

## SECTION 6 ALLOCATION OF INVESTMENT LOSSES

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### 6.3 Allocation of Investment Loss to Participants

Each Investment Loss is to be allocated to each Participant in the following way:

- (a) ASX Clearing Corporation is to allocate an amount of the Investment Loss to the ASX CCP. This is to be determined on the basis of ASX Clearing Corporation's calculation of the interest which the ASX CCP holds in the total amount of ASX Investments. The amount so allocated to the ASX CCP is the **ASX CCP Investment Loss**; and
- (b) the ASX CCP is to allocate the ASX CCP Investment Loss which has been allocated to it to each Participant as at the time of the Investment Default Declaration. This allocation is to be determined on the basis of the ASX CCP's calculation of the amount representing funds which the Participant has paid to the ASX CCP in accordance with the Rules (including Participant Commitment, margin and excess cash) and which has been invested in ASX Investments as at the time of the Investment Default Declaration. The amount so allocated to a Participant in this manner is the **Participant Investment Loss**,

provided that any Investment Loss incurred on an ASX Investment of Overnight Margin Monies, is to be allocated to each Participant that is not in Default at the time of the allocation in the following way:

- (c) ASX Clearing Corporation is to allocate the Investment Loss to ASX Clear (Futures). The amount so allocated to ASX Clear (Futures) is the **ASXCLF OM Investment Loss**; and
- (d) ASX Clear (Futures) is to allocate the ASXCLF OM Investment Loss to each Participant that is not in Default at the time of the allocation as follows:
  - (i) 40 per cent of the ASXCLF OM Investment Loss is to be allocated in proportion to the Participant's Adjusted Commitment;
  - (ii) 30 per cent of the ASXCLF OM Investment Loss is to be allocated only to those Participants that ASX Clear (Futures) has notified prior to the Investment Default are in scope to pay Overnight Margin Monies to ASX Clear (Futures) in proportion to the Participant's Adjusted Commitment; and
  - (iii) 30 per cent of the ASXCLF OM Investment Loss is to be allocated based on the Participant's percentage share proportion of the total average Overnight Margin Monies held by all US Settlement Banks at the time the Investment Default occurred paid by the Participant in the Calculation Period in respect of which the Participant's Adjusted Commitment was calculated.

The amount so allocated to a Participant in this manner is the **Participant OM Investment Loss**.

The determination of these amounts is final and binding on the Participant, absent manifest error.

For the purpose of this Rule 6:

- (a) "Adjusted Commitment" means for a Futures Participant, that Participant's Futures Commitment as last notified to the Participant by ASX Clear (Futures) and for an OTC Participant that Participant's OTC Commitment as last notified to the Participant by ASX Clear (Futures) adjusted by

**Attachment A – Amendment to the ASX Recovery Rules**

reference to the OTC/Futures margin ratio for the Calculation Period used to size the Futures Commitment.

- (b) “Calculation Period” has the same meaning as the term when it is used in Schedule 10 of the ASX Clear (Futures) Rules.
- (c) “Overnight Margin Monies” means cash margin paid in United States Dollars to ASX Clear (Futures) in accordance with its overnight margining process and deposited with a US Settlement Bank.
- (d) “US Settlement Bank” means a bank established in the United States that holds Overnight Margin Monies.

Amended 01/11/22

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