

ASX OTC HANDBOOK

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5 ACCOUNTS AND MARGIN

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5.8 OTC Daily Variation Margin

ASX Clear (Futures) will determine the OTC Daily Variation Margin in respect of OTC Open Contracts of an OTC Participant following the calculation of the OTC Daily Closing Values for those OTC Open Contracts. The OTC Daily Variation Margin is determined by reference to the change in the OTC Daily Closing Value of the OTC Open Contract since the previous Business Day.

[OTC Daily Variation Margin must be paid in Australian dollars or New Zealand dollars \(as applicable\), or such other currency that ASX Clear \(Futures\) determines is acceptable in its discretion from time to time.](#)

All OTC Daily Variation Margin must be paid to ASX Clear (Futures) by 11:00am (Sydney time) on the Business Day following ASX Clear (Futures)' request for the OTC Daily Variation Margin. In addition, for OTC Open Contracts denominated in Australian dollars instructions for the payment of OTC Daily Variation Margin must be matched by 10:30am (Sydney time) in Austraclear. All payments by ASX Clear (Futures) in connection with OTC Daily Variation Margin (including any Price Alignment [InterestAmount](#)) are to be made to accounts located in Australia (for OTC Open Contracts denominated in Australian dollars) or New Zealand (for OTC Open Contracts denominated in New Zealand dollars), unless otherwise agreed by ASX Clear (Futures).

Unless otherwise agreed by ASX Clear (Futures):

- (a) each OTC Participant which is a non-Australian resident for tax purposes represents and warrants that each payment received or to be received by it in connection with OTC Daily Variation Margin (including any Price Alignment [InterestAmount](#)) will be effectively connected with its conduct of a trade or business in Australia carried on at or through a permanent establishment in Australia; and
- (b) each OTC Participant which is an Australian resident for tax purposes represents and warrants that it does not derive the payments in connection with OTC Daily Variation Margin (including any Price Alignment [InterestAmount](#)) in part or in whole in carrying on business in a country outside Australia at or through a permanent establishment of itself in that country; and
- (c) each OTC Participant represents and warrants that each payment received or to be received by an intermediary on behalf of the OTC Participant (for example, a related or unrelated clearing bank) in connection with OTC Daily Variation Margin (including any Price Alignment [InterestAmount](#)) will be paid to, or credited into, an account of the OTC Participant,

and this applies despite the location of any branch of any OTC Participant or any OTC Participant Affiliate through which any particular OTC Transaction is entered into.

Explanatory Note:

An OTC Participant's failure to notify ASX Clear (Futures) in writing that the OTC Participant cannot make the above representations may trigger the indemnity in Futures Rule 4.15A.

5.9 Price Alignment Interest Amount

ASX Clear (Futures) will charge interest-an amount based on its calculation of the cumulative net OTC Daily Variation Margin in respect of all OTC Open Contracts (referred to as **Cumulative Variation Margin**) paid to an OTC Participant and pay interest-an amount based on Cumulative Variation Margin received from that OTC Participant. The amount of interest (PAI)-(PAA) is calculated and payable for each currency on each Business Day with respect to each OTC Open Contract in accordance with the following formula:

$$\text{PAI-PAA} = \text{MtM}_T \times \text{Rate}_T \times D/365$$

where:

"**MtM_T**" means the amount of Cumulative Variation Margin received from, or payable by, the OTC Participant, as applicable, on the close of business of the day of calculation.

"**Rate_T**" means such rate published on Reuters page RBA30 (or such other successor page(s) or rates as published by the Reserve Bank of Australia) and determined by ASX Clear (Futures) on the close of business of the day of calculation.

"**D**" means the actual number of days from (but excluding) the last day on which the PAI-PAA is calculated to (and including) the day of calculation.