

ASX OTC RULEBOOK

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5 ACCOUNTS AND MARGIN

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5.7 OTC Daily Closing Value

The closing value of OTC Open Contracts (referred to as **OTC Daily Closing Value**) will be determined by ASX Clear (Futures) in the manner, and at such times, as is set out in the OTC Handbook. This calculation by ASX Clear (Futures) is conclusive and final.

5.8 OTC Daily Variation Margin

ASX Clear (Futures) will ~~calculate-determine~~ the OTC Daily Variation Margin applicable to OTC Open Contracts in the manner set out in the OTC Handbook.

~~Following each such determination:~~

- (a) ~~if~~ ASX Clear (Futures) determines that an OTC Participant needs to pay OTC Daily Variation Margin to ASX Clear (Futures), then ASX Clear (Futures) must notify the OTC Participant and the OTC Participant must pay to ASX Clear (Futures) the amount of any OTC Daily Variation Margin which ASX Clear (Futures) has determined is owing by the OTC Participant ~~or~~.
- (b) ~~if~~ ASX Clear (Futures) determines that it needs to pay OTC Daily Variation Margin to an OTC Participant, then ASX Clear (Futures) must notify the OTC Participant and ASX Clear (Futures) must pay to the OTC Participant the amount of any OTC Daily Variation Margin which ASX Clear (Futures) has determined is owing to the OTC Participant.

The obligation to pay OTC Daily Variation Margin arises when ASX Clear (Futures) determines that either the OTC Participant or ASX Clear (Futures) needs to pay OTC Daily Variation Margin. The OTC Daily Variation Margin is payable in accordance with the OTC Handbook.

~~OTC Daily Variation Margin must be paid in Australian dollars, or such other currency that ASX Clear (Futures) determines is acceptable in its discretion from time to time.~~ The payment of OTC Daily Variation Margin is made absolutely, and is to be in accordance with the OTC Handbook as a settlement and not as security or collateral for any obligations of the payer under the OTC Open Contracts.

~~An OTC Participant is not entitled to repayment of the amount of OTC Daily Variation Margin except in accordance with these OTC Rules, the OTC Handbook and ASX Clear (Futures) margining policy.~~

OTC Daily Variation Margin is Variation Margin for the purposes of the Futures Rules.

Explanatory Note:

OTC Daily Variation Margin is paid to settle, not to collateralise, mark to market exposures under OTC Open Contracts. Accordingly, (i) the fair value of OTC Open Contracts is reset to zero when ASX Clear (Futures) determines that either the OTC Participant or ASX Clear (Futures) needs to pay OTC Daily Variation Margin in respect of the OTC Open Contracts; and (ii) subject to correction of errors under OTC Rule 5.11, neither an OTC Participant nor ASX Clear (Futures) is entitled to repayment of any amounts of OTC Daily Variation Margin it has paid pursuant to the Rules.

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Amendments effective 28 October 2019

Amended 11/02/14

5.9 Price Alignment ~~Interest Amount~~

A Price Alignment ~~Interest Amount~~ is payable ~~on~~ in connection with payments of OTC Daily Variation Margin in the manner set out in the OTC Handbook.

Amended 11/02/14

5.10 Excess Margin

All amounts held by ASX Clear (Futures) in an OTC Participant's House Clearing Account and Client Clearing Account, including any monies transferred in excess of an OTC Participant's Margin obligations at the time of the transfer, are taken to have been transferred for the purpose of satisfying Margin obligations of that OTC Participant.

Amounts held by ASX Clear (Futures) which are in excess of an OTC Participant's Margin obligations from time to time are refundable to the OTC Participant by ASX Clear (Futures) upon demand, provided that ASX Clear (Futures) is satisfied, in its absolute discretion, that such amounts will not be required to satisfy the OTC Participant's obligations (present, future or contingent) under the Rules (including a Margin obligation).

Amended 11/02/14

5.11 Errors, corrections and related disputes

In the event ASX Clear (Futures) determines that an error has been made in relation to a calculation, payment, amount or similar under the OTC Rules, OTC Handbook or Futures Rules, whether paid or unpaid, due and payable or prospective, retrospective or contingent, ASX Clear (Futures) may, in its sole discretion:

- (a) carry out any or all adjustments or corrections that ASX Clear (Futures) deems appropriate in relation to that error; and
- (b) impose such conditions or undertake any such actions as ASX Clear (Futures) considers appropriate to deal with the consequential impacts (whether actual or potential) in relation to making such adjustments or corrections.

Where ASX Clear (Futures) determines to take any such actions under (a) or (b) above, ASX Clear (Futures) will notify the Clearing Participants involved as soon as reasonably practicable after making such a determination. Where any adjustment or correction involves an adjustment payment to any previous amounts paid by an OTC Participant, the relevant party shall pay the adjustment amount within one Business Day of its receipt of ASX Clear (Futures)' determination.

ASX Clear (Futures) may determine any disputes in relation to errors, purported errors or any other related matters contemplated by this OTC Rule 5.11 including, but not limited to, matters relating to the calculation, payment or valuation of OTC Initial Margin, OTC Daily Variation Margin, OTC Intra-day Margin, OTC Extra Margin, coupons and Price Alignment ~~Interest Amount~~. Where ASX Clear (Futures) makes such a determination in relation to a dispute, that determination will be final and binding on all the parties.

ASX Clear (Futures) is not liable to any person in connection with any adjustment, correction, condition, action, consequential impact (whether actual or potential) or determination made or incurred under this OTC Rule.

Amendments effective 28 October 2019

Amended 11/02/14

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