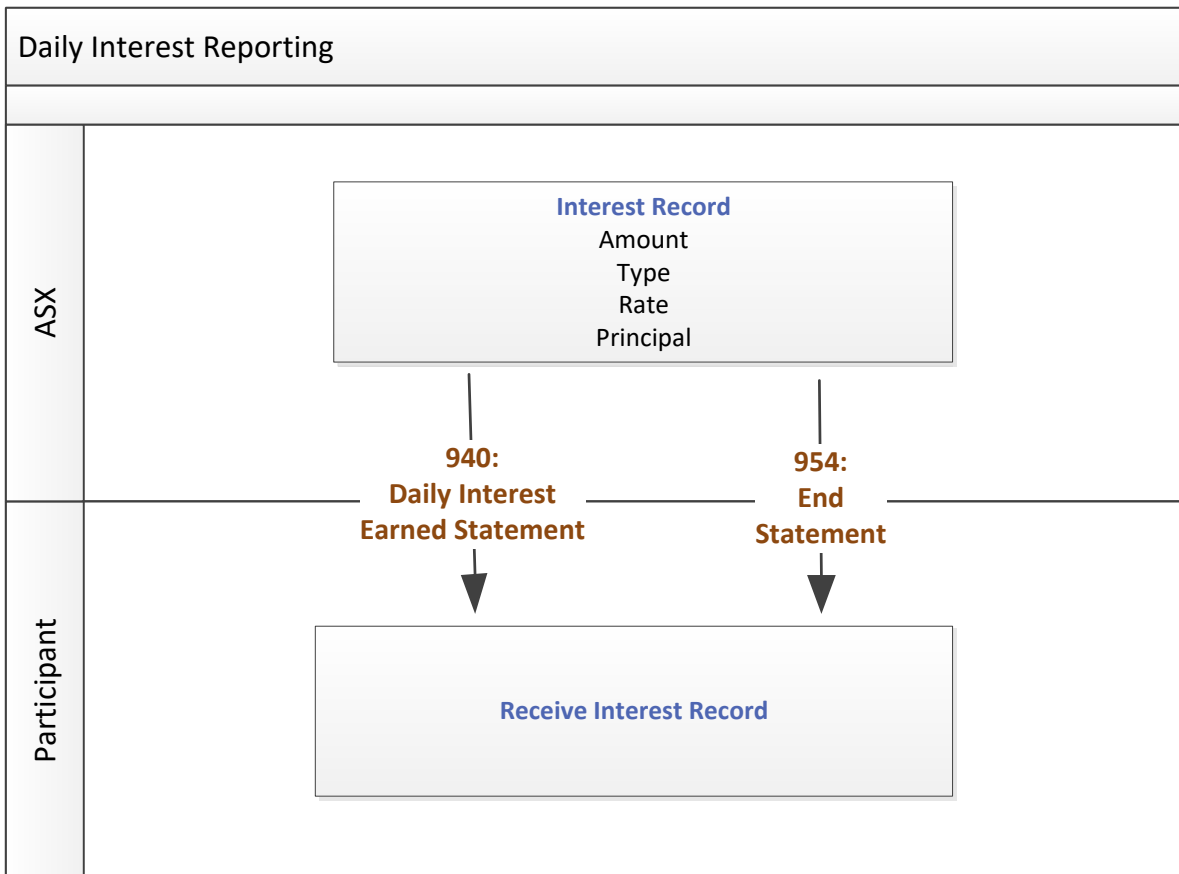
30.8.1 Daily Interest Earned Statement

The ASX Clear Operating Rules stipulate that ASX Clear will pay interest to the Clearing Participant on excess cash. The interest rate will be calculated in line with the RBA Overnight Cash Rate.

Interest is calculated on a daily basis (this includes non-business days) and credited to the Clearing Participant at the end of each month. The interest amount will be included in an interest settlement batch in Austraclear on the second business day of the following month.

The interest credited will be notified daily to the Clearing Participant through CHESSE during End of Day processing and is available to Clearing Participants prior to the commencement of start of day for all business days including non-settlement days. The interest amounts, rates, types and related principle values will be included in the Clearing Participants Daily Interest Earned Statement. Any interest earned on non-business days will appear as one total for each interest type in the Interest Earned Statement received start of day the next business day.

Process Flow Diagram for Daily Interest Reporting



ASX SETTLEMENT PROCEDURE GUIDELINES

PROCEDURE

- 30.8.1.1 ASXCL sends a Daily Interest Earned Notification to CHESSE.
- 30.8.1.2 CHESSE sends a Daily Interest Earned Statement to the Clearing Participant.
- 30.8.1.3 At the same time CHESSE sends an Effected ASX Clear Transaction to ASXCL.
- 30.8.1.4 ASXCL sends an End Statement Notification to CHESSE.
- 30.8.1.5 CHESSE sends an End Statement to the Clearing Participant.
- 30.8.1.6 At the same time CHESSE sends an Effected ASX Clear Transaction to ASXCL.

Message Reference Table

Section	Message Number and Description	Sender	Recipient
30.8.1.1	911 Daily Interest Earned Notification	ASXCL	CHESSE
30.8.1.2	940 Daily Interest Earned Statement	CHESSE	Clearing Participant
30.7.1.3	602 Effected ASX Clear Transaction	CHESSE	ASXCL
30.8.1.4	929 End Statement Notification	ASXCL	CHESSE
30.8.1.5	954 End Statement	CHESSE	Clearing Participant
30.8.1.6	602 Effected ASX Clear Transaction	CHESSE	ASXCL