



# FGL Operating Rules

Rules Document

Version 2.3

02 August 2021

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## Part 1: Purpose of the Rules, Definitions, Interpretation and General Provisions

### 1.1 Purpose

The purpose of Part 1 of the Operating Rules is to set out the purpose of the Operating Rules, definitions and interpretation of terms used in the Operating Rules, and other rules of general application.

### 1.2 Purpose, Definitions and Interpretation

#### 1.2.1 Purpose of the Operating Rules

The purpose of the Operating Rules is to ensure that the business of the Exchange is conducted in a fair, orderly and transparent manner.

To achieve this aim, the Operating Rules provide for, amongst other things:

- (a) the admission of Trading Participants and Clearing Entities;
- (b) the conduct of Trading Participants, Clearing Entities and Derivatives Staff;
- (c) the use and protection of the Trading System;
- (d) the fair, orderly and transparent Trading of FGL Products;
- (e) the provision of fair and effective settlement and clearance of FGL Products, in conjunction with the Clearing Rules;
- (f) conditions for market intervention;
- (g) investigation of potential breaches of the Operating Rules, and disciplinary procedures and proceedings;
- (h) procedures for the resolution of Disputes;
- (i) other matters relating to the Exchange, the Exchange Market, the FGL Product Markets, the Trading System, the Trading Participants and Clearing Entities and other persons Dealing on the Exchange;
- (j) FGL's obligations under the Corporations Act, the Corporations Regulations and its Australian market licence; and
- (k) any other matter which the Board may resolve.

#### 1.2.2 Definitions

In the Operating Rules, unless a contrary intention clearly appears:

**"Accounting Standards"** means the accounting standards adopted by the Australian Accounting Standards Board or such other standards which are of equivalent regulatory standard to the Australian Accounting Standards as specified in the FGL Procedures.

**"Administrative Fine"** means an administrative fine imposed on a Trading Participant or Clearing Entity or Derivatives Staff Member by the Exchange which does not exceed \$10,000. If an Administrative Fine of A\$5,000 or more is imposed, then the person being fined has the right to appeal under Rule 8.2.3(a)(vi).

**"AFS Licence"** means an 'Australian financial services licence' as defined in the Corporations Act.

**"Appeals Tribunal"** means the tribunal of the Exchange established under Rule 8.2.2.

**"Approved Security"** means a security of a type specified as an Approved Security in the FGL Procedures.

**"Arbitration Rules"** means the rule book of the predefined supplier of arbitration rules determined by the Exchange as suitable for the Exchange Business, documented in the FGL Procedures, and communicated publicly from time to time.

**"ASIC"** means the Australian Securities and Investments Commission.

**"Bankrupt"** means, in relation to a person:

- (a) it is dissolved (other than for the purposes of consolidation, amalgamation or merger);
- (b) it becomes insolvent or cannot pay its debts or fails to pay, or admits in writing it cannot generally pay, its debts as they fall due;
- (c) it makes a general assignment, arrangement or composition with, or to benefit, its creditors or calls, or threatens to call, a meeting of creditors for the purpose of so doing;
- (d) it
  - (i) institutes or has instituted against it by a regulator (or any authority having appropriate jurisdiction) a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator or authority; or
  - (ii) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity (not being a regulator or authority described in paragraph (i)) and either:
    - (A) results in a judgment of insolvency or bankruptcy or an order for relief or an order for its winding-up or liquidation; or
    - (B) is not dismissed, discharged, stayed or restrained within 15 days of the institution or presentation of the relevant proceedings;
- (e) it has a resolution passed for its winding-up, official management or liquidation (other than for the purposes of consolidation, amalgamation or merger);
- (f) it seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
- (g) it has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained within 15 days;
- (h) it causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (a) to (g) of this definition; or
- (i) it takes any action to further any event specified in clauses (a) to (h) of this definition or indicating its consent to, approval of, or acquiescence in, any such events.

**"Beneficial Owner"** means the person having the ultimate beneficial or equitable interest in a Market Contract or physical position.

For further details see **GN7 - Beneficial Owner**.

**"Block Trade"** means an Off-Market Arrangement described in Rule 4.5.1 and conducted in accordance with Rule 4.5.

**"Block Trade Facility"** means a facility offered by the Exchange on which Block Trades may be executed.

**"Board"** means the board of Directors of FGL.

**"Buffer Amount"** means the minimum amount, designated by the Exchange, that an option needs to be "In the Money" for automatic exercise to occur.

**"Business Day"** means

- (a) for the purposes of Part 3, a Trading Day;
- (b) for the purposes of the Contract Specifications, a Trading Day for the relevant FGL Product; or
- (c) for all other purposes a day in Sydney on which Australian banks are open for business.

**"Capital Level"** means the NTA of a Trading Participant or the capital level howsoever specified by the Clearing Rules for a Clearing Entity.

**"Change of Control"** means, in respect of an entity, any event which results in a person becoming a Controller of the entity.

**"Clearing Default Rules"** means the rules of the Clearing House within the Clearing Rules relating to default management of contracts.

**"Clearing Entity"** means an entity that has been admitted as a Clearing Entity of the Exchange in accordance with the Operating Rules and whose admission as a Clearing Entity has not been terminated.

**"Clearing Entity Agreement"** means an agreement which contains as a minimum the terms set out in Rule 3.6.1(b) between a Trading Participant and a Clearing Entity whereby the Clearing Entity agrees to effect the clearance and settlement of FGL Eligible Transactions entered into through the Exchange Market by the Trading Participant.

**"Clearing House"** means Chicago Mercantile Exchange Inc. appointed as the clearing house of the Exchange in accordance with Rule 5.2.1.

**"Clearing Member"** means a clearing member of the Clearing House under the Clearing Rules.

**"Clearing Rules"** means the business rules and operating rules (howsoever described) of the Clearing House, as amended from time to time.

**"Clearing System"** means the system or systems used by the Clearing House from time to time for the transfer, allocation, clearance and settlement of FGL Eligible Transactions.

**"Client"** means, in respect of a Trading Participant:

- (a) in relation to all Operating Rules except as described in paragraphs (b) and (c) of this definition – any person on whose behalf the Trading Participant is undertaking or has undertaken Financial Services in relation to Exchange Traded Derivatives and includes a Related Entity of the Trading Participant and any business division of the Trading Participant which is separate from the Derivatives business division of the Trading Participant; and
- (b) in relation to the term "Client Order" in the definition of "House" – any person described in paragraph (a) of this definition, other than:
  - (i) a Related Entity of the Trading Participant; or
  - (ii) any business division of the Trading Participant which is separate from the Derivatives business division of the Trading Participant.

**"Client Agreement"** means a written agreement between a Trading Participant and its Client governing the performance of Financial Services by a Trading Participant on behalf of its Client, which contains as a minimum the terms set out in Rule 3.6.2(a).

**"Close Out"** means to terminate an Open Contract by offsetting it with an equal and opposite Open Contract in the same Individual FGL Product in accordance with the Clearing Rules.

**"Committee"** means a committee of the Exchange.

**"Compensation Fund"** means the Compensation Fund established by the Exchange under Part 7.5 of the Corporations Act.

**"Compensation Rules"** means any rules made or procedures established by the Exchange to govern the Compensation Fund.

**"Compliance and Conduct Committee" or "CCC"** means the committee of the Exchange established by Rule 7.2.1.

**"Compliance Department"** means, at any time, the officers of the Exchange currently nominated by the Exchange as the Compliance Department for the purposes of the Operating Rules.

**"Confidential Information"** means any information or documentation provided to the Exchange which is identified by the provider as being confidential and, in relation to Rule 1.4.4(c), includes any Exchange information which is identified by the Exchange as confidential.

**"Confidential Open Position Information"** means a Trading Participant's or Clearing Entity's information relating to its Open Positions (including information relating to its Client's Open Positions).

**"Contract Code"** means the code assigned by the Exchange to identify each Individual FGL Product and is as specified in the Contract Specifications.

**"Contract Currency"** means, in respect of a Market Contract, the contract currency specified in the Contract Specifications.

**"Contract Month"** means, in respect of a Market Contract, a contract month specified in the Contract Specifications.

**"Contract Parameters"** means, in respect of a Market Contract, the contract parameters specified in the Contract Specifications.

**"Contract Specifications"** has the meaning given in Rule 9.7.

**"Contract Type"** means, in respect of a Market Contract, the contract type specified in the Contract Specifications.

**"Contract Unit"** has the meaning given in the Contract Specifications.

**"Contract Value"** means, in respect of a Market Contract, the value of that Market Contract at the time when the Market Contract is entered into, as determined by reference to the Trade price.

**"Controller"** means, in respect of an entity, any person:

- (c) holding, or becoming the holder of, 20% or more of the issued voting capital of the entity (if the entity is a Corporation) or partnership interests of the entity (if the entity is a Firm) or together with its Related Entities has or will have such a holding; or
- (d) who has the power to control the entity, whether directly or indirectly or as a result of a trust, agreement or course of practice (including by way of any breach) regardless of whether such trust, agreement or course of practice is enforceable; or
- (e) who controls the entity within the meaning of the Corporations Act.

**"Corporation"** has the same meaning as in the Corporations Act and includes an incorporated limited partnership.



**"Corporations Act"** means the Corporations Act 2001 (Commonwealth of Australia).

**"Corporations Regulations"** means regulations made under the Corporations Act.

**"Cross Trade"** means a Trade arising where a Trading Participant enters both a buy Order and a sell Order into the Trading System for an Individual FGL Product and that buy Order and sell Order are matched against each other.

**"Daily Settlement Price"** means the price at which daily settlement of each Open Contract will occur in accordance with Rule 4.7.

**"Deal"** has the same meaning as in section 766C of the Corporations Act.

**"Defined Strategy"** means a defined strategy as described in Rule 4.4.2.

**"Derivative"** has the same meaning as in Chapter 7 of the Corporations Act.

**"Derivatives Staff"** means all employees, Officers, consultants and contractors of a Trading Participant or Clearing Entity who carry out functions, duties and responsibilities associated with the Derivatives business of that Trading Participant or Clearing Entity (including in respect of the Trading Participant or Clearing Entity's House account), whether or not they have other functions and responsibilities and **"Derivatives Staff Member"** means such an employee, Officer, consultant or contractor.

**"Directions"** means directions issued by the Exchange under Rule 1.3.5.

**"Director"** has the same meaning as in the Corporations Act.

**"Dispute"** means a dispute relating to Exchange Business between:

- (f) any two or more Trading Participants and Clearing Entities; or
- (g) a Trading Participant or Clearing Entity and one or more Clients of that Trading Participant or Clearing Entity

and (for the purposes of Rule 7.11 includes "disputes" as defined in the Arbitration Rules).

**"Error Trade"** means a Trade arising directly from an Order being entered into the Trading System in error.

**"Established Market Price" or "EMP"** means the price determined by the Exchange based on the FGL Product Market immediately preceding the execution of an Error Trade in order to establish the No Bust price range for an Individual FGL Product.

**"Exchange"** means FGL in its capacity as the operator of the business of the Exchange Market.

**"Exchange Business"** means the business of carrying out Trading on the Exchange Market and the transference of those Market Contracts formed to the Clearing House.

**"Exchange Dispute"** means a dispute between the Exchange and one or more Trading Participant or Clearing Entity.

**"Exchange for Physical" or "EFP"** means an Off-Market Arrangement as described in Rule 4.6.1(a) and conducted in accordance with Rule 4.6.

**"Exchange Market"** means the Financial Market constituted by the FGL Product Markets in aggregate.

**"Exchange Traded Derivative"** means any Futures Contract or Option Contract listed for trading on any exchange.

**"Exercise Price"** means the price at which a buyer must buy or sell the Underlying Futures Contract upon the exercise of an Option Contract determined in accordance with under Rule 9.6.8.

**"Expiry Settlement Price"** means the settlement price determined in accordance with Rule 9.6.2(e).

**"Fee"** includes any fee, subscription, levy, charge, fine or cost.

**"FGL"** means FEX Global Pty Limited ACN 124 127 224. In Rules 1.5 and 3.3.12 "FGL" includes the Exchange, its Officers, employees, agents and any representatives.

**"FGL Eligible Transaction"** is a Market Contract or an Off-Market Arrangement which is formed under these Operating Rules and meets all applicable registration eligibility criteria required by the Clearing House.

**"FGL Procedures"** means procedures issued by FGL under Rule 1.3.4.

**"FGL Product"** means a particular Financial Product or a Financial Product with particular characteristics and specifications as listed by FGL and capable of being traded on a particular FGL Product Market.

**"FGL Product Market"** means a market established by FGL for trading a particular FGL Product, forming part of the Exchange Market.

**"Final Trading Day"** means, in respect of a Market Contract, the final trading day specified in the Contract Specifications.

**"Final Trading Time"** means, in respect of a Market Contract, the final trading time specified in the Contract Specifications.

**"Financial Market"** has the same meaning as in section 767A(1) of the Corporations Act which is operated within the meaning of section 767A(2) of the Corporations Act.

**"Financial Product"** has the same meaning as in Chapter 7 of the Corporations Act.

**"Financial Service"** has the same meaning as in Division 4 of Part 7.1 and Division 6 of Part 7.1 of the Corporations Act.

**"Firm":**

- (a) has the same meaning as in the Partnership Act, 1892 (NSW); or
- (b) if the entity is resident in an Offshore Jurisdiction, means a partnership for the purposes of the relevant law in the Offshore Jurisdiction, excluding incorporated limited partnerships.

**"Futures Contract"** means a futures contract listed for trading on any exchange and designated to be of the Contract Type known as a Futures Contract, and not an Option Contract.

**"House"** in relation to any Order, account, Trade, Open Contract or Open Position means, respectively, an Order, account, Trade, Open Contract or Open Position other than a Client Order, account, Trade, Open Contract, or Open Position.

**"Impediment to Performance"** has the meaning given in Rule 5.3.4.

**"In the Money"** in relation to:

- (a) a FGL Product which is a call Option Contract means the Expiry Settlement Price for the Underlying Futures Contract lies above the Exercise Price by at least the Buffer Amount;
- (b) a FGL Product which is a put Option Contract means the Expiry Settlement Price for the Underlying Futures Contract lies below the Exercise Price by at least the Buffer Amount.

**"Indemnified Person"** means each member of the CCC and each officer of the Exchange and each person acting for or on behalf of the Exchange in connection with a proceeding of the Compliance and Conduct Committee or the Appeals Tribunal.

**"Individual FGL Product"** means a FGL Product for a particular settlement month, and, in the case of a put or call Option Contract, for a particular exercise price.

**"Initial Margin"** means an amount payable in accordance with Market Integrity Rules by a Client to a Trading Participant in respect of any Open Contract entered into by that Client.

**"Insolvency Event"** means:

- (h) in the case of a natural person, if that person commits or is likely to commit any act of Bankruptcy; and
- (i) in the case of a Corporation:
  - (i) if the Corporation commits or is likely to commit any act of Bankruptcy
  - (ii) the Corporation is struck off the register under the Corporations Act;
  - (iii) the Corporation reduces or attempts to reduce its issued capital;
  - (iv) the Corporation is unable to pay its debts as they fall due for payment or if any act or event specified in section 461 of the Corporations Act occurs in relation to the Corporation.

**"Licence"** means either or both of an AFS Licence and an Offshore Licence, as appropriate.

**"Market Contract"** means a contract between Trading Participants for the issue, acquisition or disposal of an Individual FGL Product, which is entered into on a FGL Product Market, or otherwise entered into as permitted by the Operating Rules.

**"Market Disruption Event"** means an event that may be declared as an Undesirable Circumstance or Activity, a Market Emergency, a Physical Emergency, an Impediment to Performance or a Systems Disruption in accordance with Part 5 of the Operating Rules.

**"Market Emergency"** has the meaning given in Rule 5.3.2.

**"Market Integrity Rules"** means the Market Integrity Rules that ASIC has defined and monitors in relation to the conduct of trading participants in and market operators of markets holding an Australian Market Licence (AML) granted by the Minister under the Corporations Act.

**"Minimum Volume Threshold"** means the threshold determined by the Exchange from time to time, being the minimum number of lots in respect of each Contract.

**"Multiplier"** has the meaning given in the Contract Specifications.

**"Net Tangible Assets" or "NTA"** means the difference between the value of assets less liabilities attaching to those assets, calculated in accordance with Accounting Standards, where "assets" excludes:

- (j) those assets which, under Accounting Standards, are regarded as intangible; and
- (k) such other assets which, in the opinion of the Exchange, are not, or may not be, realisable.

Liabilities may exclude, if the Exchange approves, subordinated debt.

For further details see **GN4 – Net Tangible Assets**.

**"Nominated Clearing Entity"** means a Clearing Entity with whom a Trading Participant has a current Clearing Entity Agreement, under which the Clearing Entity guarantees to, by default, clear and settle all Trades submitted by the Trading Participant for clearance and settlement.

**"Off-Market Arrangement"** means an arrangement which is negotiated, arranged or executed otherwise than on the Trading System, for a specified Individual FGL Product, in accordance with Rules 4.5 and 4.6.

**"Officer"** has the same meaning as in the Corporations Act.

**"Offshore Jurisdiction"** means a jurisdiction other than Australia being any of:

- (l) the United Kingdom, the United States of America, Singapore, Hong Kong, Germany; or
- (m) any jurisdiction in respect of which ASIC has issued class order relief in accordance with ASIC Regulatory Guide 176 – Licensing Discretionary Powers – wholesale foreign financial services.

**"Offshore Licence"** means a licence, approval or other authorisation (if any), other than an AFS Licence, which is issued by an Offshore Regulator and is necessary for an applicant under Part 2 of the Operating Rules, or for a Trading Participant or Clearing Entity, to carry on its business as a Trading Participant or Clearing Entity.

**"Offshore Regulator"** means, in respect of an applicant under Part 2 of the Operating Rules or in respect of a Trading Participant or Clearing Entity, the regulatory authority in an Offshore Jurisdiction which has power to regulate the applicant, or Trading Participant or Clearing Entity in respect of its Derivatives business.

**"Open Contract"** an open contract arises under the Clearing Rules, between a Clearing Entity and the Clearing House, as a result of acceptance of an FGL Eligible Transaction by the Clearing House.

**"Open Position"** means any bought or sold Open Contract(s).

**"Operating Rules"** means these operating rules, as amended or substituted by the Exchange.

**"Option Contract"** means a futures option contract listed for Trading on any exchange but not a Futures Contract.

**"Option Type"** means, in respect of a Market Contract which is an Option Contract, the option type specified in the Contract Specifications.

**"Order"** means an instruction or request to Trade:

- (n) received from a Client;
- (o) received by a Derivatives Staff Member in respect of a House account;
- (p) received from a Related Entity in respect of a House account; or
- (q) entered into the Trading System,

as applicable for an Operating Rule.

**"Order Router Facility"** means a facility permitted by the Exchange which enables Orders to be electronically transmitted (or routed) to the Trading System by the Trading Participant and which the Trading Participant may make available to a Client or Derivatives Staff Member.

**"Partnership"** has the same meaning as in the Partnership Act 1892 (NSW).

**"Periodical Report of Financial Position"** means a report as required by Rule 3.4.1 and Rule 6.3.4.

**"Physical Emergency"** means an event declared as a Physical Emergency in accordance with Rule 5.3.3.

**"Pre-Open Period"** means the period of ten (10) minutes (or such other period as may be determined by the Exchange) prior to the commencement of continuous trading in respect of a particular Contract during which bids and offers may be entered into the Trading System for execution at a common price determined by the opening auction process.

**"Pricing Parameters"** means, in respect of a Market Contract, the pricing parameters specified in the Contract Specifications.

**"Primary Contact"** means a Derivatives Staff Member of a Trading Participant authorised by the Trading Participant to make requests to the Exchange and receive directions and notifications from the Exchange.

**"Principal Trader"** means a Trading Participant which limits itself to trading on its own behalf.

**"Reference Price"** means the price used as the basis for determining the Daily Price Movement Limits for an Individual FGL Product.

**"Regulatory Compliance"** means complying with the Corporations Act or any other act, regulation, rule or law having jurisdiction with respect to the Exchange Business, any FGL Product or Underlying Physical.

**"Related Entity"** means any body corporate or other entity which:

- (r) is considered by the Exchange in its reasonable discretion to be part of the same corporate group as a Trading Participant; or
- (s) is a related entity as defined by the Corporations Act.

**"Relevant Interest"** has the meaning given in the Corporations Act.

**"Respondent"** means any Trading Participant or Clearing Entity or Derivatives Staff Member against whom disciplinary proceedings have commenced in accordance with Rule 7.4.1.

**"Settlement Date"** means the settlement date specified in the Contract Specifications.

**"Settlement Obligation"** means an obligation under an Open Contract arising on the Settlement Date or referable to settlement of that Open Contract, including without limitation the provisions of Rules 9.6.2(b) and 9.6.2(d).

**"Settlement Type"** means, in respect of a Market Contract, the settlement type (if any) specified in the Contract Specifications.

**"Settlement Value"** means the value of the Market Contract on the Settlement Date determined as specified in the Contract Specifications.

**"Strategy Trade"** means trade resulting from the execution of a Defined Strategy or a Tailored Strategy.

**"Suitably Qualified Affiliate"** means an affiliate of the Exchange recognised under section 761A of the Corporations Act.

**"Systems Disruption"** means an event that may be declared as a Systems Disruption in accordance with Rule 5.3.5.

**"Tailored Strategy"** means a tailored strategy as described in Rule 4.4.3.

**"Trade"** in relation to the Exchange Market, means the entry into, issue, acquisition or disposal of an FGL Eligible Transaction.

**"Trading Day"** means, for the purposes of the Operating Rules, a day on which any FGL Product Market is open for business and, for an Individual FGL Product, means the Trading Days specified in the Contract Specifications.

**"Trading Participant"** means a body corporate that has been admitted as a Trading Participant of the Exchange in accordance with the Operating Rules and whose admission as a Trading Participant has not been terminated. For the avoidance of doubt, a Trading Participant is a "participant" as defined in section 761A of the Corporations Act.

**"Trading System"** means the computerised system or systems made available to Trading Participants by the Exchange for the entry of Orders, the matching of Orders, notice of invitations to Trade, reporting of transactions (including the notification to the Exchange of requests for approval of Off-Market Arrangements) and collection of data.

**"Underlying Futures Contract"** means, in respect of an Option Contract, the Futures Contract or Futures Contracts over which the Option Contract is based.

**"Underlying Physical"** means, the asset, Index, instrument, Commodity, reference rate or any other thing, excluding a Futures Contract, specified in the Contract Specifications whose price movement determines the value of the Futures Contract.

**"Undesirable Circumstance or Activity"** means an event that may be declared as an Undesirable Circumstance or Activity by the Exchange in accordance with Rule 5.3.1.

**"Unprofessional Conduct"** includes:

- (t) any impropriety which is indicative of a lack of honesty or fairness in dealings with the Exchange, other Trading Participants and Clearing Entities, Clients or the wider community which may reasonably affect professional character or reputation;
- (u) any unsatisfactory professional conduct indicative of a lack of reasonable standards of competence and diligence;
- (v) any conduct which is, or is reasonably considered by the Exchange to be or to be likely to be, prejudicial to the interests of the Exchange, any Exchange FGL Product Markets, Trading Participants, Clearing Entities, or Clients.

**"Variation Margin"** means, in respect of any Open Contract the difference between the most recent Daily Settlement Price, as determined in accordance with Rule 4.7, for variation margin purposes and:

- (w) in respect of the first valuation of the Open Contract for variation margin purposes – the price at which the Market Contract was Traded; or
- (x) in respect of any subsequent valuation of the Open Contract for variation margin purposes – the previous valuation of the Open Contract for variation margin purposes.

### 1.2.3 Interpretation

In the Operating Rules, unless the contrary intention appears:

- (a) a reference to any Rule includes any variation, modification or replacement of it;
- (b) a reference to a statute or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements or any of them;
- (c) singular includes the plural number and vice versa;
- (d) a reference to one gender includes each other gender;
- (e) the word "person" includes a Firm, Corporation, body corporate, unincorporated association or any governmental authority;
- (f) a reference to a person includes a reference to the person's executors, administrators, legal personal representatives, successors and permitted assigns;
- (g) a reference to "Dollars" or "\$" or "AUD" is a reference to Australian currency, and a reference to an amount in Australian currency (other than a reference in the Contract Specifications);

- (h) a reference to interest payable is a reference to interest calculated in the manner specified in the FGL Procedures;
- (i) a reference to "includes" and cognate terms means includes without limitation;
- (j) all headings in the Operating Rules have been inserted for the purpose of ease of reference only and do not affect in any way the meaning or interpretation of any of the Rules;
- (k) a reference to a Rule, or a Part is a reference to a Rule, or a Part of these Operating Rules;
- (l) any expression in a provision of the Operating Rules that is not expressly defined in the Operating Rules and that deals with a matter dealt with by a particular provision of the Corporations Act, has the same meaning as in that provision of the Corporations Act;
- (m) an obligation incurred by two or more persons binds them or any one or more of them jointly and severally;
- (n) any obligation to comply, and similar terms, is to be interpreted as an obligation to comply fully and immediately (or in the time specified) and to ensure continuing compliance with this obligation;
- (o) any reference to a discretion of the Exchange, the Board or a Committee means an absolute and unfettered discretion and any reference to an opinion of the Exchange, the Board or a Committee means an opinion formed in the absolute and unfettered discretion of the Exchange, Board or Committee;
- (p) any reference to a power, action, opinion or discretion of the Exchange, includes a reference to a power, action, opinion or discretion of the Board or any department, Committee, tribunal, Officer, executive or representative of the Exchange, as the case may be, which or who is empowered by the Operating Rules to exercise that power, take that action, form that opinion or to exercise that discretion or make a decision whether to exercise that discretion;
- (q) any reference to a power, action or discretion of the Exchange includes a reference to any power, action or discretion necessary to give effect to the Exchange's power, action or discretion;
- (r) where a word or phrase is given a defined meaning in the Operating Rules, any other part of speech or grammatical form in respect of such word or phrase has a corresponding meaning;
- (s) any notice given in connection with the Operating Rules must be in writing and may be sent or delivered in person, by courier, by facsimile transmission, by certified, registered, pre-paid or normal mail, by electronic messaging systems or by email to a party at the party's registered office or principal place or residence or business or facsimile number or email address notified for the time being or at such other address as may be notified for the purpose of the service of notices;
- (t) a reference to Officer or Director includes a partner;
- (u) a reference to a right includes an interest, power, remedy, privilege and cause of action however arising; and
- (v) a reference to a time or a date is a reference to the local time and the date in Sydney.

## 1.3 General Provisions

### 1.3.1 Binding nature of the Operating Rules

The provisions of the Operating Rules are binding and form a contract between:

- (a) each Trading Participant or Clearing Entity and each other Trading Participant or Clearing Entity; and
- (b) each Trading Participant or Clearing Entity and FGL.

### 1.3.2 Application of the Operating Rules to Derivatives Staff

In the Operating Rules, each provision imposing an obligation or a liability on a Trading Participant or Clearing Entity is intended to impose a corresponding obligation or liability on each of that Trading Participant's or Clearing Entity's Derivatives Staff Members except where the context otherwise requires or where it would be unreasonable to impose such an obligation or liability on that Trading Participant or Clearing Entity's Derivatives Staff Member.

### 1.3.3 Amendment to the Operating Rules

- (a) The Operating Rules may only be amended by the Exchange.
- (b) The Exchange will specify the effective date of each amendment to the Operating Rules.
- (c) As soon as practicable after a change to the Operating Rules is made under Rule 1.3.3(a), the Exchange will lodge with ASIC written notice of this change in accordance with section 793D of the Corporations Act.

### 1.3.4 FGL Procedures

- (a) The Exchange may issue in writing procedures in respect of any Operating Rule and relating to:
  - (i) the operations of the Exchange and the Exchange Market;
  - (ii) the conduct of Trading Participants and Clearing Entities; and
  - (iii) communications between the Exchange, Trading Participants and Clearing Entities.
- (b) The FGL Procedures are not part of the Operating Rules for the purposes of section 793D of the Corporations Act but if an Operating Rule requires a Trading Participant or Clearing Entity to comply with any part of the FGL Procedures, a failure to do so is a breach of the relevant Operating Rule and consequently a breach of the binding contract between the relevant Trading Participant or Clearing Entity and the Exchange.
- (c) The Exchange may change the FGL Procedures and must give to Trading Participants and Clearing Entities such prior notice of any change as it determines is reasonable in the circumstances.

### 1.3.5 Directions

- (a) The Exchange may issue Directions on how to comply with an Operating Rule in respect of any Operating Rule and relating to:
  - (i) the operations of the Exchange and the Exchange Market;
  - (ii) the conduct of one or more Trading Participants or Clearing Entities; and
  - (iii) communications between the Exchange and one or more Trading Participants or Clearing Entities.
- (b) Directions are not part of the Operating Rules but if an Operating Rule requires a Trading Participant or Clearing Entity to comply with a Direction, a failure to do so is a breach of the relevant Operating Rule and consequently a breach of the binding contract between the relevant Trading Participant or Clearing Entity and the Exchange.
- (c) The Exchange may change Directions by notice to affected Trading Participants and Clearing Entities.

### 1.3.6 Priorities

- (a) If there is any inconsistency between the Market Integrity Rules, the Operating Rules, Directions and the FGL Procedures:
  - (i) the Market Integrity Rules shall take priority over the Operating Rules;
  - (ii) the Operating Rules shall take priority over Directions and the FGL Procedures; and
  - (iii) Directions shall take priority over FGL Procedures.
- (b) If there is any inconsistency between the Clearing Rules and the Operating Rules in relation to clearing and settlement activities then the Clearing Rules shall take priority over the Operating Rules.

### 1.3.7 Extent of compliance required

- (a) Each Trading Participant or Clearing Entity must comply fully and promptly with the Operating Rules, Directions and the FGL Procedures and must cause each Derivatives Staff Member to likewise comply.
- (b) Each Trading Participant or Clearing Entity undertakes to ensure that it is and remains up to date with the issue and any variations, withdrawals or replacements of any Operating Rules, Directions or FGL Procedures.



- (c) Each Trading Participant and Clearing Entity must execute such agreements, acknowledgments and other documentation with each Derivatives Staff Member reasonably necessary to secure that person's compliance with the Operating Rules, Directions and the FGL Procedures.

### **1.3.8 Automatic suspension and termination of admission status**

Where any provision of the Operating Rules which imposes an immediate or automatic suspension or termination of the admission and rights of a Trading Participant or Clearing Entity applies, that provision replaces the procedures set out in Rules 7.2 to 7.7 in respect of any particular breach or alleged breach of the Operating Rules.

### **1.3.9 Guidance**

The Exchange may approve and issue guidance notes and other notices regarding any matter relating to or associated with the Operating Rules, the Exchange, the Exchange Market or any FGL Product Market or FGL Product.

For further details see **GN2 – Product Terminology in the Operating Rules**.

- (a) The Exchange may vary, withdraw or replace guidance notes and other notices issued under this Rule 1.3.9.
- (b) Each Trading Participant and Clearing Entity undertakes to ensure that it is and remains up to date with the issue and any variations, withdrawals or replacements of guidance notes and other notices issued under this Rule 1.3.9.

### **1.3.10 Exercise of Exchange powers and discretions**

The Exchange must exercise its powers and discretions under the Operating Rules in a way which is (as far as possible) consistent with the fair, orderly and transparent conduct of the Exchange Market.

## **1.4 Confidentiality**

### **1.4.1 Confidential Information of Trading Participants and Clearing Entities**

- (a) Subject to Rules 1.4.3 to 1.4.5, the Exchange will use its best endeavours to keep any Confidential Information confidential.
- (b) Despite any other provision of these Operating Rules, Confidential Information does not include information:
  - (i) which is publicly known;
  - (ii) which is disclosed to the Exchange without restriction by a third party and without breach of confidentiality by the third party;
  - (iii) which is developed independently by the Exchange without reliance on any of the disclosing party's Confidential Information; or
  - (iv) derived or aggregated from Confidential Open Position Information ("Derived Information") provided that:
    - (A) individual Client or individual Trading Participant or Clearing Entity information is not disclosed in the Derived Information; or
    - (B) individual Client or individual Trading Participant or Clearing Entity information is not capable of being determined from the Derived information other than by parties to the Market Contract.

### **1.4.2 Permitted use and disclosure**

Despite Rule 1.4.1, the Exchange:

- (a) will disclose Confidential Information, for the purpose of Regulatory Compliance; and
- (b) may:
  - (i) use Confidential Information; and
  - (ii) disclose Confidential Information to the Clearing Houseas reasonably necessary to operate the Exchange in accordance with the Corporations Act and these Operating Rules.

### 1.4.3 Confidential Open Position Information

- (a) A Trading Participant's or Clearing Entity's Confidential Open Position Information is deemed to be Confidential Information for the purposes of this Rule 1.4 regardless of its source. For the avoidance of doubt, Derived Information under Rule 1.4.1(b)(iv) is not Confidential Information for the purposes of this Rule 1.4.
- (b) The following additional Operating Rules apply to Confidential Open Position Information:
  - (i) the Exchange is entitled to use, distribute, supply, provide, make available, or otherwise deal with Confidential Open Position Information to or for the benefit of any securities commission, derivatives exchange or stock exchange in Australia or in an Offshore Jurisdiction having functions and powers with respect to regulation of derivatives exchanges or securities markets where the Exchange is satisfied that the disclosure of the information will assist that entity to regulate such markets; and
  - (ii) subject to Rule 1.4.3(b)(i), the Exchange will not use, distribute, supply, provide, make available, sell or otherwise deal with Confidential Open Position Information to or for the benefit of any third party.
- (c) For the avoidance of doubt, the Exchange is entitled to use Confidential Open Position Information internally only:
  - (i) for the purposes of Regulatory Compliance; and
  - (ii) as reasonably necessary to operate the Exchange in accordance with the Operating Rules.
- (d) Where the Exchange determines it is necessary or appropriate to use or disseminate Confidential Open Position Information other than as specified in Rule 1.4.2 or this Rule 1.4.3, the Exchange must seek the prior consent of the relevant Trading Participant or Clearing Entity and must provide to the Trading Participant or Clearing Entity:
  - (i) particulars sufficient to identify the nature of the Confidential Open Position Information;
  - (ii) the name and address of each proposed recipient of the Confidential Open Position Information;
  - (iii) details of the proposed use or dissemination of the Confidential Open Position Information (including details of the purpose of such use);
  - (iv) details of the circumstances and conditions of the proposed use or dissemination of the Confidential Open Position Information; and
  - (v) notice that if it does not notify the Exchange of its consent or refusal within the time specified in the FGL Procedures, the Trading Participant or Clearing Entity shall be deemed to have given its consent.
- (e) A Trading Participant or Clearing Entity may, in its absolute discretion, give or withhold consent sought by the Exchange under Rule 1.4.3(d) and (subject to Rule 1.4.3(f) the giving or withholding of consent shall be binding on the Exchange.
- (f) If the Trading Participant or Clearing Entity does not notify the Exchange of its consent or refusal to the permission sought by the Exchange under Rule 1.4.3(d) within the time specified in the FGL Procedures, the Trading Participant or Clearing Entity shall be deemed to have consented to the proposed use or dissemination of the Confidential Open Position Information.
- (g) The Exchange must (unless the relevant Trading Participant or Clearing Entity agrees otherwise) obtain from each proposed recipient of Confidential Open Position Information, prior to the provision of any Confidential

Open Position Information to the recipient (including where consent has been obtained under Rule 1.4.3(d)), a written confidentiality undertaking that:

- (i) is expressed to be for the benefit of the Exchange and the relevant Trading Participant or Clearing Entity (and the Exchange is appointed as the agent of the Trading Participant or Clearing Entity for this purpose); and
- (ii) restricts the use or dissemination by that person of the information to the use or dissemination of the Confidential Open Position Information as notified by the Exchange under Rule 1.4.3(d) or otherwise permitted by Rule 1.4.2 or Rule 1.4.3.

#### **1.4.4 Confidentiality of information obtained for Parts 7 or 8**

- (a) All information obtained by the Exchange, Compliance and Conduct Committee or Appeals Tribunal under Parts 7 and 8 of the Operating Rules is deemed to be Confidential Information for the purposes of this Rule 1.4.
- (b) Information obtained by the Exchange, Compliance and Conduct Committee or Appeals Tribunal under Parts 7 and 8 of the Operating Rules may be disclosed:
  - (i) as provided by the Operating Rules;
  - (ii) for the purpose of conducting an investigation or proceedings in respect of a breach or alleged or potential breach of the Operating Rules;
  - (iii) to any securities commission, derivatives exchange or stock exchange in Australia or in an Offshore Jurisdiction where required under information sharing arrangements between the Exchange and such entities; or
  - (iv) where the Compliance and Conduct Committee, Appeals Tribunal or the Board determines that such disclosure is in the interests of the Exchange, the Exchange Market or Trading Participants or Clearing Entities or the public.
- (c) A Trading Participant or Clearing Entity and its Derivatives Staff Members must keep confidential any Confidential Information of the Exchange or another Trading Participant or Clearing Entity which is disclosed to the Trading Participant or Clearing Entity (including for the purposes of proceedings of the Compliance and Conduct Committee or Appeals Tribunal).

#### **1.4.5 Exchange to provide information to Clearing House**

The Exchange is entitled to disclose any information or documentation provided to it, including Confidential Information and Confidential Open Position Information, to the Clearing House:

- (a) in order to allow the Clearing House to assess whether a Clearing Entity is complying with, will comply with or has complied with the Clearing Rules;
- (b) when requested by the Clearing House in the proper exercise of its powers relating to:
  - (i) the order and good government of its clearing facilities or the Clearing Entities; or
  - (ii) the efficient, honest, fair, competitive and informed clearance or settlement of Financial Products in Australia or overseas;
- (c) when the Clearing House reasonably requires that documentation or information in order to comply with a request from or obligation imposed by any regulatory authority; or
- (d) when otherwise required by or permitted under an agreement between the Exchange and the Clearing House.

#### **1.4.6 Exchange obligation regarding contact with Trading Participants**

The Exchange is not obliged to liaise with any person other than a Primary Contact in relation to:

- (a) an objection to a Daily Settlement Price;
- (b) directions regarding positions held by the Trading Participant on its own behalf or on behalf of one of its Clients;
- (c) a request to cancel an Error Trade:
  - (i) which the Trading Participant wishes to lodge,
  - (ii) to which the Trading Participant is a counterparty, or
  - (iii) to which the Trading Participant wishes to lodge an objection;
- (d) cancelling an Order at:
  - (i) the Trading Participant's request, or
  - (ii) the Exchange's discretion;
- (e) any query regarding a request to register an Off-Market Arrangement;
- (f) any query the Exchange has in regard to Orders or Trades for which the Trading Participant is responsible.

Some further procedural information is specified in the FGL Procedures.

## 1.5 Limitation of Exchange Liability

### 1.5.1 Interpretation

Each of Rules 1.5.2 to 1.5.4 operates without limiting the effect of any other provision in Rule 1.5.

### 1.5.2 Exclusion of liability of FGL

Subject to Rule 1.5.4, and to the full extent allowed by law, FGL is not liable to any Trading Participant or Clearing Entity, a Trading Participant or Clearing Entity's Derivatives Staff Member or any Client of any Trading Participant or Clearing Entity for any loss, including any direct, indirect or consequential loss and any loss of profit, damage, injury, or delay, whether direct or indirect, however arising including in connection with:

- (a) the provision, or lack of provision, of trading services, including:
  - (i) any inability of Trading Participants to Trade in any FGL Product Market due to the suspension, restriction or closure of the Exchange Market, Clearing System, any FGL Product Market, or any facility for Off-Market Arrangements; or
  - (ii) any defect in the Trading System or any equipment designed or used for the purposes of accessing the Trading System, or for any advice, information, or notification given or omitted to be given from or in relation to the Trading System, or for any delay in the operation of the Trading System or any part of it;
- (b) any act or omission of FGL including, without limitation, the exercise of any power or discretion, any act or omission in relation to the Operating Rules, the FGL Procedures, Contract Specifications, Directions, guidance notes, notices and any other communications issued by FGL or from any advice, information or notification given or omitted to be given by FGL;
- (c) the exercise of any power or discretion (whether under the Operating Rules, FGL Procedures or Contract Specifications) to adjust, amend, vary, change, suspend or delay any Market Contract or any term, condition, variable, formula, amount or calculation under a Market Contract;
- (d) any breach of contract or breach of any condition or warranty implied by statute, or of an express condition or warranty in the Operating Rules, or any other agreement, or any duty in tort however arising (including without limitation, negligence of FGL); or
- (e) the Clearing House, including:

- (i) any delay in a Clearing Entity making an allocation request or taking any other action;
- (ii) any delay in making a notification of allocation by the Clearing System;
- (iii) any delay in registration of an FGL Eligible Transaction or novation to form an Open Contract by the Clearing House;
- (iv) any exercise by FGL of its rights in relation to a default by a Clearing Entity; or
- (v) any suspension or restriction of the Clearing System.

### 1.5.3 Liability for Trading System

- (a) To the full extent allowed by law, and unless otherwise expressly provided by the Operating Rules, neither the owner nor developer of the Trading System will be liable in respect of any defect in the Trading System or any equipment designed or used for the purposes of accessing the Trading System, or for any advice, information, or notification given or omitted to be given from or in relation to the Trading System, or for any delay in the operation of the Trading System or any part of it.
- (b) Nothing in this Rule 1.5.3 limits the liability of the owner or developer of the Trading System to FGL, or FGL's right to exercise any legal remedy in respect of the Trading System.

### 1.5.4 Exclusion of implied conditions and warranties

- (a) To the full extent allowed by law, FGL excludes all representations, terms, conditions and warranties whether express or implied (and including those implied by statute, general law or custom or otherwise) except as expressly set out in these Operating Rules.
- (b) Certain legislation (including the Competition and Consumer Act 2010 (Cth) and the Australian Securities and Investments Commission Act 2001 (Cth)) may imply warranties or conditions or impose obligations which cannot be excluded, restricted or modified except to a limited extent. These Operating Rules must be read subject to those statutory provisions. If those statutory provisions apply, despite any other provision of these Operating Rules, to the extent to which FGL is entitled to so limit its liability, is (at FGL's option) limited to:
  - (i) in respect of services – the supply of the relevant services again or payment of the costs of having the relevant services supplied again; or
  - (ii) in respect of goods – the repair or replacement of those goods or the payment of the cost of having the goods repaired or replaced.

## 1.6 Interests in FGL Eligible Transactions and Open Contracts

On and from registration of an FGL Eligible Transaction with the Clearing House the Exchange is only required or obliged to recognise the interest of any party to the Open Contracts formed in relation to an FGL Eligible Transaction, as created under the Clearing Rules.

## 1.7 Powers of the Board

### 1.7.1 Board delegation power

- (a) Without limiting the effect of any other Operating Rule, the Board may at any time delegate or assign any power, action, discretion or responsibility of the Board or the Exchange whether arising under the Operating Rules or otherwise, to such department, Committee, tribunal, Officer, executive, employee, agent or representative of the Exchange, as it sees fit. Such a delegation or assignment may be for such period, and subject to such conditions, as the Board thinks fit.
- (b) Any department, Committee, tribunal, Officer, executive, employee, agent or representative of the Exchange to whom the Board delegates or assigns any power, action, discretion or responsibility of the Board or the Exchange under Rule 1.7.1(a) may be authorised by the Directors to sub-delegate all or any of the powers, actions, discretions or responsibilities given to them.

### 1.7.2 Board Power to impose Fees

The Board may from time to time determine any Fee which may apply to and be payable by any one or more persons, including without limitation any one or more Trading Participants or Clearing Entities.

### 1.7.3 Board dispensation power

Without limiting the effect of any other Operating Rule under which dispensations may be granted, the Board may from time to time:

- (a) resolve to dispense with, postpone or otherwise alter any one or more of the provisions of the Operating Rules except for Operating Rule 2.3.9 which requires the consent of ASIC prior to an alteration in any form; and
- (b) decide to delegate this dispensation power to each of the Chief Executive Officer, the Compliance and Conduct Committee and the head of the Compliance Department, for such time and subject to such conditions as the Board in its discretion may resolve and the relevant delegate may be authorised by the Directors to sub-delegate the dispensation power given to them.

### 1.7.4 Application of dispensation power

A dispensation made under Rule 1.7.3 may apply to all Trading Participants and Clearing Entities or all Derivatives Staff Members or any particular Trading Participant or Clearing Entity or any particular Derivatives Staff Member and upon such conditions, if any, that the Board or its delegate sees fit.

### 1.7.5 Effect of dispensation power

Where a dispensation made under Rule 1.7.3 affects all Trading Participants or all Clearing Entities or all Derivatives Staff Members, then any variation made by the Board or its delegate will be deemed to be an amendment to the Operating Rules and such amendment will be notified to ASIC in accordance with Rule 1.3.3(c).

## 1.8 Governing Law and Submission to Jurisdiction

### 1.8.1 Governing law for Operating Rules

These Operating Rules are governed by and must be construed in accordance with the laws of New South Wales, Australia.

### 1.8.2 Governing law for Market Contracts

All Market Contracts are governed by and must be construed in accordance with the laws of New South Wales, Australia.

### 1.8.3 Operating Rules, Market Integrity Rules and the Corporations Act

Where the Operating Rules permit the Exchange to take action against a Trading Participant or Clearing Entity or a Derivatives Staff Member for a breach of the Operating Rules which also constitutes a breach of the Corporations Act or the Market Integrity Rules:

- (a) such action is taken under the contract effected by the Operating Rules and not under the Corporations Act;
- (b) such action may be taken regardless of whether a court, ASIC or any other authority is taking any action under the Corporations Act or the Market Integrity Rules; and
- (c) such action is not affected by any action or determination by any court, ASIC or any other authority in respect of any breach the Corporations Act, but such action may be taken in concert with ASIC with respect to the Market Integrity Rules.

## 1.9 Survival on Termination

The obligations and liabilities that may have been incurred under the following Operating Rules are in no way diminished by the termination of a Trading Participant or Clearing Entity's admission and shall continue to subsist until satisfied or discharged:

- (a) Rule 1.2.2 – Definitions;
- (b) Rule 1.2.3 – Interpretation;
- (c) Rule 1.3.1 – Binding nature of the Operating Rules;
- (d) Rule 1.3.2 – Application of the Operating Rules to Derivatives Staff;
- (e) Rule 1.3.4 – FGL Procedures;
- (f) Rule 1.4 – Confidentiality;
- (g) Rule 1.5 – Limitation of Exchange liability;
- (h) Rule 1.6 – Interests in Market Contracts and Open Contracts;
- (i) Rule 1.8 – Governing law and submission to jurisdiction;
- (j) Rule 2.10.4(c) – Fees still payable;
- (k) Rule 2.10.5 – Continuing jurisdiction of the Exchange;
- (l) Rule 3.3.2 – Co-operation with the Exchange;
- (m) Rule 3.3.3 – Return of property and information;
- (n) Rule 3.3.5 – Liability of Trading Participants for breaches;
- (o) Rule 3.5.2 – Form and retention of records;
- (p) Rule 3.7.2 – Password;
- (q) Rule 3.7.3 – Protection of the Trading System;
- (r) Rule 3.7.6 – Other records and statements;
- (s) Rule 5.2.2 – Recognition of the Clearing House;
- (t) Rule 6.4.3 – Liability of Clearing Entities for breaches;
- (u) Part 7 - Disciplinary procedures and dispute resolution;
- (v) Part 8 – Appeals Tribunal; and
- (w) any other Operating Rules stated to apply after termination.

## Part 2: Admission Rules

### 2.1 Purpose

The purpose of Part 2 of the Operating Rules is to provide rules for the admission of Trading Participants and Clearing Entities.

### 2.2 General Provisions

#### 2.2.1 Exchange may declare additional requirements and rights

In addition to the requirements specified in the FGL Operating Rules, additional requirements, undertakings, or criteria for any or all applicant(s) or class of applicant may be specified by the Exchange from time to time, before or during the Admission process.

#### 2.2.2 Limits on rights

The rights of applicants in relation to the Exchange are solely as set out in the Operating Rules and the conditions of admission. The provisions of the Operating Rules and the conditions of admission do not comprise or imply any other rights, for example and without limitation, the right to any voting shares or other proprietary legal, equitable or other interest in FGL or the Exchange, or any asset or property whatsoever of FGL or the Exchange, or any right to be consulted in respect of FGL or the Exchange, except as required by law.

#### 2.2.3 Classes of Participating Entities

There are two classes of participating entities:

- (a) Trading Participants; and
- (b) Clearing Entities.

#### 2.2.4 No recognition of trust or transfer

- (a) Except as required by law, the Exchange will not recognise the rights or entitlements of a Trading Participant or a Clearing Entity as being held on trust.
- (b) The Exchange shall not be required to recognise any equitable, contingent, partial or future interest in the rights or entitlements of a Trading Participant or a Clearing Entity.
- (c) The status and rights of a Trading Participant or a Clearing Entity are not transferable.

### 2.3 Requirements for Admission as a Trading Participant

#### 2.3.1 Exchange to be satisfied

An applicant for admission as a Trading Participant must be able to demonstrate to the satisfaction of the Exchange that each of the requirements set out in Rules 2.3.2 to 2.3.11 is satisfied and will, where applicable, be satisfied on a continuing basis.

#### 2.3.2 Body Corporate

The applicant must be a body corporate which is incorporated as a company or registered as a foreign company under the Corporations Act.

#### 2.3.3 AFS Licence

- (a) The applicant must:



- (i) hold an AFS Licence; or
  - (ii) be in the process of applying for the grant of an AFS Licence, in which case approval as a Trading Participant will not be deemed effective until such AFS Licence has been granted to the applicant; or
  - (iii) be otherwise exempted from the requirement to hold an AFS Licence;
- (b) unless the applicant is not required to hold an AFS Licence by law.
- (c) The AFS Licence referred to in Rule 2.3.3(a) must be of a kind and include the authorisations specified in the FGL Procedures.

#### 2.3.4 Experience of Derivatives Staff

The applicant must have an adequate number of Derivatives Staff who:

- (a) have achieved standards of Financial Services experience considered appropriate by the Exchange; and
- (b) have not been disqualified from acting in that capacity by ASIC or the relevant Offshore Regulator.

For further details see **GN12 – Derivatives Staff Experience**.

#### 2.3.5 Good fame, character and repute

The applicant, each of its Directors (if the applicant is a Corporation), each of its partners (if the applicant is a Firm), and each of its Officers and Derivatives Staff Members must be of good fame, character and repute.

For further details see **GN1 – Good Fame, Character and Repute**.

#### 2.3.6 Not declared Bankrupt or convicted of a section 206 offence

The applicant, each of its Directors (if the applicant is a Corporation) and each of its partners (if the applicant is a Firm), must not within a period of five (5) years prior to the application, have been Bankrupt or have been convicted of:

- (a) where the Corporation is subject to the laws of Australia – an offence referred to in section 206B of the Corporations Act; or
- (b) where the Corporation is subject to the laws of an Offshore Jurisdiction – an offence which, under the laws of the Offshore Jurisdiction, results in disqualification from managing corporations.

#### 2.3.7 Monitoring and enforcement arrangements

The applicant must have arrangements for monitoring and enforcing compliance by it and by each of its Directors, Officers and Derivatives Staff with regard to:

- (a) the Operating Rules;
- (b) the FGL Procedures and Directions;
- (c) the conditions of its admission to the Exchange;
- (d) the conditions of any exemption granted from the Operating Rules (if any);
- (e) the conditions and obligations of its AFS Licence;
- (f) the Corporations Act and the Corporations Regulations and any law, regulation, policy or instrument of ASIC (where applicable);
- (g) the conditions and obligations of its Offshore Licence (where applicable);
- (h) any law, regulation, policy or instrument of the relevant Offshore Regulator if a Trading Participant or Clearing Entity is subject to the laws of an Offshore Jurisdiction (where applicable); and

- (i) its Clearing Entity Agreements (if any).

For further details see **GN9 - Monitoring & Enforcing Compliance**.

### **2.3.8 Training of Derivatives Staff**

The applicant must have arrangements for ongoing training of its Derivatives Staff appropriate to the Derivatives business of the applicant.

For further details see **GN13 - Training of Directors, Officers and Derivatives Staff**.

### **2.3.9 Minimum Presence Requirement**

This rule applies solely to a Trading Participant that:

- (i) is a foreign entity; and
- (ii) does not hold an AFSL (a "Foreign Trading participant").

Before trading an Exchange Traded Derivative on the Exchange Market, a Foreign Trading Participant must provide a copy of the deed that it has provided to ASIC in accordance with the Market Integrity Rules to the Exchange.

### **2.3.10 Clearing**

- (a) Subject to Rule 2.3.10(b), an applicant for admission as a Trading Participant, must execute and maintain a Clearing Entity Agreement with a Nominated Clearing Entity.
- (b) Rule 2.3.10(a) does not apply where the applicant is a Clearing Entity or is applying to be admitted as a Clearing Entity.

### **2.3.11 Additional requirements**

The applicant must comply with any additional requirements specified in the Operating Rules or the FGL Procedures.

## **2.4 Procedures for Admission of Trading Participants**

### **2.4.1 Application form**

The applicant for admission as a Trading Participant must prepare and lodge with the Exchange:

- (a) an application in the form specified in the FGL Procedures; and
- (b) a declaration, in the form specified in the FGL Procedures, acknowledging that it will comply with the Operating Rules, the Market Integrity Rules and the applicable provisions of the Corporations Act and the Corporations Regulations and any applicable law, regulation, policy or instrument of ASIC or of a relevant Offshore Regulator.

### **2.4.2 Lodgement and Fee**

At the time of lodging the application form and supporting evidence required under Rule 2.4.3 with the Exchange, the applicant must pay:

- (a) the required application Fee (as specified in FGL Procedures 3.3.8) which is not refundable (irrespective of whether the application is approved or rejected); and
- (b) the contribution to the Compensation Fund set out in the Compensation Rules, specifically Rule 2.1 (b), which is refundable if the application does not for any reason proceed to admission of the applicant as a Trading Participant.

### 2.4.3 Supporting evidence

In order to demonstrate its ability to satisfy the requirements of the Operating Rules or to otherwise explain or supplement its application, the applicant:

- (a) must lodge the supporting evidence specified in the FGL Procedures; and
- (b) may lodge any other supporting evidence it wishes to lodge.

### 2.4.4 Requisitions and enquiries

- (a) Each applicant must disclose to the Exchange information in relation to the control and ownership of the applicant as specified in the FGL Procedures.
- (b) The Exchange may issue requisitions to, and make enquiries of, the applicant as it considers necessary.

### 2.4.5 Consideration of application

- (a) The Exchange will be under no obligation to consider an application until it is reasonably satisfied with the application, any supporting evidence and any responses to requisitions or enquiries provided by the applicant.
- (b) In determining an application for admission, the Exchange is entitled to consider:
  - (i) the applicant's business integrity and the business integrity of each of its Directors (if any), partners (if any), Officers and Derivatives Staff Members;
  - (ii) the applicant's financial standing and capacity;
  - (iii) the standard of training and experience of the applicant's Derivatives Staff; and
  - (iv) any other matters it regards as relevant.
- (c) Where an applicant applies to be admitted as a Principal Trader, the Trading Participant does not need to provide evidence in support of client capital controls.
- (d) Where the Exchange proposes to reject an application, the Exchange must give the applicant notice in writing, identifying the reasons for the proposed rejection and invite the applicant to make further submissions for the Exchange's consideration.
- (e) The notice of the proposed rejection contemplated in Rule 2.4.5(d) must be provided within the timeframes specified in the FGL Procedures.

### 2.4.6 Criteria applied by the Exchange

The Exchange will not approve any application unless it is satisfied that the requirements for Trading Participants set out in Rule 2.3 have all been satisfied.

### 2.4.7 Conditions on admission

The Exchange may impose conditions on the admission of a Trading Participant.

### 2.4.8 Procedures following approval of application

- (a) If the Exchange approves an application for admission as a Trading Participant the Exchange must advise the applicant of:
  - (i) the decision; and
  - (ii) any conditions on that applicant's admission.
- (b) Within the time specified by the Exchange:
  - (i) the applicant must comply with any conditions imposed by the Exchange on its admission; and

- (ii) the applicant must tender to the Exchange its pro rata annual subscription Fee for the current year as specified in Rule 3.3.9.

#### **2.4.9 Lapse of approval**

If the applicant does not comply with Rule 2.4.8(b) within the time specified in the FGL Procedures, the approval will be deemed to have lapsed, unless the applicant has received prior written consent from the Exchange for an extension of time to submit the items requested under Rule 2.4.8.

#### **2.4.10 Procedures following rejection of application**

If the Exchange rejects an application for admission as a Trading Participant the Exchange must advise the applicant of:

- (a) the decision to reject the application;
- (b) its reasons for the decision; and
- (c) the applicant's right to appeal the decision in accordance with Part 8 of the Operating Rules within the period specified in the FGL Procedures.

### **2.5 Trading Participants**

#### **2.5.1 Trading Participant rights**

Subject to the Operating Rules, a Trading Participant has the following rights:

- (a) the right to Trade on the Exchange Market on its own behalf;
- (b) the right to Trade on the Exchange Market on behalf of another person;
- (c) the right to access the Trading System when authorised by the Exchange.

#### **2.5.2 Trading Participant Requirements in respect of Orders and Trades**

- (a) The right of a Trading Participant to Trade on its own behalf or on behalf of another person under Rule 2.5.1 must be exercised such that the Trading Participant become a party to each Market Contract as a principal, in accordance with Rule 9.5.2.
- (b) A Trading Participant is responsible for all Orders entered into the Trading System:
  - (i) by its Derivatives Staff:
    - (A) for its House account(s);
    - (B) on behalf of Clients; and
  - (ii) by any person (or automated system) using its Order Router Facility;

and for all Market Contracts resulting from the automated matching of such Orders.

- (c) A Trading Participant must nominate a Clearing Entity to act as agent for clearing each Trade formed under these Operating Rules.

### **2.6 Suspension and Termination of Trading Participant Admission**

#### **2.6.1 Cessation of Dealing rights**

The rights of a Trading Participant to Deal on the Exchange Market ceases entirely:

- (a) for the duration of any suspension; and
- (b) (upon termination.

### **2.6.2 Obligations not affected**

A suspension or termination of a Trading Participant status does not affect a Trading Participant's obligation to comply with the Operating Rules or any direction given or condition imposed by the Exchange at or prior to a suspension or termination event.

### **2.6.3 Rules without limitation**

- (a) The Exchange may exercise its powers and discretions to suspend or terminate a Trading Participant's admission as a Trading Participant of the Exchange without regard to Parts 7 or 8 or the procedures in Parts 7 or Part 8.
- (b) A Trading Participant suspended or terminated by the Exchange under Rule 2.6.9 or 2.6.10 may appeal the suspension or termination in accordance with Part 8.

### **2.6.4 Fees still payable**

- (a) All Fees imposed under the Operating Rules in respect of the period of a Trading Participant's admission, together with any accrued but unpaid interest, are payable despite the suspension of a Trading Participant's rights and admission.
- (b) All Fees imposed under the Operating Rules in respect of the period of a Trading Participant's admission, together with any accrued but unpaid interest, are payable despite the termination of the Trading Participant's rights and admission.
- (c) Trading Participants are not entitled to a refund of any portion of any Fees paid to the Exchange upon suspension or termination of the Trading Participant's rights and admission.

### **2.6.5 Continuing jurisdiction of the Exchange**

A suspension or termination of a Trading Participant's rights or admission does not in any way prejudice the right of the Exchange to recover any sum payable to the Exchange by a Trading Participant together with any accrued but unpaid interest.

### **2.6.6 Lifting of suspension**

The Exchange may declare that a suspension event no longer applies to a Trading Participant, and if all such events cease to apply to a Trading Participant, then that Trading Participant's admission and rights may be restored.

### **2.6.7 Return of property and information on termination**

From the date of termination as a Trading Participant, the former Trading Participant and each of its Derivatives Staff Members must return all property and information to the Exchange:

- (a) which belongs to the Exchange;
- (b) to which the Exchange has a right of possession;
- (c) which is reasonably requested by the Exchange; or
- (d) which the Trading Participant is otherwise obliged to return to the Exchange.

### **2.6.8 Grounds for automatic suspension of Trading Participants**

The admission and rights of a Trading Participant shall be suspended immediately (and without the need for any further action by the Exchange) upon the occurrence of any of the following events:

- (a) the variation, suspension or termination of the Trading Participant's Licence or its right or ability to take advantage of an exemption or relief from holding a Licence such that the Trading Participant is no longer authorised to discharge its obligations as a Trading Participant; or
- (b) the Exchange being notified by ASIC or an Offshore Regulator that it has prohibited or otherwise placed restrictions on any of the Trading Participant's activities such that the Trading Participant is no longer authorised to discharge its obligations as a Trading Participant.

### 2.6.9 Grounds for suspension of Trading Participants

The admission and rights of a Trading Participant may, in the Exchange's absolute discretion, be suspended on written notice by the Exchange upon the occurrence of one or more of the following events:

- (a) the variation, suspension or termination of the Trading Participant's Licence or its right or ability to take advantage of an exemption or relief from holding a Licence other than as specified in Rule 2.6.8(a);
- (b) the Exchange being notified by ASIC or an Offshore Regulator that it has prohibited or otherwise placed restrictions on any of the Trading Participant's activities other than as specified in Rule 2.6.8(b);
- (c) the Trading Participant ceasing to carry on its Financial Services business;
- (d) in the case of a Trading Participant which is not itself a Clearing Entity, the failure by that Trading Participant to have in full force and effect a Clearing Entity Agreement with its Nominated Clearing Entity, whether or not that failure is due to the act or omission of the Trading Participant;
- (e) the Nominated Clearing Entity of a Trading Participant giving notification that, for any reason, it will not clear or settle any one or more Trades on behalf of that Trading Participant;
- (f) the Exchange being notified by the Clearing House that the Nominated Clearing Entity of the Trading Participant has been terminated or suspended under the Clearing Rules;
- (g) the failure of the Trading Participant to pay when due and payable, any:
  - (i) Fee; or
  - (ii) interest accrued on an amount payable to the Exchangeto the Exchange under the Operating Rules or to any other person, as determined by the Exchange, including without limitation, ASIC or an Offshore Regulator;
- (h) the failure of the Trading Participant to lodge a Periodical Report of Financial Position under Rule 3.4.1;
- (i) the failure of a Trading Participant to pay any amount required by the Exchange to be paid into the Compensation Fund;
- (j) the Trading Participant giving effect to or permitting a Change of Control:
  - (i) without giving prior notice under Rule 2.13; or
  - (ii) where the Exchange has determined under Rule 2.13 that, following the Change of Control, the Trading Participant will no longer meet the criteria for admission as a Trading Participant specified in Rule 2.3; or
  - (iii) where the Trading Participant has failed to meet any conditions that under Rule 2.13 the Exchange deems necessary to maintain the Trading Participant's admission and rights as a Trading Participant following the Change of Control;
- (k) the involvement of the Trading Participant in a Market Disruption Event under Rule 5.3;
- (l) if the Trading Participant (or, if the Trading Participant is a Firm, any partner of the Trading Participant) is or becomes or is likely to become Bankrupt;
- (m) if the Orders:
  - (i) from any person who has Order Router Facility access; or

- (ii) otherwise entered using any Order Router Facility for which the Trading Participant is responsible (regardless of whether such use was authorised by the Trading Participant)  
affect, or potentially affect, the fair, orderly and transparent operation of any one of more FGL Product Markets or Individual FGL Products;
- (n) if, in the opinion of the Exchange it is necessary to do so in the interests of the public, or the Exchange, or the conduct of any one or more of the FGL Product Markets.

#### **2.6.10 Grounds for termination of Trading Participants**

The admission and the rights of a Trading Participant may in the Exchange's absolute discretion, be terminated immediately on written notice by the Exchange upon the suspension of the Trading Participant on one or more of the grounds set out in Rule 2.6.8 or Rule 2.6.9 continuing for the period of 40 days or such greater period specified in the FGL Procedures.

#### **2.6.11 Notification of suspension or termination by a Trading Participant**

Where a Trading Participant has been suspended or terminated in accordance with Rules 2.6.8, 2.6.9 or 2.6.10, the Trading Participant must immediately notify each Clearing Entity with whom it has a Clearing Entity Agreement.

### **2.7 Requirements for Admission as a Clearing Entity**

#### **2.7.1 Exchange to be satisfied**

An applicant for admission as a Clearing Entity must be able to demonstrate to the satisfaction of the Exchange that each of the requirements set out in Rules 2.7.2 to 2.7.4 are satisfied and will, where applicable, be satisfied on a continuing basis.

#### **2.7.2 Clearing Member of the Clearing House**

The applicant must

- (a) be approved by the Clearing House as a Clearing Member entitled under the Clearing Rules to clear FGL Products; or
- (b) be applying for admission as a Clearing Member of the Clearing House entitled under the Clearing Rules to clear FGL Products, in which case approval as a Clearing Entity will not be deemed effective until such Clearing Member admission has been granted by the Clearing House to the applicant.

#### **2.7.3 Capital Levels**

Each Clearing Entity, and each Trading Participant who is also a Clearing Entity, must demonstrate that they have and have the ability to maintain a Capital Level of not less than the greater of \$1,000,000 and the Capital Level specified by the Clearing House for its Clearing Members.

#### **2.7.4 Additional requirements**

The applicant must comply with any additional requirements specified in the Operating Rules or the FGL Procedures for Clearing Entities.

### **2.8 Procedures for Admission of Clearing Entities**

#### **2.8.1 Application form**

The applicant for admission as a Clearing Entity must prepare and lodge with the Clearing House and the Exchange:

- (a) an application in the form specified in the FGL Procedures; and
- (b) a declaration, in the form specified in the FGL Procedures, acknowledging that it will comply with the FGL Operating Rules.

### 2.8.2 Supporting evidence

The Exchange may give directions to, and make enquiries of, the applicant as it considers necessary.

### 2.8.3 Consideration of application

- (a) The Exchange will be under no obligation to consider an application until it is reasonably satisfied with the application, any supporting evidence and any responses to directions or enquiries provided by the applicant.
- (b) In determining an application for admission, the Exchange is entitled to consider:
  - (i) the applicant's status with respect to the Clearing House;
  - (ii) the applicant's financial standing and capacity; and
  - (iii) any other matters it regards as relevant.
- (c) Where the Exchange proposes to reject an application, the Exchange must give the applicant notice in writing, identifying the reasons for the proposed rejection and invite the applicant to make further submissions for the Exchange's consideration.
- (d) The notice of the proposed rejection contemplated in Rule 2.8.3(c) must be provided within the timeframes specified in the FGL Procedures.

### 2.8.4 Conditions on admission

Upon admission a Clearing Entity will be deemed to have become a Suitably Qualified Affiliate of the Exchange. The Exchange may impose conditions on the admission of a Clearing Entity.

### 2.8.5 Procedures following approval of application

- (a) If the Exchange approves an application for admission as a Clearing Entity, the Exchange must advise the applicant of:
  - (i) the decision; and
  - (ii) any conditions on that applicant's admission.
- (b) Within the time specified by the Exchange the applicant must comply with any conditions imposed by the Exchange on its admission.

### 2.8.6 Lapse of approval

If the applicant does not comply with Rule 2.8.5(b) within the time specified in the FGL Procedures, the approval will be deemed to have lapsed, unless the applicant has received prior written consent from the Exchange for an extension of time to submit the items requested under Rule 2.8.5(b).

### 2.8.7 Procedures following rejection of application

If the Exchange rejects an application for admission as a Clearing Entity, the Exchange must advise the applicant of:

- (a) the decision to reject the application;
- (b) its reasons for the decision; and
- (c) the applicant's right to appeal the decision in accordance with Part 8 of the Operating Rules within the period specified in the FGL Procedures.



## 2.9 Clearing Entities

### 2.9.1 Clearing Entity rights

Under these Operating Rules, a Clearing Entity has the right, subject to the Clearing Rules, to undertake clearing and settlement in respect of those FGL Eligible Transactions executed on the Exchange Market for which they are the nominated Clearing Entity.

### 2.9.2 Clearing Entity requirements in respect of Trades

Upon acceptance of an FGL Eligible Transaction by the Clearing House for clearing, the Clearing Entity's obligations in connection with the relevant Open Contract will arise under the Clearing Rules.

## 2.10 Suspension and Termination of Clearing Entity Admission

### 2.10.1 Cessation of Rights

The rights of a Clearing Entity to accept further Market Contracts on the Exchange Market ceases entirely:

- (a) for the duration of any suspension; and
- (b) upon termination.

For the avoidance of doubt, when a Clearing Entity ceases to be a Clearing Member under the Clearing Rules, the Clearing Entity is immediately terminated as a Clearing Entity under these Operating Rules.

### 2.10.2 Obligations not affected

A suspension or termination of a Clearing Entity status does not affect a Clearing Entity's obligation to comply with the Operating Rules, the Clearing Rules or any direction given or condition imposed by the Exchange at or prior to a suspension or termination event.

### 2.10.3 Rules without limitation

- (a) The Exchange may exercise its powers and discretions to suspend or terminate a Clearing Entity's admission as a Clearing Entity of the Exchange without regard to Parts 7 or 8 or the procedures in Parts 7 or Part 8.
- (b) A Clearing Entity suspended or terminated by the Exchange under Rules 2.10.8 2.10.9 or 2.10.10 may appeal the suspension or termination in accordance with Part 8.

### 2.10.4 Fees still payable

- (a) All Fees imposed under the Operating Rules in respect of the period of a Clearing Entity's admission, together with any accrued but unpaid interest, are payable despite the suspension of a Clearing Entity's rights and admission.
- (b) All Fees imposed under the Operating Rules in respect of the period of a Clearing Entity's admission, together with any accrued but unpaid interest, are payable despite the termination of the Clearing Entity's rights and admission.
- (c) Clearing Entities are not entitled to a refund of any portion of any Fees paid to or collected on behalf of the Exchange upon suspension or termination of the Clearing Entity's rights and admission.

### 2.10.5 Continuing jurisdiction of the Exchange

A suspension or termination of a Clearing Entity's rights or admission does not in any way prejudice the right of the Exchange to recover any sum payable to the Exchange by a Clearing Entity together with any accrued but unpaid interest.

### 2.10.6 Lifting of suspension

The Exchange may declare that a suspension event no longer applies to a Clearing Entity, and if all such events cease to apply to a Clearing Entity, then that Clearing Entity's admission and rights may be restored.

### 2.10.7 Return of property and information on termination

From the date of termination as a Clearing Entity, the former Clearing Entity and each of its Derivatives Staff Members must return all property and information to the Exchange:

- (a) which belongs to the Exchange;
- (b) to which the Exchange has a right of possession;
- (c) which is reasonably requested by the Exchange; or
- (d) which the Clearing Entity is otherwise obliged to return to the Exchange.

### 2.10.8 Grounds for automatic suspension of Clearing Entities

The admission and rights of a Clearing Entity shall be suspended immediately (and without the need for any further action by the Exchange) upon the occurrence of any one of the following events:

- (a) the Exchange being notified that ASIC, the Clearing House or an Offshore Regulator has prohibited or otherwise placed restrictions on any of the Clearing Entity's activities such that the Clearing Entity is no longer authorised to discharge its obligations as a Clearing Entity;
- (b) the Exchange being notified by the Clearing House that the rights of the Clearing Entity to undertake clearing and settlement of Trades have been withdrawn.

### 2.10.9 Grounds for suspension of Clearing Entities

The admission and rights of a Clearing Entity may, in the Exchange's absolute discretion, be suspended on written notice by the Exchange upon the occurrence of one or more of the following events:

- (a) the Exchange being notified that ASIC, the Clearing House or an Offshore Regulator has prohibited or otherwise placed restrictions on any of the Clearing Entity's activities such that the Clearing Entity is no longer authorised to discharge its obligations as a Clearing Entity;
- (b) the failure of the Clearing Entity to lodge a financial report under Rule 6.3.4;
- (c) the failure of the Clearing Entity to maintain its Capital Level requirements under Rule 2.7.3;
- (d) the involvement of the Clearing Entity in a Market Disruption Event under Rule 5.3;
- (e) if the Clearing Entity (or, if the Clearing Entity is a Firm any partner of the Clearing Entity) is or becomes or is likely to become Bankrupt; or
- (f) if, in the opinion of the Exchange it is necessary to do so in the interests of the public, or the Exchange, or the conduct of any one or more of the FGL Product Markets.

### 2.10.10 Grounds for termination of Clearing Entities

The admission and the rights of a Clearing Entity may in the Exchange's absolute discretion, be terminated immediately on written notice by the Exchange on one or more of the grounds set out in Rule 2.10.8 or 2.10.9 continuing for the period specified in the FGL Procedures.

### 2.10.11 Notification by Clearing Entity of suspension or termination of a Clearing Entity

Where a Clearing Entity has been suspended or terminated in accordance with Rule 2.10.8, 2.10.9 or 2.10.10, the Clearing Entity must immediately notify each Trading Participant with whom it has a Clearing Entity Agreement.

## 2.11 Resignation of Trading Participants and Clearing Entities

### 2.11.1 Notice of resignation

A Trading Participant or Clearing Entity may resign as a Trading Participant or Clearing Entity by giving notice in writing to the Exchange of its intention to do so.

### 2.11.2 Effect of resignation

Subject to the Exchange's consent in writing, the rights of that Trading Participant or Clearing Entity will be at an end with effect from the later of:

- (a) the receipt by the Exchange of a Trading Participant or Clearing Entity's notice of intention to resign; and
- (b) the date specified by the Trading Participant or Clearing Entity's in such notice.

### 2.11.3 Cessation of Trading rights

Subject to Rule 2.12(a)(ii), the rights of a Trading Participant or Clearing Entity granted by these Operating Rules cease entirely upon resignation.

### 2.11.4 No refund of Fees

There is no entitlement to a refund of any portion of Fees paid to the Exchange by a Trading Participant or Clearing Entity following the resignation of that Trading Participant or Clearing Entity.

### 2.11.5 Liability not affected

The resignation of a Trading Participant or Clearing Entity does not in any way affect or limit any liability or obligation it may have incurred to the Exchange or to any other Trading Participant or Clearing Entity arising under the Operating Rules or out of its activities and obligations as a Trading Participant or Clearing Entity and this liability will continue to subsist until satisfied or discharged.

## 2.12 Notification of Suspension, Termination or Resignation

- (a) Prior to or upon suspension or termination of a Trading Participant or Clearing Entity's rights and admission and upon resignation by a Trading Participant or Clearing Entity, the Exchange may:
  - (i) notify other Trading Participants and Clearing Entities, the Clearing House, ASIC, any relevant Offshore Regulator and any other person, or make any other announcement, that it sees fit; and/or
  - (ii) in relation to any Clearing Entity:
    - (A) instruct or direct the transfer of any Open Contracts to another Clearing Entity at its absolute discretion, subject to the Clearing Rules; and/or
    - (B) take other action or exercise other powers under Rule 5.2.6 in relation to the affected Clearing Entity.
- (b) The Exchange may, but is not obliged to, in any notice or announcement made under Rule 2.12(a), indicate the grounds on which the decision was made.
- (c) Each Trading Participant or Clearing Entity will be deemed to have irrevocably appointed the Exchange as its agent to do all things and execute all documents required (in the name of the Trading Participant or Clearing Entity or otherwise) necessary to effect any transfer under Rule 2.12(a)(ii)(A).

## 2.13 Change of Control of Trading Participant or Clearing Entity

### 2.13.1 Effecting a Change of Control without notification prohibited

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A Trading Participant or Clearing Entity must give prior written notification to the Exchange of any proposed Change of Control of the Trading Participant or Clearing Entity.

### **2.13.2 Consideration and requisitions**

- (a) When the Exchange receives a notification under Rule 2.13.1, the Exchange:
  - (i) must consider the notification; and
  - (ii) may issue requisitions and call for such further information or make such further enquiries as it deems necessary.
- (b) The Exchange will be under no obligation to complete its consideration of the notification until the Exchange is reasonably satisfied with the answers, documentation and information supplied by the Trading Participant or Clearing Entity.

### **2.13.3 Decisions and conditions**

When the Exchange has completed its consideration of a notification under Rule 2.13.1, the Exchange may:

- (a) notify the Trading Participant or Clearing Entity that the Change in Control has no effect on the Trading Participant or Clearing Entity's admission and rights as a Trading Participant or Clearing Entity;
- (b) determine that, following the proposed Change of Control, the Trading Participant or Clearing Entity will no longer meet the criteria for admission as a Trading Participant or Clearing Entity, and suspend or terminate the admission of the Trading Participant or Clearing Entity with effect from date at which the Change of Control takes effect; or
- (c) require the Trading Participant or Clearing Entity to meet such conditions that the Exchange deems necessary to maintain the Trading Participant or Clearing Entity's admission and rights as a Trading Participant or Clearing Entity.

## Part 3: Business Conduct Rules

### 3.1 Purpose

The Purpose of Part 3 of the Operating Rules is to establish standards of behaviour for Trading Participants and Derivatives Staff.

### 3.2 General Provisions

#### 3.2.1 Prohibition on contracting out

- (a) Without limiting the effect of any other Operating Rule, and subject to Rule 3.2.1(b), no Trading Participant nor Derivatives Staff Member may enter into any agreement, arrangement or understanding, the effect of which is to alter any of the Trading Participant's or its Derivatives Staff Member's obligations under the Operating Rules.
- (b) Rule 3.2.1(a) does not apply where the entry into an agreement, arrangement or understanding is for services and does not involve any transfer of obligation away from the Trading Participant or Derivatives Staff Member and has been notified to the Exchange.

#### 3.2.2 No Limitation on remedies

Nothing in Part 3 of the Operating Rules limits the operation of remedies or discretions which are available under statute or at law to a Trading Participant including, without limitation, the discretions and remedies available to that Trading Participant when a Client is in breach of its obligations.

### 3.3 Obligations to the Exchange and to the Exchange Market

#### 3.3.1 General duties of honesty and fairness

In all dealings with the Exchange and in the conduct of any business relating to the Exchange or the Exchange Market each Trading Participant and each Derivatives Staff Member must:

- (a) act in a responsible manner;
- (b) conduct itself with honesty and probity;
- (c) observe principles of fairness and equity; and
- (d) comply with the Market Integrity Rules.

#### 3.3.2 Co-operation with the Exchange

- (a) Each Trading Participant must:
  - (i) co-operate with the Exchange (including any Committee or tribunal of the Exchange);
  - (ii) promptly comply with any demand, order, Direction, finding, condition or request of the Exchange;
  - (iii) promptly provide such reasonable assistance as is requested by the Exchange, including but not limited to:
    - (A) access to, production and copying of any accounting and other records;
    - (B) access to its offices and place of business;
    - (C) providing evidence, statements or other information; or
    - (D) assisting any enquiry or investigation;
  - (iv) prepare, complete and execute all documentation reasonably required by the Exchange; and

- (v) cause each of its Derivatives Staff Members to be aware of, and assist in complying with, its obligations under this Rule 3.3.2.
- (b) Each Derivatives Staff Member must:
  - (i) co-operate with the Exchange (including any Committee or tribunal of the Exchange);
  - (ii) promptly comply with any demand, order, direction, finding, condition or request of the Exchange;
  - (iii) promptly provide such reasonable assistance as is requested by the Exchange, including but not limited to:
    - (A) providing evidence, statements or other information; or
    - (B) assisting any enquiry or investigation; and
  - (iv) prepare, complete and execute all documentation reasonably required by the Exchange.

### 3.3.3 Return of property and information

When requested by the Exchange, each Trading Participant and each Derivatives Staff Member must return all property and information to the Exchange:

- (a) which belongs to the Exchange;
- (b) to which the Exchange has a right of possession;
- (c) which is reasonably requested by the Exchange; or
- (d) which the Trading Participant or Derivatives Staff Member is otherwise obliged to return to the Exchange.

### 3.3.4 Duty of compliance

- (a) Each Trading Participant must at all times comply with, and must adopt and maintain procedures for monitoring and enforcing compliance by it and its Derivatives Staff with:
  - (i) the Operating Rules;
  - (ii) the FGL Procedures and Directions;
  - (iii) the conditions of its admission to the Exchange;
  - (iv) the conditions of any exemption granted from the Operating Rules (if any);
  - (v) the conditions and obligations of its Licence or the relevant exemption or relief from the obligation to hold a Licence;
  - (vi) the Corporations Act, the Corporations Regulations, the Market Integrity Rules and any law, regulation, policy or instrument of ASIC (where applicable);
  - (vii) any law, regulation, policy or instrument of the relevant Offshore Regulator if a Trading Participant is subject to the laws of an Offshore Jurisdiction (where applicable); and
  - (viii) its Clearing Entity Agreements.

For further details see **GN 9 – Monitoring and Enforcing Compliance**.

- (b) Each Trading Participant must at all times give effect to any order made under Rule 7.5.1(n).
- (c) Each Derivatives Staff Member must at all times comply with the requirements specified in Rule 3.3.4(a)(i) to Rule 3.3.4(a)(viii).
- (d) For the avoidance of doubt:
  - (i) a failure to comply with this Rule 3.3.4 constitutes a breach of the Operating Rules; and
  - (ii) a failure to take any action required by the Operating Rules and the taking of any action contrary to the Operating Rules constitutes a breach of the Operating Rules.

### 3.3.5 Liability of Trading Participants for breaches

(a) Primary obligation of Trading Participant

A Trading Participant has the primary obligation to the Exchange:

- (i) to comply with the Operating Rules; and
- (ii) to ensure that each of its Derivatives Staff Members complies with the Operating Rules.

(b) Deemed liability for acts of Derivatives Staff

Without limiting the effect of any other Operating Rule, each Trading Participant will be deemed to have committed a breach of the Operating Rules if any of its Derivatives Staff has committed such a breach.

### 3.3.6 False, misleading and deceptive information

Each Trading Participant and each Derivatives Staff Member must not provide information to the Exchange, the Clearing House, Clients (its own or other Trading Participant's) or other Trading Participants and Clearing Entities which it knows, or ought reasonably to know, is false, misleading or deceptive.

### 3.3.7 Directions regarding clearing and settlement

Without limiting the effect of any other Operating Rule, each Trading Participant must give full effect to and comply immediately and fully with any demand, order, Direction, finding, condition or request relating to the clearance and settlement of any Market Contract given by:

- (a) the Exchange on its own behalf; or
- (b) the Exchange on behalf of the Clearing House.

### 3.3.8 Fees and interest

- (a) All Trading Participants must (by the due date for payment as specified) pay all Fees specified in the FGL Procedures.
- (b) The Clearing House will collect fees due and payable under these Operating Rules on behalf of the Exchange. The Clearing House will collect fees in accordance with the Clearing Rules.
- (c) Without limiting the effect of any other Operating Rule, if a Trading Participant fails to pay any Fee imposed by the Exchange by the date payment is due, interest shall be charged on any amounts overdue, and this interest shall be calculated from the date payment was due until its final payment in full at the rate specified in the FGL Procedures. For the avoidance of doubt this Operating Rule also applies during any period of suspension or to any Fees due on termination.
- (d) All amounts set out in these Operating Rules and elsewhere as being payable to the Exchange shall be deemed to be exclusive of any taxes which may be chargeable on the supply to which it relates.

### 3.3.9 Compensation Fund contribution

Each Trading Participant must make such contributions and pay such levies and other amounts to the Exchange's Compensation Fund as directed by the Exchange and according to the requirements set out in the Compensation Rules.

### 3.3.10 Protection of the Exchange's property and standing

Each Trading Participant must at all times do all things and take all precautions reasonably necessary to protect and uphold:

- (a) the reputation, standing and good fame of the Exchange; and
- (b) the property of the Exchange, including but not limited to intellectual property.

### 3.3.11 Risk management procedures

A Trading Participant must determine and document appropriate market activity limits at the organisation-wide level and demonstrate that these limits are implemented and monitored within its procedures and systems.

### 3.3.12 Indemnity

Without limiting any other indemnities given under the Operating Rules, each Trading Participant must indemnify FGL from and against all proceedings, actions, claims, demands, losses (whether or not realised), liabilities (including contingent liabilities), damages, costs and expenses which may be made or brought against or suffered or incurred by FGL which arise directly or indirectly out of or in connection with any of the following events (including as a result of any action, or lack of action, by FGL in respect of such event):

- (a) the Trading Participant breaches any Operating Rule;
- (b) the Trading Participant becomes Bankrupt;
- (c) the Trading Participant ceases to carry on its business as a Trading Participant; or
- (d) an investigation into the affairs of the Trading Participant, or a Related Entity commences under the Corporations Act (or the laws of the Offshore Jurisdiction); or
- (e) an investigator (however described) is appointed to conduct an investigation into the affairs of the Trading Participant or a Related Entity under the Corporations Act or the laws of the Offshore Jurisdiction.

## 3.4 Periodic Reporting Obligations

### 3.4.1 Periodical report of financial position

- (a) Each Trading Participant who undertakes Dealings for Clients must lodge with the Exchange a Periodical Report of Financial Position in the form, and within the times, specified in the FGL Procedures.
- (b) A Trading Participant must provide to the Exchange within the times specified for such other information or evidence of its financial position (including an annual audit certificate) as specified in the FGL Procedures or otherwise requested by the Exchange.

### 3.4.2 Beneficial Owner reports

- (a) Each Trading Participant must provide to the Exchange a report detailing the Beneficial Owner details of all recorded holdings of Open Contracts by any Clearing Entity on behalf of the Trading Participant.
- (b) A report required by Rule 3.4.2(a) must be provided in the form, and within the times, specified in the FGL Procedures.

For further details see **GN7 – Beneficial Owner**.

### 3.4.3 Annual statement provided to ASIC or Offshore Regulators

Each Trading Participant must provide the Exchange with a copy of each annual statement lodged with ASIC or any Offshore Regulator within the times specified in the FGL Procedures.

## 3.5 Obligations Regarding Records

### 3.5.1 General obligation to maintain systems and records

Without limiting the effect of any other Operating Rules, each Trading Participant must maintain up to date and complete systems and records relating to its Exchange Business. These systems and records must be maintained in a form and manner which ensures that:



- (a) the Trading Participant complies with the Operating Rules and the Market Integrity Rules;
- (b) the Exchange can readily ascertain whether the Trading Participant is in compliance with the Operating Rules; and
- (c) all such systems and records are readily accessible and available upon reasonable request by the Exchange.

### 3.5.2 Form and retention of records

Each Trading Participant must ensure that all systems and records that relate to its Exchange Business are:

- (a) in writing (in English) or capable of being reduced to writing (in English);
- (b) in a form that will enable them to be conveniently and properly audited; and
- (c) retained for at least seven (7) years or such other period specified in the FGL Procedures.

### 3.5.3 Accounting and financial records to be available for inspection

Upon request by the Exchange, each Trading Participant must, within the time specified by the Exchange, produce or make available for inspection or copying any of its financial or accounting records.

For further details see **GN19 – Accounting and Financial Records**.

### 3.5.4 Compliance with Accounting Standards and rulings

Each Trading Participant must maintain its accounting and financial records in accordance with:

- (a) Accounting Standards;
- (b) the FGL Procedures and Directions which relate to the Exchange Business of the Trading Participant; and
- (c) the Corporations Act, the Corporations Regulations and the Market Integrity Rules (where applicable).

## 3.6 Obligations Regarding Clients

### 3.6.1 Clearing Entity Agreement

- (a) A Trading Participant must execute a Clearing Entity Agreement with a Clearing Entity prior to accepting any orders from a Client and directing any FGL Eligible Transaction to the Clearing House for clearing.
- (b) The Clearing Entity Agreement must contain, at a minimum, the following terms:

#### Effecting clearance and settlement

- (i) The Clearing Entity agrees to effect the clearance and settlement of FGL Eligible Transactions in accordance with the provisions of the Clearing Entity Agreement, the Operating Rules and the Clearing Rules. In the event of any conflict, the Clearing Rules shall take precedence, then the Operating Rules and then the Clearing Entity Agreement.

#### Appointment of Nominated Clearing Entity

- (ii) Unless the Trading Participant has appointed another Clearing Entity as its Nominated Clearing Entity,
  - (A) the Trading Participant appoints the Clearing Entity as its Nominated Clearing Entity for the purposes of the Operating Rules; and
  - (B) the Clearing Entity agrees to act as the Trading Participant's Nominated Clearing Entity for the purposes of the Operating Rules including acting as agent for all Trades made by the Trading Participant in accordance with Rule 9.5.3(b) unless such Trades are allocated to

another Clearing Entity and that allocation has been accepted by the other Clearing Entity and registered in accordance with the Clearing Rules.

#### **Governing Law**

- (iii) The Clearing Entity and the Trading Participant each submit to the governing law and jurisdiction of the courts nominated in the Clearing Entity Agreement.

#### **Trade Cancellation**

- (iv) An acknowledgment by both the Trading Participant and the Clearing Entity that the Exchange has the power to cancel a Trade where that Trade has not been registered in accordance with the Clearing Rules.

### **3.6.2 Client Agreement**

- (a) The Client Agreement must contain, at a minimum, the following terms:

#### **Binding Obligations**

- (i) The Trading Participant and the Client each acknowledge and agree that the Trading Participant and the Client's Trading are bound by, and subject to, the Operating Rules; the Market Integrity Rules; the Clearing Rules, the Corporations Act, the Corporations Regulations, and the customs, usages and practices of the Exchange and agree to comply with them.

#### **Appointment of Agent**

- (ii) A provision whereby the Client irrevocably appoints the Exchange as its agent, to do all acts (including giving directions to the Clearing House) and execute all documents on the Client's behalf to arrange, subject to the Clearing Rules, the transfer of Open Contracts (to another Clearing Entity selected by the Exchange), to initiate Orders to trade offsetting Open Contracts on behalf of the Client (at a price determined by the Exchange in its discretion) or to Close Out Open Contracts (at a price determined by the Exchange in its discretion) held by a Clearing Entity acting for a Trading Participant on the Client's behalf if the Trading Participant has been suspended or terminated under the Operating Rules or the Clearing Rules.

#### **Right of Exchange to Impose Limits**

- (iii) An acknowledgment by the Client that the Exchange may place limits on all Clients with respect to any FGL Product, or any Individual FGL Product, including limits on the number of Open Contracts or dollar amount. Any limits placed on Clients will be communicated via the Trading Participant.

#### **Benefit of Registration of FGL Eligible Transaction with the Clearing House**

- (iv) An acknowledgment by the Client that any benefit or right obtained by any Clearing Entity upon registration of an FGL Eligible Transaction on behalf of the Trading Participant as an Open Contract with the Clearing House does not pass to the Client.

#### **Client only has Rights Against Trading Participant**

- (v) An acknowledgment by the Client that in relation to all FGL Eligible Transactions:
  - (A) the Client has no rights (whether by way of subrogation or otherwise) against any person (including the Exchange or the Clearing House) in relation to any FGL Eligible Transaction registered as an Open Contract with the Clearing House or any Trading conducted on the Exchange other than rights against the Trading Participant; and

- (B) any benefit or right obtained by a Trading Participant in relation to an FGL Eligible Transaction does not pass to the Client.

### **Operating Rules Prevail**

- (vi) The provisions of the Operating Rules prevail despite any provision in the Client Agreement.
- (b) A Trading Participant must not include any term in its Client Agreement which is inconsistent with or which purports to restrict the legal effect of the minimum terms as set out in Rule 3.6.2(a).
- (c) Rule 3.6.2(a) will not apply where:
  - (i) the Client is itself a Trading Participant, in which case an agreement containing the terms set out in Rule 3.6.2(a) will be deemed to have arisen and be in force between the Trading Participant and the Client;
  - (ii) the Client is a Related Entity, in which case an agreement containing the terms set out in Rule 3.6.2(a) will be deemed to have arisen and be in force between the Trading Participant and the Client; or
  - (iii) the Client is a business division of the Trading Participant which is separate from the Derivatives business division of the Trading Participant.

## **3.7 Obligations Regarding Trading and Clearing**

### **3.7.1 Clearing Entity Agreement**

Where a Trading Participant is not a Clearing Entity it must enter into and have in force at all times a Clearing Entity Agreement with a Nominated Clearing Entity. A Trading Participant may have more than one Clearing Entity Agreement.

### **3.7.2 Password**

- (a) Each person with access to an Order Router Facility must keep their password for accessing the Order Router Facility confidential. Each person with a password to the Trading System must keep their password confidential.
- (b) Without limiting the effect of Rule 3.7.2(a), a Trading Participant must ensure that each person who has or has had a password does not share that password with any other person.
- (c) a Trading Participant becomes aware that:
  - (i) a person who has or has had a password has shared that password with any other person; or
  - (ii) a password is no longer confidential,the Trading Participant must:
  - (iii) immediately prevent access to the Trading System using the disclosed password; and
  - (iv) issue the person with a new password to the Order Router Facility as soon as practicable, and, if necessary request a new password to the Trading System from the Exchange.

### **3.7.3 Protection of the Trading System**

Each Trading Participant must, to the satisfaction of the Exchange, implement adequate measures to ensure the security and protection of the Trading System, Trading equipment and any other property of the Exchange.

### **3.7.4 Recording of conversations and instructions**

The Exchange may, at its discretion, record any conversations conducted using Exchange telecommunications facilities and the Exchange shall hold such records of conversations subject to Rule 1.4.

### 3.7.5 Audit requirements

A Trading Participant must at all times:

- (a) on request from the Exchange, recreate the audit trail and provide it to the Exchange in an electronic or printed form;
- (b) in relation to a particular Trading Day, provide the Exchange with the information relating to that Trading Day, within a period specified by the Exchange, following the request by the Exchange; and
- (c) provide to the Exchange upon reasonable notice, copies of any records or statements requested by the Exchange in order to satisfy audit requirements.

### 3.7.6 Other records and statements

Each Trading Participant must establish and maintain in a complete and accurate manner, any records, reports, statements and other information relating to the Trading Participant's Exchange Business as are required by:

- (a) the Operating Rules;
- (b) the Market Integrity Rules;
- (c) the Corporations Act;
- (d) the Corporations Regulations;
- (e) any law of a relevant Offshore Jurisdiction (where applicable);
- (f) the Trading Participant's AFS Licence or any exemption or relief;
- (g) any law, regulation, policy or instrument of ASIC or any Offshore Regulator (where the Trading Participant is subject to the laws of an Offshore Jurisdiction); or
- (h) the FGL Procedures and Directions.

### 3.7.7 Arbitration

Except in the case of a Dispute relating to the Clearing House which shall be subject to Rule 5.2.4(b), in respect of any Dispute that arises under these Operating Rules and that has not been reasonably dealt with by the parties to the Dispute by an agreed method and where a party to the Dispute elects to bring the matter to arbitration:

- (a) the Dispute shall be referred to and finally resolved by arbitration in accordance with the Arbitration Rules;
- (b) the appointing and administering authority shall be the Institute of Arbitrators & Mediators Australia (IAMA);
- (c) the number of arbitrators shall be three;
- (d) the seat, or legal place, of the arbitration shall be Sydney, New South Wales, Australia; and
- (e) the language to be used in the arbitral proceedings shall be English.

However, if none of the parties to the Dispute is resident in Australia or the Dispute concerns Trades on other Financial Markets as well as Trades on the Exchange, or if all parties to the Dispute agree, the parties to the Dispute may use a method of Dispute resolution different to that provided for above.

## 3.8 Notification Obligations

### 3.8.1 Rule operates without limitation

Nothing in this Rule 3.8 limits the operation of any other Operating Rule.

### 3.8.2 Obligation to notify the Exchange

Upon any of the events described in Rules 3.8.3 to 3.8.15 occurring, the Trading Participant to whom that event relates must

- (a) notify the Exchange in writing; and
- (b) provide the Exchange with such information as is necessary for the Exchange to respond appropriately to the event,

within the time specified.

### 3.8.3 Notification of change in Licence or exemption or relief

A Trading Participant must comply with Rule 3.8.2 (within the time specified in the FGL Procedures) upon any variation to the terms or conditions of its Licence. Where the Trading Participant is exempt or has been granted relief from the obligation to hold a Licence, a Trading Participant must comply with Rule 3.8.2 (within the time specified in the FGL Procedures) upon any variation to the terms or conditions of its exemption or relief.

### 3.8.4 Notification of breaches and investigations

- (a) A Trading Participant must comply with Rule 3.8.2 (within the time specified in the FGL Procedures) upon any of the following:
  - (i) committing a breach or suspected breach of the Operating Rules;
  - (ii) committing a breach or suspected breach of the Clearing Rules (where the Trading Participant is a Clearing Entity);
  - (iii) committing a significant breach or suspected significant breach within the meaning of section 912D of the Corporations Act;
  - (iv) committing a significant breach or suspected significant breach of any other law relating to the Exchange Market;
  - (v) committing a significant breach or suspected significant breach of any law relating to any other Derivatives or securities exchange on which the Trading Participant Deals; or
  - (vi) if ASIC or any Offshore Regulator commences an investigation or proceedings relating to the Trading Participant (including any investigation or proceedings relating to a business of the Trading Participant other than its Derivatives business).

For further details see **GN6 – What is a Significant Breach.**

- (b) A Trading Participant must give to the Exchange (within the time specified in the FGL Procedures) a copy of:
  - (i) a notification to ASIC of a breach of the Corporations Act which it is required to give under section 912D of the Corporations Act;
  - (ii) a notification to an Offshore Regulator in regards to a breach or suspected breach of any other law; and
  - (iii) a notification to the Clearing House in regards to a breach or suspected breach of the Clearing Rules.
- (c) In the circumstances described in Rule 3.8.4(a), the Trading Participant must cooperate with the Exchange and comply promptly within the timeframe specified by the Exchange (if any) with any demand, order, direction, finding, condition or request by the Exchange in relation to that breach, suspected breach, investigation or proceeding.

### 3.8.5 Notification of Unprofessional Conduct

A Trading Participant must comply with Rule 3.8.2 immediately upon becoming aware that it or any one or more of its Derivatives Staff Members has been involved in Unprofessional Conduct.

### 3.8.6 Notification of breach, suspension or cancellation of Licence

A Trading Participant must comply with Rule 3.8.2 immediately upon:

- (a) breach by the Trading Participant of a condition of its Licence or exemption or relief from the obligation to hold a Licence;
- (b) suspension, cancellation or termination of its Licence or exemption or relief from the obligation to hold a Licence; or
- (c) any action taken by ASIC or any Offshore Regulator in regards to its Licence or its exemption or relief from the obligation to hold a Licence.

### 3.8.7 Notification of default

A Trading Participant must comply with Rule 3.8.2 immediately upon becoming aware of a default (including a default by the Trading Participant itself or a default by a Client in respect of obligations owed to the Trading Participant).

### 3.8.8 Notification relating to clearance and settlement

With respect to a Clearing Entity Agreement with a Nominated Clearing Entity:

- (a) a Trading Participant must comply with Rule 3.8.2 immediately upon becoming aware of:
  - (i) any breach of its Clearing Entity Agreement; or
  - (ii) any suspension, cessation, termination or purported termination for any reason of its Clearing Entity Agreement;

and

- (b) a Trading Participant must comply with Rule 3.8.2 immediately upon becoming aware of the failure or refusal for any reason of its Nominated Clearing Entity to continue to clear or settle Trades on its behalf.

### 3.8.9 Notification of Insolvency

A Trading Participant must comply with Rule 3.8.2 immediately upon any Insolvency Event in respect of the Trading Participant.

### 3.8.10 Notification of errors and mistakes

A Trading Participant must comply with Rule 3.8.2 immediately upon the Trading Participant becoming aware of the occurrence (or likely occurrence) of any material error, mistake or miscalculation which relates to information provided by (or that should have been provided by) the Trading Participant to the Exchange, ASIC or any Offshore Regulator.

### 3.8.11 Notification of Derivatives Staff Member offences

A Trading Participant must comply with Rule 3.8.2 immediately upon the Trading Participant becoming aware of or suspecting that any Derivatives Staff Member has been a party to, or is attempting or likely to commit or be a party to:

- (a) a significant breach of the Operating Rules or any act or omission that may lead to any Trading Participant committing such a breach;
- (b) committing a significant breach or suspected significant breach of the Clearing Rules (where the Trading Participant is a Clearing Entity);
- (c) a significant breach or suspected significant breach within the meaning of section 912D of the Corporations Act;
- (d) committing a significant breach or suspected significant breach of any law relating to the Exchange Market;
- (e) committing a significant breach or suspected significant breach of any other law relating to any other derivatives or securities exchange on which the Trading Participant Deals;
- (f) theft or fraud or alleged theft or fraud; or
- (g) Unprofessional Conduct.

### **3.8.12 Notification of disappearance and termination for cause**

A Trading Participant must comply with Rule 3.8.2 immediately upon:

- (a) the apparent disappearance of any Derivatives Staff Member; or
- (b) the termination for cause of any Derivative Staff Member.

### **3.8.13 Notification of damage or interruption to systems**

A Trading Participant must comply with Rule 3.8.2 immediately upon the occurrence of any:

- (a) damage or interruption to any part of the Trading Participant's electronic or information systems; or
- (b) fire, storm, flood or natural event,

which has caused or may cause interruption or damage to, or may affect the quality of, the Trading Participant's Exchange Business or its ability to comply with the Operating Rules or any law regulating its Exchange Business.

### **3.8.14 Notification of intention to Deal for Clients**

A Trading Participant who has not undertaken Dealings for Clients, but who proposes to commence Dealing for Clients, must comply with Rule 3.8.2 within the time specified in the FGL Procedures.

### **3.8.15 Notification of other events**

Without limiting the application of any of the events described in Rules 3.8.5 to 3.8.14, a Trading Participant must comply with Rule 3.8.2 immediately upon any other event occurring which may directly or indirectly affect the ability of the Trading Participant to provide Financial Services in accordance with the Operating Rules, the Clearing Rules, the Corporations Act or the Corporations Regulations, any law relating to its Exchange Business, or in a fair, orderly and transparent manner.

## Part 4: Market Conduct Rules

### 4.1 Purpose

The purposes of Part 4 of the Operating Rules are:

- (a) to make general provisions about Trading on the Exchange Market;
- (b) to set out obligations of Trading Participants and Derivatives Staff in respect of the Trading System; and
- (c) to establish standards of behaviour, in conjunction with the Market Integrity Rules, in relation to Trading by Trading Participants and Derivatives Staff.

### 4.2 Trading on the Exchange Market

#### 4.2.1 Monitoring Trading on the Exchange Market

- (a) The Exchange will undertake supervision, surveillance and monitoring of Trading on the Exchange Market.
- (b) Any Trading behaviour that may be: in breach of the Market Integrity Rules, in breach of the Operating Rules, or not in the interests of a fair, orderly and transparent market may be considered by the Exchange or referred to ASIC (where appropriate to the Market Integrity Rules) or the Compliance and Conduct Committee in accordance with the provisions of Part 7 of the Operating Rules.
- (c) Neither Rule 4.2.1(a) nor Rule 4.2.1(b) limits any other power or responsibility set out in the Operating Rules.

#### 4.2.2 Trading Days and sessions

The Trading Days, sessions and any special arrangements for opening or closing for a FGL Product Market are specified in the Contract Specifications for the relevant FGL Product.

#### 4.2.3 Authorisation to Trade

Only Trading Participants may Trade on the Exchange Market.

#### 4.2.4 Access to the Trading System

The following persons may access the Trading System:

- (a) Derivatives Staff of Trading Participants;
- (b) a Client who has been given access to an Order Router Facility by a Trading Participant; and
- (c) a person authorised by the Exchange.

#### 4.2.5 Use of the Trading System

- (a) Each Trading Participant must comply with any restrictions on access to the Trading System imposed on them, or of which the Exchange notifies them.
- (b) Where the Exchange is of the opinion that a Trading Participant's access to the Trading System is compromising the operation of a fair, orderly and transparent market, the Exchange may do any one or more of the following:
  - (i) suspend or terminate all or part of a Trading Participant's access to the Trading System;
  - (ii) direct the Trading Participant to suspend or terminate any access to an Order Router Facility;
  - (iii) exercise its power to halt one or more FGL Product Markets in accordance with Rule 5.2.6(h); and



- (iv) do anything which it considers reasonable to ensure the operation of a fair, orderly and transparent market.

#### 4.2.6 Responsibility for buy Orders and sell Orders

Without limiting the effect of any other Operating Rule, a Trading Participant will be responsible for:

- (a) all buy Orders and sell Orders; and
- (b) all Trades resulting from any buy Order or sell Order

which are entered using;

- (c) a password issued to the Trading Participant by the Exchange to access the Trading System; or
- (d) a password the Trading Participant has issued to a Derivatives Staff Member or a Client to access its Order Router Facility,

whether or not the person authorised to use the password actually entered the buy Order or sell Order.

#### 4.2.7 Entry of Orders into the Trading System

Each Trading Participant must in entering Orders, input the following information into the Trading System

- (a) Order type (such as limit or market);
- (b) Order duration;
- (c) buy/sell;
- (d) product being:
  - (i) Individual FGL Product; or
  - (ii) Defined Strategy; or
  - (iii) Tailored Strategy;
- (e) price (where appropriate to Order type);
- (f) quantity;
- (g) account (Client or House)

The following additional Order information may be entered:

- (h) any additional instructions for the life of the Order (for example: "at best", "market on close")
- (i) any reference data provided.

#### 4.2.8 Order Router Facility

- (a) A Trading Participant is responsible for all Order Router Facility Orders and Trades.
- (b) Each Trading Participant is solely responsible for:
  - (i) all open Orders and Trades on the Exchange Market effected by access to the Exchange Market using the Trading Participant's Order Router Facility;
  - (ii) the conduct of each person who gains access to the Exchange Market using the Trading Participant's Order Router Facility; and
  - (iii) any breach of the Operating Rules by any person who gains access to the Exchange Market using the Trading Participant's Order Router Facility;

regardless of whether such access was authorised by the Trading Participant.

- (c) Each Trading Participant is solely responsible for ensuring each person with access to an Order Router Facility is informed of all relevant Operating Rules, FGL Procedures, Directions, guidance notes and other notices issued by the Exchange;
- (d) Each Trading Participant must (on the basis of joint and several liability (where applicable) indemnify and hold harmless FGL in respect of any loss or damage sustained by FGL caused either directly or indirectly by:
  - (i) the Trading Participant granting access to its Order Router Facility to any person;
  - (ii) the use of such Order Router Facility by any person;
  - (iii) all use of the Trading Participant's trading equipment by any person regardless of whether such access was authorised by the Trading Participant.
- (e) Before a Trading Participant provides any person with access to an Order Router Facility, and on an ongoing basis, the Trading Participant's designated Order Router Facility must pass an Exchange specified conformance test as follows:
  - (i) A FGL conformance test is required for each Order Router Facility system.
  - (ii) A FGL conformance test is required for each Trading Participant that uses an Order Router Facility. Separate FGL conformance tests are required for each implementation of an Order Router Facility by the Trading Participant, including the conformance testing of any algorithmic or market making system, using the applicable configuration parameters and environment of the Trading Participant.
- (f) The Exchange may impose procedural requirements on a Trading Participant seeking to introduce an Order Router Facility as described in the FGL Procedures.

#### 4.2.9 Price limits

Without limiting any other obligation under the Operating Rules, a Trading Participant must comply with the price limits applicable to one or more FGL Product Markets according to Rule 9.6.1 of these Operating Rules.

#### 4.2.10 Position limits

- (a) Without limiting any other obligation under the Operating Rules, the Clearing Rules, or the Market Integrity Rules, a Trading Participant or Clearing Entity must comply with Directions relating to the maximum number of Open Contracts, as specified in the FGL Procedures, which may be held by a Trading Participant or Clearing Entity in accordance with Rule 9.6.1, including without limitation:
  - (i) the maximum number of Open Contracts which may be held by a Trading Participant or Clearing Entity in respect of a FGL Product or an Individual FGL Product at the end of each Trading Day;
  - (ii) the maximum number of Open Contracts which may be held by a Trading Participant or Clearing Entity as a result of instructions from that Trading Participant or Clearing Entity's Clients in respect of a FGL Product or an Individual FGL Product;
  - (iii) the maximum number of Open Contracts which may be held by a Trading Participant or Clearing Entity on behalf of the Trading Participant or Clearing Entity and some or all of its Related Entities in respect of a FGL Product or an Individual FGL Product; and
  - (iv) the maximum number of Open Contracts which may be held by a Trading Participant or Clearing Entity on behalf of a particular Client or Beneficial Owner in respect of a FGL Product or an Individual FGL Product.
- (b) A Trading Participant or Clearing Entity must comply with any determination made by the Exchange in relation to Closing Out any one or more of its or its Client's Open Contracts for the purposes of compliance with Rule 4.2.10(a).
- (c) The Trading Participant or Clearing Entity must comply with any additional requirements in respect of Closing Out any one or more of its or its Client's Open Contracts as specified in the FGL Procedures.

#### 4.2.11 Power to limit access

The Exchange may limit access to the Trading System (in respect of one Trading Participant, a class of Trading Participants or all Trading Participants) by:

- (a) imposing a limit on the number of Orders per second that may be transmitted to the Trading System;
- (b) imposing a limit on the maximum volume that the Trading Participant may enter for an Order for a particular Individual FGL Product;
- (c) specifying any limitation, parameter or restriction; and/or
- (d) by notifying the affected Trading Participant;

or as otherwise described in the FGL Procedures.

#### 4.2.12 Power to cancel an Order

- (a) The Exchange may cancel an Order if:
  - (i) it believes that the execution of the Order would not be in the best interests of a fair, orderly and transparent market;
  - (ii) it believes the Order is not in accordance with the Operating Rules; or
  - (iii) the Trading Participant responsible for the Order is unable, due to a technological failure in respect of the Trading Participant's Order Router Facility, or otherwise to cancel the Order and requests in accordance with the FGL Procedures that the Exchange cancels the Order.
- (b) In considering whether to cancel an Order under Rule 4.2.12(a)(i), the Exchange may take into account any one or more of the following factors:
  - (i) the request has been received from a Primary Contact of the Trading Participant;
  - (ii) the price of the Order under consideration to be cancelled;
  - (iii) the volume of the Order under consideration to be cancelled;
  - (iv) all prevailing market conditions; and
  - (v) any other factors the Exchange considers relevant.
- (c) For the avoidance of doubt, the Exchange may take action under Rule 4.2.12(a) either as a result of a request from ASIC, a request or referral from a Trading Participant, or at the Exchange's own discretion.
- (d) If the Exchange cancels an Order using its discretion under Rule 4.2.12(a)(i), then the Exchange will inform the Trading Participant concerned of its decision to cancel the Order and the reasons for its decision.
- (e) The Exchange will make best endeavours to cancel an Order requested under Rule 4.2.12(a)(iii). However, if the Order results in a Trade prior to cancellation:
  - (i) the Trading Participant is responsible for the Trade; and
  - (ii) the Trading Participant may request cancellation of the Trade under Rule 4.8.

#### 4.2.13 Review of security measures

The Exchange may:

- (a) review the security measures (including technical security) implemented by a Trading Participant;
- (b) make recommendations to any one or more Trading Participants regarding changes to its security measures; and

- (c) require a Trading Participant to implement any one or more recommended changes to its security measures

but no such review, recommendation or requirement may be construed as approval by the Exchange of the relevant security measures.

For further details see **GN41 – Security Assistance with Electronic Access**.

#### **4.2.14 Indemnification of FGL for security measures**

Each Trading Participant must (on the basis of joint and several liability where applicable) indemnify and hold harmless FGL in respect of any loss or damage sustained by FGL caused either directly or indirectly by the failure of that Trading Participant to implement adequate security measures or ensure the security and protection of the Trading System, Trading equipment or any other property of FGL or of the Exchange.

### **4.3 Trading Prohibitions**

#### **4.3.1 General Trading prohibitions**

- (a) In addition to meeting the obligations defined in Chapter 3 of the Market Integrity Rules each Trading Participant, Derivatives Staff Member and Client must comply with the prohibited conduct and Trading prohibitions in Divisions 2 and 3 of Part 7.10 of the Corporations Act as if:
- (i) the words "Individual FGL Product(s) and/or FGL Product(s)" were substituted for the term "financial product" where it appears in those Divisions; and
  - (ii) the words "FGL Product Market" were substituted for the term "financial market product" where it appears in those Divisions; and
  - (iii) the words "Individual FGL Product(s) and/or FGL Product(s)" were substituted for the term "Division 3 financial products" where it appears in Division 3.
- (b) Price and position limits

A Trading Participant or Clearing Entity must not effect any Trade which is contrary to, or which would cause a contravention of, price and position limits referred to in Rule 4.2.9 or position limits referred to in Rule 4.2.10(a).

For further details see **GN38 – Price Limits**.

### **4.4 Strategy Trading**

#### **4.4.1 Strategy Trading facility**

- (a) The Exchange may make available a facility to enable Trading Participants to Trade strategies. A strategy Order is a multi-legged Order that if matched will result in the execution of Strategy Trades in each and every leg of the strategy.
- (b) Strategies may be Defined Strategies or Tailored Strategies and must be conducted in accordance with this Rule 4.4.

#### **4.4.2 Defined Strategy Trades**

- (a) The FGL Procedures specify
- (i) the type of Defined Strategies that may be listed on the Exchange Market; and
  - (ii) the Individual FGL Products for each leg of a Defined Strategy.
- (b) The FGL Product Market for each Individual FGL Product within the Defined Strategy must be open.

#### **4.4.3 Tailored Strategy Trades**

- (a) The FGL Product Market for each Individual FGL Product within the Tailored Strategy must be open.
- (b) Requirements for Tailored Strategy Orders are:

In respect of new Tailored Strategies:

- (i) a Trading Participant must request a market for a new strategy as specified in the FGL Procedures; and
- (ii) after requesting a market for a new Tailored Strategy the Trading Participant:
  - (A) must wait for the period specified in the FGL Procedures before submitting the Tailored Strategy Order; and
  - (B) must enter the Tailored Strategy Order within the period specified in the FGL Procedures.

In respect of leg ratios:

- (iii) the minimum and maximum number of legs for each Tailored Strategy Order shall be specified in the FGL Procedures;
- (iv) all Tailored Strategy Orders must be entered using the lowest common denominator for each leg;
- (v) the maximum size of the lowest common denominator for each leg in the Tailored Strategy Order shall be specified in the FGL Procedures.

In respect of all Orders:

- (vi) Tailored Strategies must comply with any additional requirements specified in the FGL Procedures.
- (c) For each leg in the Tailored Strategy the price must comply with the requirements specified in the FGL Procedures.
- (d) In addition to the obligations defined in Chapter 3 of the Market Integrity Rules, the following restrictions apply in respect to Tailored Strategies:
  - (i) An Order for a Defined Strategy must not be entered into the Tailored Strategy facility;
  - (ii) An Order must not be entered into the Tailored Strategy facility for a strategy with the same legs and net price as a strategy already in the Tailored Strategy facility;
  - (iii) An Order with the same legs as a strategy in the Tailored Strategy facility but with a different basis or delta must be treated as a new Tailored Strategy and be entered in accordance with Rule 4.4.3(b);
  - (iv) Where there is a buy Order or a sell Order for a Tailored Strategy, a Strategy Trade may only take place at or between that buy Order and sell Order;
  - (v) Where there is only a buy Order or only a sell Order for a Tailored Strategy a Strategy Trade may only take place at or above that buy Order or at or below that sell Order.

For further details see **GN29 - Tailored Strategies** and **GN42 – Defined Strategies**.

## 4.5 Block Trades

### 4.5.1 Availability of Block Trade facility

The Exchange may make available a facility to enable Trading Participants to conduct an Off-Market Arrangement whereby large Trades are agreed and, subject to Exchange and Clearing House approval, executed. Each such Off-Market Arrangement is known as a Block Trade and must be executed on the Block Trade Facility.

### 4.5.2 Individual FGL Products available for a Block Trade

- (a) The Individual FGL Products in which Block Trades may be arranged, including the Minimum Volume Threshold required for a Block Trade, are specified in the FGL Procedures and/or Contract Specifications.
- (b) The number of days prior to expiry of the Individual FGL Product during which Block Trades will not be permitted may be specified in the FGL Procedures and/or Contract Specifications.

#### **4.5.3 Prerequisites for conducting a Block Trade**

For a Block Trade request to be accepted:

- (a) the person placing the Order for the Block Trade must request that the Order is conducted as a Block Trade;
- (b) the Order for the Block Trade must be for an Individual FGL Product as specified by the Exchange in Rule 4.5.2(a); and
- (c) the Order for the Block Trade must be for a quantity that meets or exceeds the Minimum Volume Threshold referred to in Rule 4.5.2(a).

#### **4.5.4 Price of a Block Trade**

Each Trading Participant must ensure that:

- (a) the price for a Block Trade request is fair and reasonable given the size of the Block Trade and the prevailing price and volume being quoted in the relevant FGL Product Market; and
- (b) any person that is a potential counterparty to a Block Trade is advised that the price being quoted may be different to the prevailing price in the relevant FGL Product Market.
- (c) The Exchange will publish a methodology that it will use to assess the fairness and reasonableness of a price requested from time to time.

#### **4.5.5 Restrictions on conducting a Block Trade**

- (a) Only Trading Participants, through their Derivatives Staff Members, may conduct Block Trades and only in accordance with Chapter 3 of the Market Integrity Rules, the Operating Rules and the FGL Procedures.
- (b) A Block Trade may only be arranged:
  - (i) when the FGL Product Market for the Individual FGL Product is open; or
  - (ii) at a time no later than ten (10) minutes after the close of the FGL Product Market or as specified in the FGL Procedures,

at the discretion of the Exchange.

#### **4.5.6 Submission of a Block Trade request**

- (a) A Block Trade request must be entered into the Block Trade Facility of the Trading System in the manner and within the time specified in the FGL Procedures.
- (b) Each counterparty must accept or reject the Block Trade request in accordance with the FGL Procedures.
- (c) On acceptance by the counterparty, the Block Trade request will be submitted to the Exchange for approval.

#### **4.5.7 Exchange approval of a Block Trade request**

- (a) Approval of any Block Trade request is at the Exchange's discretion.
- (b) A Block Trade request will not be approved by the Exchange if, in the opinion of the Exchange, the price is not fair and reasonable.
- (c) A Block Trade request will not be approved by the Exchange on the receipt of specific advice to this effect from the Clearing House.

- (d) On approval of a Block Trade request by the Exchange an FGL Eligible Transaction is deemed to have been created for the purposes of Rule 6.2.
- (e) On approval of a Block Trade request the Exchange may publish details of the Block Trade, including the volume and price of the Block Trade.
- (f) The approval by the Exchange of a submitted Block Trade request does not preclude the Exchange from subsequently forming the view that the Trade has not been conducted in accordance with the Operating Rules.

For further details see **GN25 – Block Trades**.

## **4.6 Exchange for Physical (EFP)**

### **4.6.1 Availability of an EFP facility**

- (a) The Exchange may make available a facility to enable Trading Participants to conduct an Off-Market Arrangement whereby an Individual FGL Product is exchanged for a physical position. Each such Off-Market Arrangement is known as an EFP and is subject to Exchange approval.
- (b) Only Trading Participants may enter EFP requests and only in accordance with the FGL Procedures.

### **4.6.2 Individual FGL Products available for an EFP**

- (a) The Individual FGL Products in which EFPs may be arranged are specified in the FGL Procedures and/or Contract Specifications.
- (b) The limitations on the size of the Individual FGL Products that may be exchanged for a physical position are specified in the FGL Procedures and/or Contract Specifications.

### **4.6.3 Prerequisites for an EFP**

In addition to the obligations defined in Chapter 3 of the Market Integrity Rules, for an EFP to be conducted:

- (a) the person placing the request must instruct the Trading Participant to enter a request for an EFP Order, subject to approval by the Exchange;
- (b) the Order must be for an Individual FGL Product specified in accordance with Rule 4.6.2(a);
- (c) the Order must be within any limitations specified in accordance with Rule 4.6.2(b); and
- (d) the parties to the Individual FGL Product and the physical position must be the same.

### **4.6.4 Trading Participant obligations in requesting approval of an EFP**

Each Trading Participant must ensure that:

- (a) the price of the EFP is fair and reasonable;
- (b) the value and nature of the physical position is substantially similar to that of the Individual FGL Product(s); and
- (c) the counterparty to an EFP is advised (prior to entering into the Trade) that the price may be different to the prevailing price for the relevant Individual FGL Product quoted on the FGL Product Market.

### **4.6.5 Submission of an EFP request**

- (a) An EFP request must be entered into the Trading System in the manner and within the time specified in the FGL Procedures.
- (b) Each counterparty must accept or reject an EFP request as specified in the FGL Procedures.
- (c) On acceptance by the counterparty, the EFP request will be submitted to the Exchange for approval.

#### 4.6.6 Exchange approval of an EFP

- (a) Approval of an EFP request is at the Exchange's discretion.
- (b) The Exchange will publish a methodology that it will use to assess the fairness and reasonableness of a price requested from time to time.
- (c) An EFP request will not be approved by the Exchange if, in the opinion of the Exchange, the price is not fair and reasonable.
- (d) On approval of an EFP request by the Exchange an FGL Eligible Transaction is deemed to have been created for the purposes of Rule 6.2.
- (e) On approval of an EFP request the Exchange may publish details of the EFP, including the volume and the price of the Individual FGL Product.
- (f) The approval by the Exchange of a submitted EFP request does not preclude the Exchange from subsequently forming the view that the Trade has not been conducted in accordance with the Operating Rules.

For further details see **GN24 – Exchange for Physicals**.

### 4.7 Daily Settlement Price

#### 4.7.1 Determination of Daily Settlement Price

At the close of the Trading Day a Daily Settlement Price for each Individual FGL Product will be determined as specified in Rule 4.7.2 below.

#### 4.7.2 Indicative Daily Settlement Price for Futures Contract

For each Individual FGL Product that is a Futures Contract, the Exchange will calculate or determine an indicative Daily Settlement Price in accordance with the following Operating Rules and the Clearing Rules.

- (a) Where the Individual FGL Product has Traded on that Trading Day, the Daily Settlement Price will be:
  - (i) the last Traded price; or
  - (ii) the final buy Order price if the final buy Order price is higher than the last Traded price; or
  - (iii) the final sell Order price if the final sell Order price is lower than the last Traded price.
- (b) Where the Individual FGL Product has not Traded on that Trading Day and the settlement month is the spot month for the FGL Product, the Daily Settlement Price will be:
  - (i) the Daily Settlement Price on the previous Trading Day; or
  - (ii) the final buy Order price, if the final buy Order price is higher than the Daily Settlement Price on the previous Trading Day; or
  - (iii) the final sell Order price, if the final sell Order price is lower than the Daily Settlement Price on the previous Trading Day.
- (c) Where the Individual FGL Product has not Traded on that Trading Day and the settlement month is not the spot month for the FGL Product, the Daily Settlement Price will be:
  - (i) the Daily Settlement Price of the spot month calculated in Rules 4.7.2(a) to (b) adjusted to maintain the differential between the spot month and the Individual FGL Product for the previous Trading Day; or
  - (ii) if the final buy Order price is higher than the Daily Settlement Price calculated in Rule 4.7.2(c)(i) – the final buy Order price; or



- (iii) if the final sell Order price is lower than the Daily Settlement Price calculated in Rule 4.7.2(c)(i) – the final sell Order price; or
  - (iv) such other matters as specified in the FGL Procedures.
- (d) Where the Exchange considers that an indicative Daily Settlement Price calculated under Rule 4.7.2(a), (b) or (c) compromises the fair, orderly and transparent conduct of the Exchange Market, the Exchange may in its discretion determine a different indicative Daily Settlement Price.

#### **4.7.3 Indicative Daily Settlement Price for Options Contracts**

- (a) For each Individual FGL Product that is an Options Contract, the Exchange will calculate or determine an indicative Daily Settlement Price after it has determined the indicative Daily Settlement Price for the Underlying Futures Contract.
- (b) The indicative Daily Settlement Price for the Options Contract will be calculated taking into account:
  - (i) the indicative Daily Settlement Price for the Underlying Futures Contract;
  - (ii) the implied volatilities;
  - (iii) any market information or anything else the Exchange considers applicable; and
  - (iv) such other matters as specified in the FGL Procedures.

#### **4.7.4 Notification of Indicative Daily Settlement Price**

The Exchange will make each indicative Daily Settlement Price available to all Trading Participants, the Clearing House and other persons who have access to the Trading System as soon as it has been determined. Where the Clearing House has determined, under the Clearing Rules, to use a different indicative Daily Settlement Price, the Exchange will make this available as soon as practically possible.

#### **4.7.5 Objections to Indicative Daily Settlement Price**

- (a) A Trading Participant may object to an indicative Daily Settlement Price within the time specified in the FGL Procedures after the notification of the indicative Daily Settlement Price.
- (b) The Exchange must consider objections raised by a Trading Participant where two or more Trading Participants object to the relevant indicative Daily Settlement Price.

#### **4.7.6 Final Daily Settlement Price**

- (a) Upon considering any objections made under Rule 4.7.5 to an indicative Daily Settlement Price, the Exchange will determine a final Daily Settlement Price which may or may not alter the indicative Daily Settlement Price.
- (b) Where the Exchange considers that an indicative Daily Settlement Price determined in accordance with Rules 4.7.2 and 4.7.3 compromises the fair, orderly and transparent conduct of the Exchange Market, the Exchange may in its discretion determine a final Daily Settlement Price which is different to the indicative Daily Settlement Price, whether or not the indicative Daily Settlement Price is objected to in accordance with Rule 4.7.5.
- (c) The Exchange will make each final Daily Settlement Price available to all Trading Participants, the Clearing House and other persons who have access to the Trading System as soon as it has been determined.

#### **4.7.7 Adjustment to final Daily Settlement Price by Clearing House**

- (a) Notwithstanding any other Operating Rules, the Clearing House may adjust the final Daily Settlement Price in accordance with the Clearing Rules.
- (b) The Clearing House may, in its discretion, instruct the Exchange to issue an adjusted Daily Settlement Price.

- (c) The Exchange will make each adjustment to the final Daily Settlement Price available to all Trading Participants, the Clearing House and other persons who have access to the Trading System as soon as it has been determined.
- (d) The final Daily Settlement Price, as amended (if at all) under Rule 4.7.7(b), will be used by the Clearing House to calculate Clearing Entity Variation Margins.

## 4.8 Error Trades

### 4.8.1 Power to cancel Error Trades

The Exchange may determine in accordance with this Rule 4.8 whether or not to cancel an Error Trade.

### 4.8.2 Procedures for considering and cancelling an Error Trade

- (a) An Error Trade may only be considered for cancellation where the Exchange receives a request from a Trading Participant(s) to cancel an Error Trade as specified in the FGL Procedures and within five (5) minutes of the Trade occurring or such later time at the discretion of the Exchange.
- (b) The Exchange will consider the request and may:
  - (i) Require the request to be delivered by a Primary Contact;
  - (ii) refuse a request to cancel an Error Trade and notify the Trading Participant(s) that the request has been refused; or
  - (iii) further consider a request to cancel an Error Trade in accordance with Rules 4.8.2(g).
- (c) The Exchange may charge Fees for:
  - (i) the consideration of a request to cancel an Error Trade; and
  - (ii) the cancellation of an Error Trade.
- (d) Where:
  - (i) the Exchange has received a request to consider the cancellation of an Error Trade in accordance with Rule 4.8.2(a); and
  - (ii) the Exchange has decided to consider the cancellation of the Error Trade in accordance with Rule 4.8.2(b)(iii),

Trading Participants and the Clearing House will be notified of such request and the decision to consider the cancellation of the Error Trade.
- (e) If a Trading Participant wishes to lodge an objection to the cancellation of an Error Trade, the Trading Participant must do so and provide the reasons for such objection within five (5) minutes of the Exchange notifying Trading Participants in accordance with Rule 4.8.2(d) or such later time at the discretion of the Exchange.
- (f) The Exchange may impose conditions on the cancellation of an Error Trade after taking into account any factors listed in (g) below.
- (g) In considering the cancellation of an Error Trade, the Exchange may take into account any one or more of the following factors:
  - (i) whether the Trading Participant requesting the cancellation of the Error Trade has accepted the proposed conditions (if any);
  - (ii) whether there is sufficient evidence that the relevant counterparty to an Error Trade approves the cancellation and the proposed conditions (if any);
  - (iii) whether there is sufficient evidence that the counterparty's Client has consented to and approves the cancellation and the proposed conditions (if any);
  - (iv) the Traded price of an Error Trade;

- (v) objections received under Rule 4.8.2(e);
  - (vi) whether the matter can be resolved in a timely manner;
  - (vii) all prevailing market conditions;
  - (viii) whether an Error Trade resulted in subsequent Trading; and
  - (ix) any other factors the Exchange considers relevant.
- (h) When the Exchange has completed its consideration and has made a decision to cancel or not to cancel an Error Trade, Trading Participants and the Clearing House will be notified of the decision to cancel or not to cancel the Error Trade and the Exchange will notify the Trading Participants that are parties to the Error Trade (or, if the Exchange deems it appropriate, all Trading Participants) and the Clearing House of the conditions (if any) on the cancellation of the Error Trade.
- (i) Cancellation of Open Contracts resulting from an Error Trade shall be subject to the Clearing Rules.

For further details see **GN39 – Error Trades and Cancellation of Trades**.

## 4.9 Cancellation of Trades

### 4.9.1 Power to cancel a Trade

- (a) Despite Rule 4.8, the Exchange may cancel a Trade if it believes that it is inappropriate for the matter to be dealt with in any other way under the Operating Rules, and the Trade:
- (i) is not in the best interests of a fair, orderly and transparent market; or
  - (ii) has not been executed in accordance with the Operating Rules; or
  - (iii) has not been registered in accordance with the Clearing Rules.
- (b) In considering whether to cancel a Trade, the Exchange may take into account any one or more of the following factors:
- (i) the Traded price of the Trade under consideration to be cancelled;
  - (ii) whether the matter can be resolved in a timely manner;
  - (iii) all prevailing market conditions;
  - (iv) whether the Trade under consideration to be cancelled resulted in subsequent Trading; and
  - (v) any other factors the Exchange considers relevant.
- (c) For the avoidance of doubt, the Exchange may take action under Rule 4.9.1(a) either as a result of a request or referral from a Trading Participant, or at the Exchange's own discretion.
- (d) If the Exchange cancels a Trade using its discretion under Rule 4.9.1(a), then the Exchange will:
- (i) inform the Clearing House and Trading Participants concerned of its decision to cancel the Trade and the reasons for its decision; and
  - (ii) inform all Trading Participants of its decision to cancel the Trade.
- (e) Cancellation of Open Contracts resulting from the cancellation of a Trade shall be subject to the Clearing Rules.

### 4.9.2 No cancellation after transition to the next Trading Day

The Exchange will not cancel a Trade if the cancellation would occur after the start of a new Trading Day for the relevant Individual FGL Product.

For further details see **GN39 - Error Trades and Cancellation of Trades**.

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## 4.10 Pre-Negotiated Orders

Pre-negotiated orders may only be effected in the manner set out in the FGL Procedures.

For further details see **GN53 - Pre-Negotiation**.

## 4.11 No Appeal

There is no appeal from any decision of the Exchange made under this Part 4 of the Operating Rules.

## Part 5: Exchange Market Oversight Rules

### 5.1 Purpose

The purposes of Part 5 of the Operating Rules are to set out:

- (a) the powers of the Exchange to maintain general oversight of the Exchange Market.
- (b) the powers of the Exchange to take action, including market intervention action, upon the occurrence of a Market Disruption Event, that is:
  - (i) an Undesirable Circumstance or Activity;
  - (ii) a Market Emergency;
  - (iii) a Physical Emergency;
  - (iv) an Impediment to Performance; or
  - (v) a Systems Disruption,

as each of those terms is defined under Rule 5.3.

- (c) the powers of the Compliance Department.

### 5.2 General Provisions

#### 5.2.1 Appointment of Clearing House

Trading Participants and Clearing Entities acknowledge that the Exchange may do either one or both of the following, subject to Ministerial approval, in line with the Exchange meeting the “suitable Clearing and Settlement arrangements” as required by an Australian Market Licence holder:

- (a) appoint a Corporation as the Clearing House of the Exchange in respect of any or all FGL Product Markets; and
- (b) authorise or endorse the variation or termination of any agreement between the Exchange and the Clearing House for the provision of clearing services to the Exchange by the Clearing House.

#### 5.2.2 Recognition of the Clearing House

Upon admission to the Exchange each Clearing Entity acknowledges and agrees, in relation to the Clearing House, without prejudice to any provision within the Clearing Rules, that:

- (a) Warranties and representations excluded

To the full extent allowed by law, there are no express or implied warranties or representations provided by the Clearing House to Trading Participants or Clearing Entities relating to any of the services or facilities provided by the Clearing House, including but not limited to the warranties of merchantability and fitness for a particular purposes or use.

- (b) Limitation of liability

Subject to the Clearing Rules,

- (i) except as may otherwise be specifically agreed with the Clearing House or set out in the Clearing Rules, in no event shall the Clearing House or any of its owners, affiliates, governors, officers, directors, employees, agents, consultants, independent contractors or service providers of such

person be financially responsible for, or otherwise guarantee the payment or return by the Clearing House or any third party of any Initial Margin or collateral deposit, Variation Margin, option premium, Settlement Obligation or delivery obligation in respect of any FGL Eligible Transaction or Open Contract; and

- (ii) neither the Clearing House nor any of its owners, affiliates, governors, directors, officers, employees, agents, consultants, independent contractors or service providers of such person shall be liable to any person for any losses, liabilities, damages, claims, costs or expenses (including but not limited to, loss of profits, loss of use, direct, indirect, incidental, punitive, special or consequential damages), whether in contract, tort or breach of statutory duty or otherwise, arising from or in connection with:
- (A) any suspension or closure of the Clearing House or the Exchange;
  - (B) any failure or malfunction or defect or delay or interruption in, or inability to use, any systems or communications necessary for the use of the Clearing House (whether or not such systems or communications are under the control of the Clearing House);
  - (C) any errors or inaccuracies in any information used in any systems of the Clearing House or provided by or to the Clearing House;
  - (D) any warranties, representations and undertakings which might be implied, whether by statute or otherwise, in respect of any systems used or provided by the Clearing House including the Clearing System, the Exchange or any other person, including as to fitness for purpose or for a particular use;
  - (E) any exercise or failure to exercise any discretion or right conferred upon the Clearing House pursuant to the Clearing Rules;
  - (F) any error, delay or inaccuracy in the submission or registration of an FGL Eligible Transaction or the transmission of information to or by the Clearing House and any unauthorised access to or use of the Clearing System;
  - (G) the performance of any obligation of a Clearing Member or client or delegate or other person;
  - (H) the acts or omissions of, or an Insolvency Event (or analogous proceedings (including where a person ceases to trade, or is unable to pay its debts as they fall due or has a petition presented or a meeting convened for the purpose of its winding up or if it enters into liquidation whether compulsorily or voluntarily or compounds with its creditors generally or an administration order is made in relation to it or it has a receiver or administrative receiver appointed over all or a substantial part of its assets or distraint is levied over any of its assets or any similar or analogous order is made or proceeding is commenced, officer appointed, or action is taken in any jurisdiction in consequence of debt) affecting, any third party including any delegate or service provider of the Clearing House, the Exchange, a trade repository, any settlement bank, custodian, agent bank, investment agent, central security depository, settlement agent or provider of data or other services or systems to the Clearing House, warehouse, shipping station or similar organisation or entity that may be involved with a delivery of any physically settled contract, or any of their affiliates, sub-contractors or delegates;
  - (I) any dispute relating to the validity, existence or terms of any Open Contract;
  - (J) any act or omission or provision or lack of provision of the Exchange or any third party appointed by the Exchange, or any failure, malfunction, error, delay, inaccuracy, interruption, termination, unauthorised access or any cause in connection with the Trading System, information or any other service of or provided by the Exchange, including without limitation any matters for which the Exchange excludes liability pursuant to these Operating Rules; or
  - (K) any loss or diminution in the value of, or depreciation in or in connection with any, collateral or other assets provided to the Clearing House pursuant to the Clearing Rules.

(c) Indemnity

Without limiting any other indemnities given under the Operating Rules, each Clearing Entity must indemnify the Clearing House from and against all proceedings, actions, claims, demands, losses (whether or not realised), liabilities (including contingent liabilities), damages, costs and expenses which may be made or brought against or suffered or incurred by the Clearing House which arise directly or indirectly out of or in connection with any of the services provided by the Clearing House to the Exchange (including as a result of any action, or lack of action, by the Clearing House in respect of such service).

- (d) All Clearing Entities acknowledge that the Clearing House is entitled to rely upon the rights created in Rules 5.2.2(a), 5.2.2(b) and 5.2.2(c) and that the Clearing House has the right to enforce these rights directly against Clearing Entities.
- (e) This Rule 5.2.2 applies regardless of whether a claim arises in contract, tort, negligence, strict liability or otherwise.

### 5.2.3 Effect of Clearing Rules

Each Trading Participant and Clearing Entity acknowledges that the Clearing Rules govern, amongst other things:

- (a) the operation of the system for clearing and settlement operated by the Clearing House;
- (b) the legal relationship between a Clearing Entity and the Clearing House;
- (c) the operation and powers of the Clearing House in the event of any default by a Clearing Entity to the Clearing House; and
- (d) any other matters contained in the Clearing Rules relevant to the acceptance, transfer, allocation, clearing or settlement of each FGL Eligible Transaction or Open Contract.

In the event of any conflict between the Operating Rules and the Clearing Rules in connection with any of the matters listed in this Rule 5.2.3, the Clearing Rules will prevail to the extent of the conflict.

### 5.2.4 Interaction with the Clearing House and disputes, claims involving the Clearing House

- (a) Each Clearing Entity acknowledges that the Exchange may request the Clearing House to enforce one or more of the Clearing Rules as one of the actions available to the Exchange when the Exchange is utilising its powers to maintain a fair, orderly and transparent market. The Clearing House is solely responsible for the enforcement of the Clearing Rules and the exercise of any discretion thereunder.
- (b) Any action, dispute, claim, grievance, litigation or controversy of any kind between the Clearing House and any party arising out of or in connection with these Operating Rules shall be subject to the exclusive jurisdiction of any federal or state court located in Chicago, Illinois, as provided in the Clearing Rules. Any such party consents to the jurisdiction of such court and to service of process by any means authorized by Illinois or U.S. federal law, and shall not seek to transfer the venue of such litigation.

### 5.2.5 General market oversight

Consistent with its obligations under the Corporations Act and in particular its obligation under section 792A of the Corporations Act, the Exchange may, within the discretions described in Rules 5.3 and 5.4:

- (a) take any of the actions and exercise any of the powers set out in this Part 5 of the Operating Rules;
- (b) maintain such systems or procedures for market oversight as it deems fit;
- (c) report such matters, occurrences or exercises of its power to ASIC or any Offshore Regulator, in accordance with the Exchange's obligations at law or otherwise as the Exchange may, in its discretion, determine; and
- (d) maintain ongoing liaison with ASIC and other Offshore Regulators in relation to oversight of the Exchange Market; and

- (e) if, under the Corporations Act or the Market Integrity Rules, ASIC has:
  - (i) required the Exchange to take or not take certain action in respect of the Exchange Market or a Trading Participant; or
  - (ii) required a Trading Participant to take, or not take, certain action in respect of the Exchange Market, then the Exchange may take, or not take, any such actions as the Exchange considers appropriate to comply with or give effect to such requirements determined by ASIC.

### 5.2.6 General power to suspend or halt the Exchange Market, and related powers

Without limiting the effect of any other Operating Rule, where the Exchange considers that:

- (a) the fair, orderly and transparent operation of the Exchange Market or any FGL Product Market or the fair, orderly and transparent operation of any Individual FGL Product has been, is, or may be compromised; or
- (b) the calculation or determination of a Daily Settlement Price or the Expiry Settlement Price for any one or more Individual FGL Products has been, is or may be compromised such that a Daily Settlement Price or Expiry Settlement Price may not be able to be determined in accordance with the relevant Contract Specifications; or
- (c) a Market Disruption Event has occurred, or is likely to occur;

then the Exchange may do any one or more of the following:

- (d) require any Trading Participant to respond to any enquiries or investigations which the Exchange may make;
- (e) direct any Trading Participant to take any action or cease or desist from any action, including action in relation to any one or more Market Contracts, Open Positions or Open Contracts, subject to the Clearing Rules;
- (f) restrict any Trading Participant's ability to conduct any activity in relation to any one or more FGL Product Markets;
- (g) place conditions upon any activity of any Trading Participant or any one or more FGL Product Markets;
- (h) suspend Trading in any one or more FGL Product Markets or individual FGL Products for such periods and upon such conditions as the Exchange in its discretion may determine;
- (i) suspend any conduct or activity conducted on the Exchange Market;
- (j) subject to Rule 5.4.5 suspend any of the rights of any Trading Participant;
- (k) take any action or make any decision which the Exchange in its discretion considers necessary to minimise the impact of the Market Disruption Event;
- (l) take any action or make any decision which the Exchange in its discretion considers appropriate in order for it to maintain a fair, orderly and transparent market in relation to any one or more FGL Product Markets; and
- (m) defer or extend the Settlement Date for a period of time it deems appropriate;
- (n) delay or postpone the calculation or determination of a Daily Settlement Price or the Expiry Settlement Price;
- (o) amend a Daily Settlement Price;
- (p) establish or amend price limits;

For further details see **GN38 – Price Limits**.

- (q) delay Trading of any one or more Individual FGL Products until the Daily Settlement Price for the Individual FGL Product for the previous Trading Day is calculated or determined;



- (r) request the Clearing House to exercise its powers under the Clearing Rules;
- (s) request ASIC to exercise its powers under the Market Integrity Rules;
- (t) take any other action whatsoever, as it deems appropriate; or
- (u) refrain from taking any action whatsoever, as it deems appropriate;
- (v) in relation to any one or more FGL Eligible Transaction:
  - (i) cancel or amend the FGL Eligible Transaction;
  - (ii) direct the Open Contracts be Closed Out immediately;
  - (iii) fix an amount of compensation payable in respect of the FGL Eligible Transaction;
  - (iv) direct that the FGL Eligible Transaction be settled at a price and in a manner other than that otherwise specified in accordance with these Operating Rules;
  - (v) take any other action whatsoever, as it deems appropriate; or
  - (vi) refrain from taking any action whatsoever, as it deems appropriate

Additional details of the implementation of the above actions (including any applicable conditions) may be specified in the FGL Procedures.

### 5.2.7 Notification to Clearing House

Where the Exchange declares a Market Disruption Event under Rule 5.3, the Exchange will make all reasonable efforts to inform the Clearing House of the following:

- (a) the facts and circumstances surrounding the Market Disruption Event;
- (b) the power exercised or to be exercised by the Exchange and the circumstances surrounding the Exchange Market giving rise to that exercise of power;
- (c) the expected consequences for the Exchange Market and for clearing and settlement of each FGL Product Market;
- (d) any further action the Exchange has taken or intends to take in order to maintain a fair, orderly and transparent market; and
- (e) any notification to be made under Rules 5.4.6 and 5.4.7.

## 5.3 Market Disruption Events

### 5.3.1 Undesirable Circumstance or Activity

The Exchange may declare that an Undesirable Circumstance or Activity has arisen. Without limitation, an Undesirable Circumstance or Activity may be declared where ASIC advises the Exchange under the Market Integrity Rules or the Exchange becomes aware of any activity which the Exchange believes or suspects would constitute or might result in:

- (a) unconscionable conduct in relation to the operation, pricing or execution of any Trade; or
- (b) any other activity which the Exchange considers may limit the Exchange's ability to maintain a fair, orderly and transparent market, in respect of a FGL Product Market.

### 5.3.2 Market Emergency

The Exchange may declare that a Market Emergency has arisen. Without limitation, a Market Emergency may be declared where the Exchange becomes aware of any activity which the Exchange believes or suspects would constitute or might result in:

- (a) the development of a market situation in any one or more Financial Markets or (where an Underlying Physical or Underlying Futures Contract is traded on a market other than a Financial market) in such a market, located in Australia or elsewhere, which in the Exchange's opinion has the capacity to adversely affect:
  - (i) the course of business on a FGL Product Market;
  - (ii) the continuance of equitable and transparent Trading on a FGL Product Market;
  - (iii) the Exchange's ability to provide a fair, orderly and transparent market; or
  - (iv) the ability of the Clearing System to clear any one or more Individual FGL Products;
- or
- (b) an event which in the Exchange's opinion is likely to or may result in a threat or impediment to the continued operation or effectiveness of any bank clearance system, whether in Australia or elsewhere.

### 5.3.3 Physical Emergency

The Exchange may declare that a Physical Emergency has arisen. Without limitation, a Physical Emergency may be declared where the Exchange becomes aware that any one or more of the following has occurred:

- (a) flooding, storms, earthquakes, fire, torrential rainfall, extreme temperature;
- (b) civil unrest which leads to, or has the potential to lead to violence;
- (c) threats of terrorism or war;
- (d) acts of terrorism;
- (e) declaration of terrorist threat or an increased likelihood of any terrorist action, by any government or agency;
- (f) labour strikes or disputes; or
- (g) transportation breakdowns,

where that occurrence has the capacity to adversely affect:

- (i) the course of FGL business operations for any one or more FGL Product Markets;
- (ii) the continuance of equitable and transparent Trading on any one or more FGL Product Markets;
- (iii) the Exchange's ability to provide a fair, orderly and transparent market; or
- (iv) the ability of the Clearing System to clear any one or more Individual FGL Products.

### 5.3.4 Impediment to Performance

The Exchange may declare that an Impediment to Performance has arisen. Without limitation, an Impediment to Performance may be declared when the Exchange becomes aware that for any reason, including without limitation the occurrence of any other Market Disruption Event, the performance or settlement of any obligation arising from a Trade will be delayed, impaired, or prevented.

### 5.3.5 Systems Disruption

The Exchange may declare that a Systems Disruption has arisen. Without limitation, a Systems Disruption may be declared where the Exchange becomes aware of any technological failure or delay, including without limitation a failure or delay in respect of the Trading System, the Clearing System or the Trading equipment.

For further details see **GN43 – System Failure and Market Halts**.

## 5.4 Powers of Exchange: Market Disruption Events

### 5.4.1 Declaration of Market Disruption Event

- (a) Subject to this Rule 5.4 the Exchange may at any time, in its discretion, and by such means as it deems fit, declare a Market Disruption Event.
- (b) Where a Market Disruption Event has been declared under Rule 5.4 or Rule 5.4.1(a), the Exchange may, in its discretion, declare the Market Disruption Event ended.

### 5.4.2 Exchange powers and actions

At any time on or after declaring a Market Disruption Event, the Exchange may in its discretion do or decide to do any one or more of the actions specified in Rule 5.2.6.

### 5.4.3 Binding nature of Exchange actions, and breach

Any declaration of a Market Disruption Event under Rule 5.3 or Rule 5.5.1 or any Exchange action or decisions under Rule 5.4.2 is binding on each Trading Participant, and any failure by any Trading Participant to comply with a request or direction of the Exchange, or any other Exchange action or decisions under Rule 5.4.2 will constitute a breach of the Operating Rules.

### 5.4.4 Exercise and delegation of Exchange powers and actions

Without limiting the effect of any other Operating Rule and subject to any resolution of the Board under Rule 1.7.1, the powers of the Exchange set out or referred to in Rule 5.4.2 may be exercised from time to time and at any time:

- (a) by the Board; or
- (b) where it is impossible or impracticable to obtain a resolution of the Board in the time required for action under this Part 5 of the Operating Rules, by a delegate of the Exchange as permitted by Rule 1.7.1.

### 5.4.5 Suspension of Trading Participant or Clearing Entity

Any suspension of any rights of any Trading Participant or Clearing Entity under Rule 5.4.2 will be an automatic suspension, and the provisions of Part 7 of the Operating Rules will not apply to any such suspension.

### 5.4.6 Notification to Trading Participant

Subject to Rule 1.4, upon making a declaration under Rule 5.4 or Rule 5.4.1, the Exchange must use its best endeavours to notify all Trading Participants of that declaration at the earliest practicable time and by any practicable method.

### 5.4.7 Notification to Regulators

Subject to Rule 1.4, upon making a declaration of a Market Disruption Event the Exchange will, as soon as practicable, make all reasonable efforts to inform the Clearing House, ASIC, any Offshore Regulator and any other affected person of the following:

- (a) the fact that a Market Disruption Event exists and the type of Market Disruption Event involved;
- (b) the facts relating to the Exchange's declaration of a Market Disruption Event;
- (c) any action any Trading Participant is required to take to minimise the impact of the Market Disruption Event on the Exchange; and
- (d) any other action the Exchange has taken or intends to take to minimise the impact of the Market Disruption Event on the Exchange.

#### 5.4.8 No Appeal

There is no appeal from any decision made by the Exchange in relation to Market Disruption Events in particular:

- (a) that a Market Disruption Event has or might occur; or
- (b) any decision, action or inaction taken by the Exchange as a result of a Market Disruption Event.

### 5.5 Compliance Department

#### 5.5.1 General powers

The Compliance Department has the responsibility and power:

- (a) to undertake ongoing monitoring and surveillance of the conduct of Trading Participants and Derivatives Staff to ensure each Trading Participant and each of that Trading Participant's Derivatives Staff Members complies with their obligations under the Operating Rules;
- (b) to consider the concerns raised with it regarding the operation of, or any compliance issue arising from, the Exchange Market, the Clearing House, the Trading System, the Clearing System or the conduct or compliance of any Trading Participant, Clearing Entity or its Derivatives Staff and, where the Compliance Department considers it appropriate, to conduct an investigation regarding those concerns; and
- (c) to do anything else it is empowered to do under the Operating Rules.

#### 5.5.2 Specific powers

Without limiting the effect of Rule 5.5.1 the Compliance Department may:

- (a) undertake periodical inspections of records relating to any Trading Participant;
- (b) require any Trading Participant or Derivatives Staff Member to provide any information known by them, or any documentation held by them in any capacity, in connection with any FGL Product Market, the Exchange Business of any Trading Participant, or the activities of any Trading Participant;
- (c) investigate any activities, circumstances, events or conduct which it considers may give rise to a potential or alleged breach of the Operating Rules or which it otherwise considers necessary and prepare reports in respect of the same;
- (d) determine that:
  - (i) there has been no breach of Rule 3.3.4; or
  - (ii) that there has been a breach of Rule 3.3.4 which is not significant

and decide to take no further action;

- (e) ensure Periodical Reports of Financial Position are lodged as required by Rule 3.4.1;
- (f) consider reports from the market control department or other department or representative of the Exchange;
- (g) refer matters and report alleged or suspected breaches to the Compliance and Conduct Committee, where appropriate;
- (h) instruct or otherwise engage any professional advisers and other persons as are reasonably necessary to assist it in the exercise of its powers;
- (i) subject to Rule 5.5.4 impose on a Trading Participant an Administrative Fine, in accordance with the power delegated to it by the Compliance and Conduct Committee under Rule 7.2.2(j) without adhering to the procedures in Part 7 of the Operating Rules; and

- 
- (j) refer matters to the Clearing House, ASIC or an Offshore Regulator or provide information or documentation to the Clearing House, ASIC or an Offshore Regulator, including, information or documentation obtained from a Trading Participant or a Derivatives Staff Member under Rules 5.5.2(a), 5.5.2(b), 5.5.2(c) and 5.5.2(f) where the Clearing House, ASIC or an Offshore Regulator has jurisdiction over such matters or by agreement between the Exchange and the Clearing House, ASIC or an Offshore Regulator.

### **5.5.3 Powers are without limitation of other powers**

The powers of the Compliance Department set out Rules 5.5.1 and 5.5.2 do not limit any other power under the Operating Rules.

### **5.5.4 Imposition of Administrative Fine**

- (a) If the Compliance Department imposes an Administrative Fine, the Compliance Department must give the Trading Participant or Derivatives Staff Member written notice of the imposition of the Administrative Fine including:
  - (i) the reasons for the imposition of the Administrative Fine;
  - (ii) the amount of the Administrative Fine; and
  - (iii) if the amount of the Administrative Fine exceeds the dollar limit for Appeals specified in the definition of Administrative Fine, the Trading Participant or Derivatives Staff Member's right to appeal the decision in accordance with Part 8 of the Operating Rules.

## Part 6: Clearing

### 6.1 Purpose

The purposes of Part 6 of the Operating Rules are:

- (a) to make provisions about the transference of FGL Eligible Transactions formed on the Exchange Market to the Clearing House;
- (b) to set out obligations of Clearing Entities in respect of the Exchange; and
- (c) to establish standards of behaviour in relation to Clearing Entities and Derivatives Staff.

### 6.2 Transference of FGL Eligible Transactions to the Clearing House

#### 6.2.1 Formation of FGL Eligible Transactions

- (a) An FGL Eligible Transaction is formed when a Market Contract or an Off-Market Arrangement between Trading Participants is deemed eligible by the Exchange in accordance with these Operating Rules and with the Clearing Rules.
- (b) Each Clearing Entity guaranteeing the performance of a Trading Participant's trading activity is identified at or before the time of FGL Eligible Transaction formation and is obligated to deliver against an FGL Eligible Transaction upon its registration with the Clearing House.
- (c) The Exchange will forward FGL Eligible Transactions to the Clearing House for registration in a timely manner.

#### 6.2.2 Clearing Entity requirements in respect of Registration and Novation

- (a) The rights of a Clearing Entity to undertake clearing and settlement under Rule 2.9.1 must be exercised in accordance with the Clearing Rules. The nominated Clearing Entity becomes bound to an FGL Eligible Transaction in accordance with these Operating Rules. Upon acceptance by the Clearing House, novation of FGL Eligible Transactions in relation to a Clearing Entity shall take place in accordance with the Clearing Rules.
- (b) The Clearing Entity agrees to clear and settle FGL Eligible Transactions in accordance with the provisions of a Clearing Entity Agreement, the Operating Rules and the Clearing Rules.

#### 6.2.3 Process following registration

On and from registration of an FGL Eligible Transaction with the Clearing House:

- (a) the Exchange is not required or obliged to recognise the interest of any party to the Open Contracts formed by novation of an FGL Eligible Transaction other than the Clearing Entities recognised under these Operating Rules;
- (b) any benefit or right obtained by the Clearing Entity under an Open Contract are strictly limited to those available in accordance with the Clearing Rules; and
- (c) A Clearing Entity must ensure that any equal and opposite Open Contracts held on behalf of the same Beneficial Owner in the same Individual FGL Product are Closed Out as soon as practicable and accordingly ensure that such Open Contracts are not included in the reports provided in accordance with Operating Rules 6.3.5 and 6.3.6.

For further details see **GN7 – Beneficial Owner**.

### 6.3 Obligations of Clearing Entities to the Exchange

### 6.3.1 Change in Clearing Entity Status and Agreements

- (a) Where a Clearing Entity has signed a new Clearing Entity Agreement with a Trading Participant, the Clearing Entity must immediately notify the Exchange.
- (b) Where a Clearing Entity has chosen to terminate a Clearing Entity Arrangement, the Clearing Entity must immediately notify the Exchange.
- (c) Where a Clearing Entity has been suspended, terminated or has resigned in accordance with the Clearing Rules, the Clearing Entity must immediately notify the Exchange and each Trading Participant with whom it has an existing Clearing Entity Agreement.
- (d) Upon receipt of a notification of a change in status the Exchange will:
  - (i) advise any relevant Regulator and any other person, or make any other announcement, that it sees fit; and/or
  - (ii) instruct or direct the transfer of any Open Contracts attributable to Clients to another Clearing Entity at its absolute discretion, subject to the Clearing Rules; and/or
  - (iii) take other action or exercise other powers in relation to the outstanding positions of the Clearing Entity and its Clients, subject to the Clearing Rules.

### 6.3.2 Compensation Fund contribution

Each Clearing Entity must make such contributions and pay such levies and other amounts to the Exchange's Compensation Fund as directed by the Exchange and according to the requirements set out in the Compensation Rules.

### 6.3.3 General obligation to maintain accounting and financial records

Each Clearing Entity must establish and maintain up to date and complete records to record and explain:

- (a) the financial position of the Clearing Entity; and
- (b) all money and property used in connection with the Clearing Entity's Exchange Business.

### 6.3.4 Financial Reporting Obligations

Each Clearing Entity, and each Trading Participant who is also a Clearing Entity, must lodge with the Exchange, copies of financial reports delivered to the Clearing House and any Regulator to which it reports. These reports must demonstrate that at all times the Clearing Entity has maintained a Capital Level of not less than the greater of \$1,000,000 and the Capital Level specified by the Clearing House for its Clearing Members.

### 6.3.5 Open interest reports

- (a) A Clearing Entity must promptly provide the Clearing House with Open Interest reports and any other Trading or Position reports which may be required by the Exchange.
- (b) All reports required by Rule 6.3.5(a) must be provided to the Clearing House in the form, and within the times, specified in the FGL Procedures.
- (c) If the Exchange requires additional information relating to Open Interest from the Clearing Entity the Clearing Entity is obliged to provide this information as soon as practical.

### 6.3.6 Beneficial Owner reports

- (a) Each Clearing Entity must provide to the Exchange a report detailing the Beneficial Owner of each of the Open Contracts held by the Clearing Entity.
- (b) A report required by Rule 6.3.6(a) must be provided to the Compliance Department in the form, and within the times, specified in the FGL Procedures for Rule 3.4.2.

For further details see **GN7 – Beneficial Owner**.

### 6.3.7 Concentration Limits

- (a) The Exchange may publish Concentration Limits for Individual FGL Products for informational purposes with respect to Exchange risk assessment activities from time to time.
- (b) Where the Exchange determines that the total Open Interest that a Clearing Entity has accumulated as a settlement obligation may create a settlement risk to the Individual FGL Product market as a whole, the Exchange will request a confirmation of settlement capability from a Clearing Entity.
- (c) The Exchange may give directions to reduce settlement exposure to any Clearing Entity in order to manage the risk to the market of a high concentration level of Open Interest held by that Clearing Entity.
- (d) A Clearing Entity must immediately abide by any directions received from the Exchange given in relation to concentration levels.

### 6.3.8 Notification of default

A Clearing Entity must notify the Exchange immediately upon becoming aware of a default (including a default by the Clearing Entity itself or a default by a Trading Participant in respect of obligations owed to the Clearing Entity).

## 6.4 Conduct Obligations To The Exchange And To The Exchange Market

### 6.4.1 General duties of honesty and fairness

In all dealings with the Exchange and in the conduct of any business relating to the Exchange or the Exchange Market each Clearing Entity and each Derivatives Staff Member must:

- (a) act in a responsible manner;
- (b) conduct itself with honesty and probity; and
- (c) observe principles of fairness and equity.

### 6.4.2 Duty of compliance

- (a) Each Clearing Entity must at all times comply with, and must adopt and maintain procedures for monitoring and enforcing compliance by it and its Derivatives Staff with:
  - (i) the Operating Rules;
  - (ii) the FGL Procedures and Directions;
  - (iii) the conditions of its admission to the Exchange;
  - (iv) the conditions of any exemption granted from the Operating Rules (if any); and
  - (v) its Clearing Entity Agreements.

For further details see **GN9 – Monitoring and Enforcing Compliance**.

- (b) For the avoidance of doubt:
  - (i) a failure to comply with this Rule 6.4.2 constitutes a breach of the Operating Rules; and
  - (ii) a failure to take any action required by the Operating Rules and the taking of any action contrary to the Operating Rules constitutes a breach of the Operating Rules.

### 6.4.3 Liability of Clearing Entities for breaches

- (a) Primary obligation of Clearing Entity



A Clearing Entity has the primary obligation to the Exchange:

- (i) to comply with the Operating Rules; and
  - (ii) to ensure that each of its Derivatives Staff Members complies with the Operating Rules.
- (b) Deemed liability for acts of Derivatives Staff

Without limiting the effect of any other Operating Rule, each Clearing Entity will be deemed to have committed a breach of the Operating Rules if any of its Derivatives Staff has committed such a breach.

#### **6.4.4 Misleading and deceptive conduct**

Each Clearing Entity and each Derivatives Staff Member must not engage in conduct which is misleading or deceptive or likely to mislead or deceive in any of its Financial Services business or any of its dealings with the Exchange, the Clearing House, Clients (its own or other Clearing Entity's) or other Clearing Entities and Trading Participants.

#### **6.4.5 False, misleading and deceptive information**

Each Clearing Entity and each Derivatives Staff Member must not provide information to the Exchange, the Clearing House, Clients (its own or other Clearing Entity's) or other Clearing Entities and Trading Participants which it knows, or ought reasonably to know, is false, misleading or deceptive.

#### **6.4.6 Co-operation with the Exchange**

- (a) Each Clearing Entity must:
- (i) co-operate with the Exchange (including any Committee or tribunal of the Exchange);
  - (ii) promptly comply with any demand, order, Direction, finding, condition or request of the Exchange;
  - (iii) promptly provide such reasonable assistance as is requested by the Exchange, including but not limited to:
    - (A) access to, production and copying of any accounting and other records;
    - (B) access to its offices and place of business;
    - (C) providing evidence, statements or other information; or
    - (D) assisting any enquiry or investigation;
  - (iv) prepare, complete and execute all documentation reasonably required by the Exchange; and
  - (v) cause each of its Derivatives Staff Members to be aware of, and assist in complying with, its obligations under this Rule 3.3.2.
- (b) Each Derivatives Staff Member must:
- (i) co-operate with the Exchange (including any Committee or tribunal of the Exchange);
  - (ii) promptly comply with any demand, order, direction, finding, condition or request of the Exchange;
  - (iii) promptly provide such reasonable assistance as is requested by the Exchange, including but not limited to:
    - (A) providing evidence, statements or other information; or
    - (B) assisting any enquiry or investigation; and
  - (iv) prepare, complete and execute all documentation reasonably required by the Exchange.

#### **6.4.7 Directions regarding clearing and settlement**

Without limiting the effect of any other Operating Rule, each Clearing Entity must give full effect to and comply immediately and fully with any demand, order, Direction, finding, condition or request relating to the clearance and settlement of any Trade given by:

- (a) the Exchange on its own behalf;
- (b) the Exchange on behalf of the Clearing House, acting on express instructions of the Clearing House; or
- (c) the Clearing House on its own behalf.

#### **6.4.8 Fees and interest**

- (a) All Clearing Entities must (by the due date for payment as specified) pay all Fees specified in the FGL Procedures.
- (b) The Clearing House will collect fees due and payable under these Operating Rules on behalf of the Exchange. The Clearing House will collect fees in accordance with the Clearing Rules.
- (c) Without limiting the effect of any other Operating Rule, if a Clearing Entity fails to pay any Fee imposed by the Exchange by the date payment is due, interest shall be charged on any amounts overdue, and this interest shall be calculated from the date payment was due until its final payment in full at the rate specified in the FGL Procedures. For the avoidance of doubt this Rule also applies during any period of suspension or to any Fees due on termination.
- (d) All amounts set out in these Operating Rules and elsewhere as being payable to the Exchange shall be deemed to be exclusive of any taxes which may be chargeable on the supply to which it relates.

#### **6.4.9 Indemnity**

Without limiting any other indemnities given under the Operating Rules, each Clearing Entity must indemnify the Exchange from and against all proceedings, actions, claims, demands, losses (whether or not realised), liabilities (including contingent liabilities), damages, costs and expenses which may be made or brought against or suffered or incurred by FGL which arise directly or indirectly out of or in connection with any of the following events (including as a result of any action, or lack of action, by FGL in respect of such event):

- (a) the Clearing Entity breaches any Operating Rule;
- (b) the Clearing Entity becomes Bankrupt;
- (c) the Clearing Entity ceases to carry on its business as a Clearing Entity; or
- (d) an investigation into the affairs of the Clearing Entity, or a Related Entity commences; or
- (e) an investigator (however described) is appointed to conduct an investigation into the affairs of the Clearing Entity or a Related Entity.
- (f) The Clearing Entity agrees to effect the clearance and settlement of Trades in accordance with the provisions of the Clearing Entity Agreement, the Operating Rules and the Clearing Rules. In the event of any conflict, the Clearing Rules shall take precedence.

#### **6.4.10 Imposition of Administrative Fine**

- (a) If the Compliance Department imposes an Administrative Fine, the Compliance Department must give the Clearing Entity or Derivatives Staff Member written notice of the imposition of the Administrative Fine including:
  - (i) the reasons for the imposition of the Administrative Fine;
  - (ii) the amount of the Administrative Fine; and
  - (iii) if the amount of the Administrative Fine exceeds the dollar limit for Appeals specified in the definition of Administrative Fine, the Clearing Entity or Derivatives Staff Member's right to appeal the decision in accordance with Part 8 of the Operating Rules.

## Part 7: Disciplinary Procedures and Dispute Resolution

### 7.1 Purpose

The purposes of Part 7 of the Operating Rules are to provide for:

- (a) the formation and powers of the Compliance and Conduct Committee (CCC);
- (b) procedures in relation to the investigation and consideration of alleged or suspected breaches of the Operating Rules;
- (c) the establishment of fair and transparent procedures in relation to disciplinary proceedings;
- (d) the imposition of sanctions (including penalties) for breaches of the Operating Rules; and
- (e) methods of Dispute resolution.

### 7.2 Compliance and Conduct Committee

#### 7.2.1 Appointment and constitution of the Compliance and Conduct Committee

- (a) There is hereby established a Compliance and Conduct Committee (CCC).
- (b) The Exchange may:
  - (i) determine and declare the number of members of the CCC, which will be no less than three (3) members;
  - (ii) appoint the Chairman of the CCC and declare the term of such appointment, which will be no less than two (2) years; and
  - (iii) determine and declare the quorum for meetings of the CCC, which will be no less than half the number of members of the CCC.
- (c) The membership of the CCC will include one or more representatives of the Compliance Department, unless otherwise determined by the Exchange. Such members of the CCC will cease to hold office upon the termination of their employment by or consultancy to the Exchange.
- (d) A member of the CCC may, subject to the approval of the Exchange and upon such conditions as the Exchange thinks fit, appoint a person to act as their alternate for all purposes or for limited purposes, in respect of their role as a member of the CCC.
- (e) Each member of the CCC will have one (1) vote and, in case of equality of votes, the Chairman of the CCC will have a casting vote.

#### 7.2.2 Powers of the CCC

The CCC has the responsibility and power:

- (a) to consider reports prepared by the Compliance Department under Rule 5.5.2(c) or reports prepared by any other department or representative of the Exchange;
- (b) to consider the results or outcomes of investigations conducted by the Compliance Department or conducted by any other department or representative on behalf of the Exchange;
- (c) to determine that there has been no breach of Rule 3.3.4 or Rule 6.4.2;
- (d) to consider (either at the request of the Exchange or the affected Trading Participant or Clearing Entity) a determination by the Compliance Department under Rule 5.5.2(d) and either:
  - (i) confirm the decision of the Compliance Department and take any action specified in Rule 7.5.1; or
  - (ii) determine that there was no breach of Rule 3.3.4 or Rule 6.4.2;

- (e) to conduct and administer disciplinary proceedings in accordance with the procedures, and by exercising the powers, set out in this Part 7 of the Operating Rules;
- (f) to decide the circumstances in which it delegates its power to impose an Administrative Fine under Rule 7.2.2(j) to the head of the Compliance Department;
- (g) to consider any request from a Trading Participant or Clearing Entity for a dispensation from compliance with one or more provisions of the Operating Rules, and where it is considered appropriate to do so, to exercise its power under 7.2.2 (h) and give instruction to the head of Compliance Department to exercise its delegated power to grant such a request on such grounds and subject to such conditions as it sees fit;
- (h) to delegate the dispensation power referred to in Rule 7.2.2(g) to the head of the Compliance Department or such other person the CCC considers appropriate, for such time and subject to such conditions as the CCC considers fit and the relevant delegate may be authorised to sub-delegate the dispensation power given to them;
- (i) to instruct or engage professional advisers, external investigators or experts and other persons as are reasonably necessary to assist in the exercise of its powers and to have its advisers present at proceedings; and
- (j) to delegate any of its functions to the Chief Executive Officer or the head of the Compliance Department as it considers fit.

## 7.3 Disciplinary Proceedings: General Rules And Powers

### 7.3.1 Breaches determined by ASIC, Offshore Regulator or the Clearing House

Without limiting the effect of Rule 1.8.3, where

- (a) either:
  - (i) ASIC determines that a Trading Participant or Clearing Entity has breached the Corporations Act, the Corporations Regulations, the Market Integrity Rules, or any condition of its AFS Licence or any exemption or relief; or
  - (ii) an Offshore Regulator or the Exchange determines that a Trading Participant or Clearing Entity has breached any applicable law or any condition of its Offshore Licence or any exemption or relief; or

then

- (b) the Exchange may refer the matter to ASIC, in the case of Market Integrity Rules, or the CCC to:
  - (i) determine whether such conduct amounts to a breach of one or more of the Operating Rules; and
  - (ii) if a breach is determined under Rule 7.5.1(d)(i) then take any action specified in Rule 7.5.1

in accordance with this Part 7 of the Operating Rules.

### 7.3.2 Conduct of associated persons

Where the Compliance Department reasonably believes that there is a person who is in any way associated with or connected to a Trading Participant or Clearing Entity, and the conduct, reputation, or business integrity of that associated person is such that the Exchange Business, or the business or conduct of any Exchange Market is being or may be prejudiced, then the Compliance Department may direct the relevant Trading Participant or Clearing Entity to cause the associated person's behaviour to cease. If such behaviour does not cease within a time which the Compliance Department may in its discretion prescribe, then the Compliance Department may recommend that the CCC institute disciplinary proceedings against the Trading Participant or Clearing Entity in accordance with this Part 7 of the Operating Rules as if the conduct or behaviour or status of the associated person was that of the Trading Participant or Clearing Entity.

### 7.3.3 Former Trading Participant or Clearing Entity

Disciplinary proceedings under this Part 7 of the Operating Rules may be instituted against a person who has been a Trading Participant or Clearing Entity or a Derivatives Staff Member, and that person is bound by any decision made or penalty imposed under this Part 7 of the Operating Rules.

### 7.3.4 Conduct by Derivatives Staff Members, Officers, employees and agents

Conduct engaged in by a Derivatives Staff Member, an Officer, employee or other agent of the Trading Participant or Clearing Entity on behalf of a Trading Participant or Clearing Entity or by another person at the request or direction of a Derivatives Staff Member, an Officer, employee or other agent of the Trading Participant or Clearing Entity, is deemed to have also been engaged in by the Trading Participant or Clearing Entity.

### 7.3.5 State of mind

If the alleged breach or misconduct requires the state of mind, including knowledge, intention, opinion, belief or purpose, of the Trading Participant or Clearing Entity to be established, it will be sufficient to show that the Derivatives Staff Member, Officer, employee or other agent of the Trading Participant or Clearing Entity who engaged in the conduct in question had that state of mind.

### 7.3.6 Appeal

A Trading Participant or Clearing Entity may appeal against a decision by the CCC under Rule 8.2.3 (vii) within the timeframe specified in the FGL Procedures and subject to the appellant following the process stipulated in Rule 8.2.4.

## 7.4 Commencement of Disciplinary Proceedings

### 7.4.1 Grounds for commencing disciplinary proceedings

- (a) The Exchange may take steps to commence disciplinary proceedings under this Rule 7.4 if the Exchange considers that a Trading Participant or Clearing Entity or Derivatives Staff Member has breached any Operating Rule.
- (b) Unless otherwise stated, a breach of an Operating Rule means a breach of the Operating Rule in question as was in force at the time of the relevant act or omission.

### 7.4.2 Notice

Prior to convening the CCC to consider commencing disciplinary proceedings before the CCC against a Trading Participant or Clearing Entity or Derivatives Staff Member the Exchange must give a notice to:

- (a) the Trading Participant or Clearing Entity or Derivatives Staff Member; and
- (b) the CCC

in the form specified in the FGL Procedures.

### 7.4.3 Referral

Following the receipt of a notice by the CCC under Rule 7.4.2, the CCC will convene and, if considered appropriate, will commence disciplinary proceedings in accordance with this Part 7 of the Operating Rules.

### 7.4.4 Decision not to Contest

If a Respondent decides, after receipt of a notice under Rule 7.4.2, not to contest the findings set out in the notice, it may write to the chairperson of the CCC, informing them of this decision and stating whether it would like to be

given the opportunity to make submissions regarding sanctions. On receipt of such a letter, the CCC will inform the Respondent as to how the disciplinary proceedings will continue.

## 7.5 Powers of CCC in Disciplinary Proceedings

### 7.5.1 General powers

If the CCC determines that a Respondent has breached the Operating Rules, the CCC will do any one or more of the following:

- (a) determine that the breach is not significant and that no further action will be taken;
- (b) determine that the breach is significant and, following consideration of the circumstances surrounding the breach, determine that no further action will be taken;
- (c) censure the Respondent;
- (d) impose conditions or restrictions in relation to:
  - (i) any actions taken under this Rule 7.5.1;
  - (ii) a Respondent's rights in relation to one or more FGL Products to which the Respondent has been granted access;
  - (iii) the future conduct of a Respondent;
  - (iv) any other matter the CCC sees fit.
- (e) impose a fine on the relevant Respondent, the maximum amount for a fine applies to the total of all fines applied in respect of an event or several events in similar circumstances, for each breach of the Operating Rules of an amount not exceeding the maximum specified in the FGL Procedures;
- (f) direct the Respondent to pay the costs incurred by the Exchange in relation to the disciplinary proceedings;
- (g) direct the Exchange to make public (in the form determined by the Exchange);
  - (i) the disciplining of the Respondent;
  - (ii) the powers being exercised by the CCC against the Respondent (including any suspension or termination of the Respondent as a Trading Participant or Clearing Entity); and
  - (iii) the name of the Respondent (unless the CCC has determined otherwise);
- (h) direct the Respondent to undertake specified remedial action;
- (i) direct the Respondent to pay all or part of the total commission or gross profit arising from any Trade or Open Contract connected with the breach to the Exchange and the Exchange may apply the amount paid at its discretion;
- (j) prohibit the Respondent from transacting any business with the Exchange or with or through any Trading Participant or Clearing Entity in respect of one or more FGL Products for a period not exceeding three (3) months and on the terms (if any) specified by the CCC;
- (k) direct the Exchange to suspend the Respondent from all or any of the rights of being a Trading Participant or Clearing Entity;
- (l) direct the Exchange to suspend for a period not exceeding three (3) months or terminate the admission and rights of the Respondent;
- (m) where disciplinary proceedings are taken against a Derivatives Staff Member, direct the relevant Trading Participant or Clearing Entity to:
  - (i) suspend that Respondent's role as a Derivatives Staff Member of that Trading Participant or Clearing Entity for a period not exceeding three (3) months and on the terms (if any) specified by the CCC; or

- (ii) where the CCC makes a finding of Unprofessional Conduct in relation to Exchange Business, terminate that Respondent's role as a Derivatives Staff Member of that Trading Participant or Clearing Entity;
- (n) where disciplinary proceedings are taken against a Derivatives Staff Member, make an order that the Respondent not be employed, or otherwise appointed, in a specified capacity for a period not exceeding the maximum specified in the FGL Procedures and on the terms (if any) specified by the CCC;

### **7.5.2 Announcement of Sanction**

- (a) Subject to Rules 8.5.2 and 8.5.3, the CCC, will direct the Exchange to make public, in the form in which the Exchange considers appropriate, that the CCC has taken disciplinary action against a Respondent and the sanction that it has imposed.
- (b) Unless the CCC states otherwise, the announcement by the CCC will include the name of the Respondent and any other information which the CCC considers relevant.

### **7.5.3 Register of disciplined persons**

The Exchange will enter the name of a Respondent in respect of whom an order is made under Rule 7.5.1 in a register and the register shall be made available to all Trading Participants and Clearing Entities.

### **7.5.4 Payment of fines and costs**

- (a) Any fine imposed or cost ordered to be paid by a Respondent is a debt due to the Exchange in the time specified in the FGL Procedures.
- (b) If the relevant Respondent fails to pay the fine or cost by the due date, the Exchange may suspend or terminate the rights and status of the Respondent in accordance with Rule 2.6 or Rule 2.10.
- (c) Notwithstanding the suspension or termination of the rights and status of the Respondent, the Exchange may, in respect of the payment of any fine or cost (including any accrued but unpaid interest) (Payment):
  - (i) pursue legal action to recover Payment in a court of competent jurisdiction of the Exchange's choosing;
  - (ii) accept security for Payment; and
  - (iii) grant a period of time for Payment.

### **7.5.5 Defence**

A Respondent must not (and must ensure its Derivatives Staff Members do not) take any action or proceeding against any person for publishing or circulating an announcement under Rule 7.5.1(g) or seek to stop such publication or announcement. Any person against whom such an action or proceeding is commenced, may rely on this Operating Rule as a defence to that action or proceeding.

## **7.6 Conduct Of Compliance And Conduct Committee Proceedings**

### **7.6.1 Determination on the papers**

The CCC will conduct all proceedings on the basis of the written submissions of the parties unless:

- (a) the CCC determines to conduct an oral hearing; or
- (b) either party requests an oral hearing no later than the time specified in the FGL Procedures.

### **7.6.2 Written submissions**

- (a) The parties must comply with the directions of the Exchange in relation to written submissions.

- (b) The CCC may, at its discretion, consider any written submissions which do not comply with such directions (including late submissions).

For further details see **GN47 – Communicating with FEX Global**.

### 7.6.3 Formalities and records

- (a) Proceedings will be conducted with as little formality and with as much expedition as a proper consideration of the case permits.
- (b) The CCC may conduct its proceedings as it thinks fit and, if it holds an oral hearing, may record or make a transcript of proceedings (or both) at an oral hearing.
- (c) If requested by the Exchange, the Respondent or any other party to the proceeding, the CCC must make a copy of any transcript or recording of proceedings available to them.

### 7.6.4 Procedural fairness

The CCC must:

- (a) determine each case on its own merits;
- (b) conduct the proceedings without bias; and
- (c) observe the rules of procedural fairness.

### 7.6.5 Participation in proceedings

The CCC may conduct proceedings without all members being physically present at a meeting if all members can participate in the proceedings.

### 7.6.6 Attendance at proceeding

The CCC may direct a Respondent involved in a proceeding to appear before it. Oral hearings shall be held in private. Unless otherwise agreed by the CCC, a Respondent may be represented at an oral hearing by a maximum of two legal or other representatives. The CCC, in its sole discretion, may permit one or more persons to attend an oral hearing as an observer.

Each party must bear its own costs of attendance. Failure to appear before the CCC upon request is a breach of this Rule 7.6.6 and the CCC may take any action specified in Rule 7.5.1, without the right of appeal by the Respondent on such action.

### 7.6.7 Agreed settlements

The Exchange may agree a set of facts, liability and/or penalty with a Respondent for determination by the CCC.

The CCC shall review any set of facts, alleged or suspected breaches of the Operating Rules, liability and/or penalty which the Exchange proposes to agree with a Respondent (Agreed Settlement). If approved by the CCC, the Agreed Settlement shall determine the matter being agreed upon.

In reviewing an Agreed Settlement, the CCC shall:

- (a) consider whether the alleged or suspected breach of the Operating Rules notified to the Respondent in the notice given under Rule 7.4.2 is substantiated, based on the material before it; and
- (b) consider and reach a conclusion as to whether the sanction proposed by the parties from the list in Rule 7.5.1 is suitable.



If the CCC does not agree with the proposed Agreed Settlement, it shall take reasonable steps to facilitate the formulation of a suitable Agreed Settlement.

### **7.6.8 Proceeding date, time and place**

- (a) The chairperson of the CCC will appoint a date, time and place for the conduct of proceedings and notify the Exchange and the Respondent of that date, time and place.
  - (i) If the CCC has requested the presence of the Respondent at a hearing, reasonable notice shall be provided to the Respondent to enable it to attend the hearing.
  - (ii) If the Respondent is unable, for good reason, to attend the hearing date appointed by the CCC, the Respondent may request the CCC to appoint another date, and the CCC shall endeavour to do so.
- (b) The CCC may change a proceeding date for which notice has been given and may adjourn and re-convene proceedings at its discretion.
  - (i) If the CCC changes a proceeding date where it has already directed the Respondent to appear before it at the hearing, the CCC must provide reasonable notice to the Respondent to enable it to attend the hearing on the changed date of the proceeding.
  - (ii) If the Respondent is unable, for good reason, to attend the hearing on the changed date of the proceeding, the Respondent may request the CCC to nominate another date for the proceeding, and the CCC must use reasonable endeavours to do so.

### **7.6.9 Voting**

Each member of the CCC will have one vote and, in the case of equality of votes, the chairperson will have a casting vote.

### **7.6.10 CCC may obtain advice**

The CCC may instruct or engage professional advisers, external investigators or experts and other persons as are reasonably necessary to assist in the exercise of its powers; and may have its advisers present at proceedings.

### **7.6.11 Awarding costs**

- (a) If the CCC determines that a party to the proceedings has acted vexatiously, frivolously or unreasonably, it may order that party to pay to another party, the whole or part of that other party's costs and expenses.
- (b) An order for costs may be for:
  - (i) a specified amount or an unspecified amount calculated on the basis of specified terms; and
  - (ii) may specify terms on which the costs must be paid.

### **7.6.12 Reasons for decision**

The CCC will notify the Exchange and the Respondent of its decision and the reasons for its decision in writing and the rights of the Exchange and Respondent of their rights to appeal within the time specified in the FGL Procedures.

## **7.7 Consolidation of Proceedings – Regulated Persons**

### **7.7.1 Combining proceedings**

Where the Exchange takes steps to commence disciplinary proceedings against more than one Respondent in respect of the same or similar circumstances, the Exchange may indicate in the notice given under Rule 7.4.2 that it is proposed that the CCC will conduct the disciplinary proceedings as a combined proceeding.

### 7.7.2 Right to object

- (a) Any of the Respondents referred to in Rule 7.7.1 may notify the CCC of its objection to a combined proceeding.
- (b) On receipt of a notice from the CCC proposing combined proceedings, a Respondent may, within the time specified in the FGL Procedures, notify the CCC in writing that it objects to combined proceedings. Such notice must contain reasons for opposing the combined proceedings.
- (c) The CCC must consider any objection by a Respondent notified under Rule 7.7.2(a) and determine whether to conduct a separate proceeding.

### 7.7.3 Entitlement upon consolidation of proceedings

If the CCC conducts proceedings against more than one Respondent as a combined proceeding, the Appeals Tribunal is also entitled to hear any appeal from a determination of the CCC as a combined proceeding.

### 7.7.4 Additional Procedures

Additional procedural rules for proceedings may be specified by the CCC from time to time.

## 7.8 Provision of Information by The Exchange

### 7.8.1 The Exchange may provide information

- (a) Subject to Rule 1.4.4, the Exchange may, at its discretion, provide to the CCC the Clearing House or any person advising, or acting for, the Exchange in relation to:
  - (i) any disciplinary proceedings under the Operating Rules; or
  - (ii) any other regulatory investigation or legal proceedings,

any information relating to any act, omission or conduct by a Trading Participant or Clearing Entity or Derivatives Staff Member in respect of which they are, or are likely to be, subject to investigation or proceedings under the Operating Rules.

- (b) Without limiting the effect of this Rule 7.8.1, information which may be given includes any information which may be relevant to any investigation, or proposed investigation.

### 7.8.2 Trading Participant or Clearing Entity or Derivatives Staff Member to be informed

- (a) Where information is provided to the CCC or the Clearing House under Rule 7.8.1, the Exchange must inform the relevant Trading Participant or Clearing Entity or Derivatives Staff Member of the provision and contents of the information and give them a reasonable opportunity to make submissions to the CCC in respect of that information.
- (b) Where information is provided to the CCC or the Clearing House by a Trading Participant or Clearing Entity, the Trading Participant or Clearing Entity must inform the Exchange of the provision and contents of the information and give the Exchange a reasonable opportunity to make submissions to the CCC in respect of that information.

## 7.9 Liability and Indemnity

### 7.9.1 Limitation of liability and indemnity

The Exchange indemnifies each Indemnified Person against any liability which arises directly or indirectly out of or in connection with a proceeding, other than any such liability that by law would attach to the Indemnified Person because of any negligence, default, breach of duty or breach of trust by the Indemnified Person in relation to the Exchange.

### 7.9.2 Indemnity for certain legal proceedings

Despite Rule 7.9.1 the Exchange indemnifies each Indemnified Person against any liability incurred by the Indemnified Person in defending any proceedings, whether civil or criminal, in which judgment is given in favour of the Indemnified Person or in which the Indemnified Person is acquitted or in connection with any application in relation to any such proceedings in which exemption or relief is granted under the Corporations Act to the Indemnified Person by any court of competent jurisdiction.

## 7.10 Exchange Disputes

### 7.10.1 Submission to jurisdiction of courts of New South Wales

Subject to Rule 7.10.2, in respect of all Exchange Disputes, each Trading Participant or Clearing Entity:

- (a) irrevocably submits to the exclusive jurisdiction of the courts exercising jurisdiction in New South Wales, Australia;
- (b) irrevocably waives any immunity from, or objection to, any action in the courts exercising jurisdiction in New South Wales, Australia; and
- (c) irrevocably waives any claim or objection to any action brought in New South Wales, Australia based on absence of jurisdiction or inconvenient forum.

### 7.10.2 Arbitration

Notwithstanding Rule 7.10.1, at the sole option of the Exchange, each Trading Participant or Clearing Entity agrees that the Exchange may require that any Exchange Dispute be referred to and finally resolved by arbitration in accordance with the Arbitration Rules currently in use.

## 7.11 Disputes – Arbitration

### 7.11.1 Arbitration

Subject to Rule 7.11.2, any Dispute shall be referred to and finally resolved by arbitration in accordance with the Arbitration Rules and:

- (a) the appointing and administering authority shall be the Institute of Arbitrators & Mediators Australia (IAMA);
- (b) the number of arbitrators shall be three;
- (c) the seat, or legal place, of the arbitration shall be Sydney, New South Wales, Australia; and
- (d) the language to be used in the arbitral proceedings shall be English.

### 7.11.2 Carve out

In the event that the Dispute concerns Trades on other Financial Markets as well as Trades on the Exchange, if all parties to the Dispute agree, the parties to the Dispute may use a method of Dispute resolution different to that provided for in Rule 7.11.1.

## Part 8: Appeals Tribunal

### 8.1 Purpose

The purposes of Part 8 of the Operating Rules are to provide for:

- (a) the rights of an appellant and the procedures for appeals to the Appeals Tribunal; and
- (b) the formation and powers of the Appeals Tribunal panel;

### 8.2 Appeals Tribunal and Appeals Procedure

#### 8.2.1 Appeals Tribunal panel

The Exchange may from time to time appoint a panel of persons, consisting of no less than three (3) and no more than five (5) members to make up the Appeals Tribunal panel. The appointees will be appropriately qualified and independent of the matter being considered, as determined by the Exchange.

#### 8.2.2 Appeals Tribunal

- (a) The Exchange may nominate any one or more members of the Appeals Tribunal Panel to constitute the Appeals Tribunal to hear and determine any particular appeal.
- (b) On nominating one or more members of the Appeals Tribunal panel to constitute an Appeals Tribunal, the Exchange shall appoint a chairperson of the Appeals Tribunal.

#### 8.2.3 Right to appeal

- (a) An appeal in accordance with Part 8 of the Operating Rules will only be available to the following persons in the following circumstances:
  - (i) an applicant for admission as a Trading Participant or Clearing Entity, where such application has been rejected;
  - (ii) a Trading Participant or Clearing Entity who has been suspended under Rules 2.6.8, 2.6.9, 2.10.8 or 2.10.9;
  - (iii) a Trading Participant or Clearing Entity who has been terminated under Rule 2.6.10 or Rule 2.10.10;
  - (iv) a Trading Participant or Clearing Entity whom the Exchange has determined to suspend or terminate under Rule 2.13.3(b);
  - (v) a Trading Participant or Clearing Entity who has failed to meet any conditions it is required to meet under Rule 2.13.3(c);
  - (vi) a Trading Participant or Clearing Entity or Derivatives Staff Member where an Administrative Fine (exceeding the Appeal limit specified in the definition of Administrative Fine) has been imposed on the Trading Participant or Clearing Entity or Derivatives Staff Member;
  - (vii) a Respondent, where a resolution has been made by the Compliance and Conduct Committee under Part 7 of the Operating Rules against that Respondent.
- (b) Any determination made in relation to a Market Disruption Event or Daily Settlement Price cannot be appealed under this Part 8.

#### 8.2.4 Commencement of Appeal

The appellant must lodge a completed Notice Of Appeal document with the Exchange by using the pro forma document provided within the FGL Procedures and within the timeframe established under Rule 7.3.6.

#### 8.2.5 Payment of Fee

The Exchange will require an appellant to pay the non-refundable Appeal Fee as specified in the FGL Procedures.

### **8.2.6 Withdrawal of appeal**

An appellant may withdraw an appeal to the Appeals Tribunal at any time.

### **8.2.7 Costs of appeal**

The Appeals Tribunal may require an appellant whose appeal is unsuccessful or who withdraws an appeal to pay an appeal cost as follows:

- (a) An Appeals Tribunal may, if it believes it appropriate in all the circumstances, make a costs order against an appellant whose appeal is unsuccessful or who withdraws an appeal before it is considered by the Appeals Tribunal. In determining the amount of such costs, the Appeals Tribunal must take into consideration the time expended in conducting the appeal and any costs incurred and may take into consideration any other matters it considers relevant.
- (b) Such a costs order shall specify:
  - (i) the amount to be paid by the appellant; and
  - (ii) any other terms of the order, such as the time for payment.

## **8.3 Provision of Information by The Exchange**

### **8.3.1 The Exchange may provide information**

Subject to Rule 1.4.4, the Exchange may, at its discretion, provide to the Appeals Tribunal or any person advising, or acting for, the Exchange in relation to any appeal proceedings under the Operating Rules, any information relating to any act, omission or conduct by a Trading Participant or Clearing Entity or Derivatives Staff Member in respect of which they have been, are, or are likely to be, subject to appeal proceedings under the Operating Rules.

### **8.3.2 Trading Participant or Clearing Entity or Derivatives Staff Member to be informed**

- (a) Where information is provided to the Appeals Tribunal under Rule 8.3.1, the Exchange must inform the relevant Trading Participant or Clearing Entity or Derivatives Staff Member of the provision and contents of the information and give them a reasonable opportunity to make submissions to the Appeals Tribunal in respect of that information.
- (b) Where information is provided to the Appeals Tribunal by a Trading Participant or Clearing Entity, the Trading Participant or Clearing Entity must inform the Exchange of the provision and contents of the information and give the Exchange a reasonable opportunity to make submissions to the Appeals Tribunal in respect of that information.

## **8.4 Liability and Indemnity**

### **8.4.1 Limitation of liability and indemnity**

The Exchange indemnifies each member of the Appeals Tribunal and each officer of the Exchange and each person acting for or on behalf of the Exchange (in this Rule 8.4, Indemnified Persons) against any liability which arises directly or indirectly out of or in connection with a proceeding, other than any such liability that by law would attach to the Indemnified Person because of any negligence, default, breach of duty or breach of trust by the Indemnified Person in relation to the Exchange.

### **8.4.2 Indemnity for certain legal proceedings**

Despite Rule 8.4.1, the Exchange indemnifies each Indemnified Person against any liability incurred by the Indemnified Person in defending any proceedings, whether civil or criminal, in which judgment is given in favour of

the Indemnified Person or in which the Indemnified Person is acquitted or in connection with any application in relation to any such proceedings in which relief is granted under the Corporations Act to the Indemnified Person by any court of competent jurisdiction.

## **8.5 Commencement Of Appeals Proceedings**

### **8.5.1 The Exchange to notify Appeals Tribunal**

If the Exchange receives a Notice Of Appeal which complies with the notice provisions specified in FGL Procedures for Rule 8.2.4:

- (a) the Board of the Exchange shall, taking into account the nature of the decision being appealed and the complexity of the relevant proceedings, decide how many and which members of the Appeals Tribunal panel shall be appointed to the Appeals Tribunal to assess the specific appeal, convene an Appeals Tribunal and nominate a chairperson of the Appeals Tribunal in accordance with Rule 8.2.2;
- (b) the Exchange must promptly give a copy of the notice of appeal to the chairperson of an Appeals Tribunal;
- (c) the chairperson of an Appeals Tribunal must convene the initial meeting of this Appeals Tribunal within the time specified in the FGL Procedures, the Chairperson shall convene a meeting with the remaining member(s) (if any) of the nominated Appeals Tribunal to determine the procedure and timing for hearing the appeal, and
- (d) for the avoidance of doubt, in selecting the membership of the Appeals Tribunal the Exchange will not appoint any member of the original Compliance and Conduct Committee that heard the matter to the Appeals Tribunal.

### **8.5.2 Action the Exchange may take pending appeal**

Subject to Rule 8.5.3, the Exchange may do anything (including making announcements) which is expressly permitted under the Operating Rules before the expiry of the time for giving a notice of appeal, or, if a notice of appeal is given, before any appeal is determined.

### **8.5.3 Action the Exchange may not take pending appeal**

Neither the Exchange nor the Compliance and Conduct Committee, may implement or announce a decision to:

- (a) impose a fine (excluding an Administrative Fine);
- (b) give a direction (as to publication) under Rule 7.5.1(g);
- (c) give a direction (as to costs) under Rule 7.5.1(f);
- (d) give a direction (as to payment of commissions) under Rule 7.5.1(i);
- (e) give a direction (as to termination of a person's role) under 7.5.1(m)(ii);
- (f) give an order (as to non-employment) under Rule 7.5.1(n); or
- (g) terminate a Trading Participant or Clearing Entity's admission as a Trading Participant or Clearing Entity under the relevant Operating Rules,

before the expiry of the time for giving a notice of appeal or, if a notice of appeal is given, before the appeal is determined.

### **8.5.4 Proceeding date, time and place**

- (a) The chairperson of the Appeals Tribunal will appoint a date, time and place for the appeal proceeding and notify the parties of the date, time and place.

- (i) If the Appeals Tribunal has requested the presence of the appellant at a hearing, reasonable notice shall be provided to the appellant to enable it to attend the appeal hearing.
  - (ii) If the appellant is unable, for good reason, to attend the appeal hearing on the date appointed by the Appeals Tribunal, the appellant may request the Appeals Tribunal to nominate another date for the proceeding, and the Appeals Tribunal must use reasonable endeavours to do so.
- (b) An Appeals Tribunal may change a proceeding date for which notice has been given, and may adjourn and re-convene proceedings at its discretion.
  - (i) If the Appeals Tribunal changes a proceeding where it has already directed the appellant to appear before it at the appeal hearing, the Appeals Tribunal must provide reasonable notice to the appellant to enable it to attend the appeal hearing on the changed date of the proceeding.
  - (ii) If the appellant is unable, for good reason, to attend the appeal hearing on the changed date of the proceeding, the appellant may request the Appeals Tribunal to nominate another date for the proceeding, and the Appeals Tribunal must use reasonable endeavours to do so.

### **8.5.5 The Exchange or Appeals Tribunal may consolidate appeal proceedings**

- (a) The Exchange may exercise its powers together and does not need to exercise its powers under this Part 8 separately if:
  - (i) proceedings of the Compliance and Conduct Committee were consolidated under Rule 7.7; and
  - (ii) two or more of the Respondents appeal a decision of the Compliance and Conduct Committee under these Operating Rules to the Appeals Tribunal.
- (b) The Appeals Tribunal may exercise its powers together and does not need to exercise its powers under this Part 8 separately if:
  - (i) proceedings of the Compliance and Conduct Committee were consolidated under Rule 7.7; and
  - (ii) two or more of the Respondents appeal a decision of the Compliance and Conduct Committee under these Operating Rules to the Appeals Tribunal.

## **8.6 Conduct of Appeals Tribunal Proceedings**

### **8.6.1 Powers of Appeals Tribunal**

- (a) Unless specified by the Appeals Tribunal, an appeal will not be conducted as a re-hearing.
- (b) The Appeals Tribunal may affirm, vary or set aside the appealed decision, including any resolution, penalty and ancillary orders.

### **8.6.2 Determination on the papers**

- (a) The Appeals Tribunal will conduct all proceedings on the basis of the written submissions of the parties unless:
  - (i) the Appeals Tribunal determines to conduct an oral hearing; or
  - (ii) either party requests an oral hearing within the timeframe specified in the FGL Procedures.
- (b) If the Appeals Tribunal conducts an oral hearing (whether at its own instigation or on request from either party), each party must bear its own costs of attendance.
- (c) Oral hearings shall be held in private. Unless otherwise agreed by the Appeals Tribunal, an appellant may be represented at an oral appeal hearing by a maximum of two legal or other representatives.
- (d) The Appeals Tribunal, in its sole discretion, may permit one or more persons to attend an oral appeal hearing as an observer.

### 8.6.3 Written submissions

- (a) The parties must comply with the directions of the Appeals Tribunal in relation to written submissions.
- (b) The Appeals Tribunal may, at its discretion, consider any written submissions which do not comply with such directions (including late submissions).

### 8.6.4 Formalities and records

- (a) Proceedings will be conducted with as little formality and with as much expedition as a proper consideration permits.
- (b) The Appeals Tribunal may conduct its proceedings as it thinks fit and, if it holds an oral hearing, may record or make a transcript of proceedings (or both) at an oral hearing.
- (c) If requested by the Exchange or the other party to the proceeding, the Appeals Tribunal must make a copy of any transcript or recording of proceedings available to them.

### 8.6.5 Procedural fairness

The Appeals Tribunal must:

- (a) determine each matter on its own merits;
- (b) conduct the proceedings without bias; and
- (c) observe the rules of procedural fairness.

### 8.6.6 Voting

If the Appeals Tribunal has more than one member, each member of the Appeals Tribunal will have one vote and, in the case of equality of votes, the chairperson will have a casting vote.

### 8.6.7 Appeals Tribunal may obtain advice

The Appeals Tribunal may instruct or engage professional advisers, external investigators or experts and other persons as are reasonably necessary to assist in the exercise of its powers; and may have its advisers present at proceedings.

### 8.6.8 Participation in proceedings

If the Appeals Tribunal has more than one member, the Appeals Tribunal may conduct proceedings without all members being physically present at a meeting if all members can participate in the proceedings.

### 8.6.9 Attendance at proceeding

- (a) The chairperson of the Appeals Tribunal will appoint a date, time and place for the conduct of the proceedings and notify the Exchange and the Respondent of that date and any other information specified in the FGL Procedures. The Appeals Tribunal may change a proceeding date and may adjourn and re-convene proceedings at its discretion.
- (b) If an Appeals Tribunal believes it necessary, it may direct a Trading Participant or Clearing Entity or Derivatives Staff Member involved in the matter before it to appear before the Appeals Tribunal at an oral appeal hearing. Written notice of such a direction must be given to the Trading Participant or Clearing Entity or Derivatives Staff Member according to the timeframe specified in the FGL Procedures.
- (c) Failure to appear before the Appeals Tribunal is a breach of Rule 8.6.9(a) and the Compliance and Conduct Committee may take any action against the relevant Trading Participant or Clearing Entity or Derivatives Staff Member under Rule 7.5.1.
- (d) Each party must bear its own costs of attendance.



#### 8.6.10 Awarding costs

- (a) If the Appeals Tribunal determines that a party to an appeal proceeding, or to the proceedings the subject of the appeal, has acted vexatiously, frivolously or unreasonably, it may order that party to pay to another party, the whole or part of that other party's costs and expenses.
- (b) If an Appeals Tribunal determines that a decision of the Exchange or a decision of the Compliance and Conduct Committee is unreasonable, it may order the Exchange to pay to another party, the whole or part of that other party's costs and expenses for the appeal.
- (c) An order for costs may be for:
  - (i) a specified amount or an unspecified amount calculated on the basis of specified terms; and
  - (ii) may specify terms on which the costs must be paid.

#### 8.6.11 Reasons for decision

- (a) An Appeals Tribunal must notify the Exchange and the other party of its decision and the reasons for its decision in writing within the period specified in the FGL Procedures.
- (b) If an appeal proceeding is an appeal from a resolution of the Compliance and Conduct Committee, the Appeals Tribunal must also give a copy of its reasons to the chairperson of the Compliance and Conduct Committee.

#### 8.6.12 Decision final and binding

A decision of the Appeals Tribunal in relation to the matter the subject of the appeal, and any decision as to costs, is final and binding on the Exchange and the other party.

#### 8.6.13 Announcement of Sanction

- (a) The Appeals Tribunal will direct the Exchange to make public, in the form in which the Exchange considers appropriate, that the Appeals Tribunal has upheld a decision or action of the Compliance and Conduct Committee, that disciplinary action against a Trading Participant or Clearing Entity or Derivatives Staff Member has been taken and the sanction that has been imposed.
- (b) Unless the Appeals Tribunal states otherwise, the announcement by the Appeals Tribunal will include the name of the Trading Participant or Clearing Entity or Derivatives Staff Member and any other information which the Appeals Tribunal considers relevant.

### 8.7 Additional Rules For Appeals Against Compliance And Conduct Committee Resolutions

#### 8.7.1 Compliance and Conduct Committee resolution maintained

Subject to Rule 8.5.3, until an appeal lodged by a Respondent to a resolution of the Compliance and Conduct Committee is determined by the Appeals Tribunal or is withdrawn by the Respondent, any resolution of the Compliance and Conduct Committee in respect of the Respondent will remain in force and any suspension imposed on the Respondent by the Compliance and Conduct Committee will continue, unless the Compliance and Conduct Committee otherwise decides.

## **Part 9: Classes and Contractual Terms of Financial Products dealt with on the Exchange Market**

### **9.1 Purpose**

The purposes of Part 9 of the Operating Rules are to describe:

- (a) the classes of Financial Products that are to be Dealt on the Exchange Market;
- (b) the listing and de-listing of FGL Products and Individual FGL Products; and
- (c) the parties to and terms of each Financial Product available on the Exchange Market.

### **9.2 Classes of Financial Products that may be dealt with on the Exchange Market**

#### **9.2.1 Financial Product classes**

The Financial Product classes that may be Dealt on the Exchange Market are:

- (a) Energy and Commodity Derivatives;
- (b) Environmental Derivatives; and
- (c) such other classes of Financial Product as the Exchange may in its discretion determine, subject to Operating Rule amendments and sections 793D and 793E of the Corporations Act and approved Licence Condition amendments if required and section 796A of the Corporations Act.

#### **9.2.2 Description of Derivatives**

The products that are to be Dealt on the Exchange Market are Exchange Traded Derivatives which are:

- (a) cash settled FEX Coal and FEX Asian Oil Futures Contracts;
- (b) cash settled FEX Power Futures Contracts;
- (c) cash settled FEX Iron Ore Futures Contracts; and
- (d) Option Contracts over these Futures Contracts;

the details of which are provided in Rule 9.7.

### **9.3 Listing and Delisting of FGL Products and Individual FGL Products**

#### **9.3.1 Listing of FGL Products and Individual FGL Products**

- (a) The Exchange may in its absolute discretion from time to time:
  - (i) establish any FGL Product Market; and
  - (ii) list any particular FGL Product or Individual FGL Product for Trading with effect from the listing date as determined by the Exchange.
- (b) Each Individual FGL Product listed by the Exchange shall be denoted by a Contract Code.

#### **9.3.2 Delisting of Individual FGL Product**

- (a) The Exchange may in its absolute discretion from time to time delist any FGL Product or any Individual FGL Product.
- (b) The effective time of delisting will be:

- (i) where there are no Open Contracts in that FGL Product or Individual FGL Product, as determined by the Exchange (which can be made at the same time as the determination under Rule 9.3.2(a)); or
  - (ii) where there are Open Contracts in that FGL Product or Individual FGL Product, after all Open Contracts in the relevant FGL Product or Individual FGL Product have been Closed Out.
- (c) Once a determination in respect of a particular FGL Product or Individual FGL Product has been made by the Exchange under Rule 9.3.2(a), except to the extent that the Exchange determines that such Trading is necessary for the maintenance of a fair, orderly and transparent market, Trading in such a FGL Product or Individual FGL Product will not be allowed except to enable the Closing Out of any Open Contracts.

## **9.4 Rules For Determining Contractual Terms Of Each Market Contract**

### **9.4.1 Components of contractual terms**

The contractual terms of each Market Contract are determined by:

- (a) Rule 9.5, in relation to the formation of the contract and the parties to the contract;
- (b) depending upon the Contract Type, the relevant provisions of Rule 9.6;
- (c) the Contract Specification for the FGL Product which is the basis for the relevant Market Contract; and
- (d) any other Operating Rule which provides that it constitutes a term of the Market Contract;

### **9.4.2 Binding nature of Contract Specifications**

The Contract Specifications are binding on, and between:

- (a) FGL and each Trading Participant; and
- (b) each Trading Participant and each other Trading Participant; and
- (c) Trading Participants and Clearing Entities and any other person or entity that has acknowledged that it is bound by the Operating Rules.

## **9.5 Formation of, and Parties to, each Market Contract and Open Contract**

### **9.5.1 Acceptance of buy Order or sell Order**

- (a) A Market Contract is formed and has effect only:
  - (i) upon the matching of any buy Order with any sell Order, where such buy Order and such sell Order are submitted in the course of Trading in a FGL Product Market; or
  - (ii) at the time specified in the FGL Procedures.
- (b) Except as expressly permitted by the Rule 4.9 (Cancellations), no Trading Participant may, or may seek to, vary, rescind, terminate or otherwise alter or assign a Market Contract or any obligations under that Market Contract.

### **9.5.2 Parties to Market Contract**

Each Market Contract is a legally binding agreement between the parties to it, being the Trading Participants in whose names respectively the buy Order, sell Order and Market Contract are recorded on the Trading System. A Market Contract is recognised as an FGL Eligible Transaction when it is registrable with the Clearing House in accordance with Rule 6.2.1.

### **9.5.3 Effect of registration of an FGL Eligible Transaction**

- (a) Acceptance

Upon the acceptance of each FGL Eligible Transaction by the Clearing House for registration under the Clearing Rules, the FGL Eligible Transaction is terminated and is of no further contractually binding effect between the parties to it, except for where obligations which have arisen and fallen due for performance remain outstanding (e.g. Rules 3.4 (Reporting Obligations) and 3.5 (Obligations Regarding Records) remain with the originating Trading Participants).

Upon registration, and through the process of novation, Open Contracts are created under the Clearing Rules and shall incorporate the terms of the relevant FGL Eligible Transaction and create obligations on nominated Clearing Entities, according to the Clearing Rules.

(b) Non-acceptance / Rejection

Where the Clearing House determines, in its absolute discretion and in accordance with the Clearing Rules, to refuse to register an FGL Eligible Transaction then the Exchange will, pursuant to Rule 4.9.1 (a) (iii), cancel the Trade.

Unless explicitly stated otherwise, references made in relation to the holder of an Open Contract in these Operating Rules refer to the nominated Clearing Entity, rather than the Clearing House.

## 9.6 Terms of each Market Contract which is an Exchange-Traded Derivative

### 9.6.1 Explanatory and interpretation

Rules 9.6.2 to 9.6.10 set out the details required by Corporations Regulation 7.2.07(e) in respect of each Market Contract which is an Exchange Traded Derivative.

Except where otherwise specified within the Contract Specification, the following are terms of each Market Contract in addition to other terms, unless the term is specifically marked as not applicable to a type, class or category of Market Contract. The current Exchange determination for these terms is documented within the FGL Procedures.

<b>Listing Date</b>	Such date as is determined by the Exchange
<b>Pricing Parameters</b>	<b>Quotation</b> Such manner as is determined by the Exchange
	<b>Minimum price increment</b> Such manner as is determined by the Exchange
	<b>Value of minimum price increment</b> Such manner as is determined by the Exchange
<b>Trading Days</b> ; sessions and special arrangements for opening or closing	<b>Trading Days</b> Such days as are determined by the Exchange
	<b>Trading hours</b> Such hours as are determined by the Exchange
	<b>Pre-Open Period</b> Such duration as is determined by the Exchange

	<b>Netting period</b> Such duration as is determined by the Exchange
<b>Final Trading Day</b>	Such date as is determined by the Exchange.
<b>Final Trading Time</b>	Such time as is determined by the Exchange.
<b>Settlement Date</b> (Not applicable to Options)	Such date as is determined by the Exchange.
<b>Exercise and Assignment Date</b> (Options only)	Such date as is determined by the Exchange.
<b>Expiry Settlement Price</b> (Not applicable to Options)	Such price as is determined by the Exchange.
<b>Matching algorithm</b>	Such algorithm as is determined by the Exchange.
<b>Price limits</b>	<b>Order Price Movement Limit</b> Such limit as is determined by the Exchange  <b>Order Price Movement Limit type</b> Such type as is determined by the Exchange  <b>Daily Price Movement Limit</b> Such limit as is determined by the Exchange  <b>No-Bust Price Range</b> Such range as is determined by the Exchange
<b>Position limit</b>	Such limit as is determined by the Exchange
<b>EFP facility</b>	Such availability as is determined by the Exchange
<b>Block Trade facility</b>	Such availability as is determined by the Exchange

### 9.6.2 Cash settled Futures Contract

The terms of each Market Contract which has a Contract Type of cash settled Futures Contract are as follows:

- (a) The parties will make a final cash payment on the Settlement Date to settle the Market Contract between them based on whether the Settlement Value is greater or less than the Contract Value.
- (b) On the Settlement Date the obligations of the parties are as follows:
  - (i) if the Contract Value is less than the Settlement Value – the seller must pay the amount by which the Settlement Value exceeds the Contract Value; and
  - (ii) if the Contract Value is greater than the Settlement Value – the buyer must pay the amount by which the Contract Value exceeds the Settlement Value.
- (c) The rights of the parties are as follows:
  - (i) if the Contract Value is less than the Settlement Value – the buyer is entitled to receive the amount by which the Settlement Value exceeds the Contract Value; and

- (ii) if the Contract Value is greater than the Settlement Value – the seller is entitled to receive the amount by which the Contract Value exceeds the Settlement Value.
- (d) On and from registration by the Clearing House, Open Contracts created under the Clearing Rules shall be subject to daily settlement of Variation Margin up until Settlement Date in accordance with the Clearing Rules.
- (e) The Expiry Settlement Price for each FGL Product will be determined by the Exchange as specified in the Contract Specifications and, subject to Part 5 of the Operating Rules and the Clearing Rules, the Expiry Settlement Price so determined will be final.

### 9.6.3 Default

- (a) A buyer or seller of an Open Contract who does not settle a cash-settled Futures Contract with the Clearing House as required by these Operating Rules shall be in default and a Clearing Entity affected by such default may be subject to actions of the Clearing House under the Clearing Rules.
- (b) The rights and obligations of the Clearing Entities and the Clearing House in the event of a default at settlement in relation to Open Contracts are as set out in the Clearing Rules.
- (c) In the event of a conflict between the Operating Rules and the Clearing Default Rules, the Clearing Default Rules shall take precedence.

### 9.6.4 Option Contract: general provisions

The terms of each Market Contract that has a Contract Type of Option Contract over Futures Contract are as follows:

- (a) The buyer of an Option Contract may, prior to the Final Trading Time, sell an Option Contract of the same Contract Type at the same Exercise Price and with the same Contract Month as that Option Contract, in which case the bought and sold positions must be Closed Out.
- (b) The seller of an Option Contract may, prior to the Final Trading Time, buy an Option Contract of the same Contract Type at the same Exercise Price and with the same Contract Month as that Option Contract, in which case the bought and sold positions must be Closed Out.
- (c) Exercise of an Option Contract may occur:
  - (i) if the Option Type is American style – at any time prior to the Final Trading Time; and
  - (ii) if the Option Type is European style – at the Final Trading Time only.
- (d) On and from registration by the Clearing House, Open Contracts created under the Clearing Rules shall be subject to daily settlement of Variation Margin in accordance with the Clearing Rules.
- (e) Where a person holds opposing bought and sold Option Contracts and the Option Contracts have not yet been Closed Out in accordance with Rule 6.2.3(c), the sold position may be assigned by the Clearing House on expiry in accordance with the Clearing Rules.

### 9.6.5 Option Contracts over Futures Contracts

The following further terms apply to each Market Contract which has a Contract Type of Option Contract over Futures Contract:

- (a) The Market Contract and the Underlying Futures Contract shall each expire at their respective Final Trading Times.
- (b) If the Market Contract is exercised in accordance with Rule 9.6.4(c), it shall be settled as prescribed by the Settlement Type.

### 9.6.6 Call Option Contract

The following further terms apply to each Market Contract which has a Contract Type of call Option Contract:

- (a) In consideration of the payment of Variation Margin by a Client to a Trading Participant, in accordance with the Market Integrity Rules, the Trading Participant that is the buyer of the call Option Contract acquires the right to receive a bought position in the Underlying Futures Contract at the Exercise Price; and in the event that the buyer of the call Option Contract exercises its rights, a seller as appointed by the Clearing House in accordance with the Clearing Rules assumes a sold position in the Underlying Futures Contract at the same Exercise Price and on the same terms as the buyer of the Option Contract.
- (b) Where the buyer has become the holder of a Futures Contract position under the exercise of an Option Contract, the buyer must comply with the provisions of these Operating Rules and Market Integrity Rules relating to the Futures Contract.

### 9.6.7 Put Option Contract

The following further terms apply to each Market Contract which has a Contract Type of put Option Contract:

- (a) In consideration of the payment of Variation Margin by a Client to a Trading Participant, in accordance with the Market Integrity Rules, the Trading Participant that is the buyer of the put Option Contract acquires the right to receive a sold position in the Underlying Futures Contract at the Exercise Price; and in the event that the buyer of the put Option Contract exercises its rights, a seller as appointed by the Clearing House in accordance with the Clearing Rules assumes a bought position in the Underlying Futures Contract at the same Exercise Price and on the same terms as the buyer of the Option Contract.
- (b) Where the seller has become the holder of a Futures Contract position under the exercise of an Option Contract, the seller must comply with the provisions of these Operating Rules and Market Integrity Rules relating to the Futures Contract.

### 9.6.8 Exercise Price

- (a) Exercise Prices shall be determined by the Exchange from time to time and must comply with the Contract Parameters.
- (b) The Exchange shall publish each new Exercise Price as it is determined.

### 9.6.9 Contract Currency

Wherever a Market Contract Price and the Variation and Initial Margins that are payable by Clients to Trading Participants are displayed, these values are presented in the Contract Currency stated in the Contract Specifications for each FGL product.

### 9.6.10 Contract Parameters and Pricing Parameters

Each Market Contract, and all Dealings in each Market Contract, must comply with:

- (a) the Contract Specification parameters; and
- (b) any Pricing Parameters or any Expiry Settlement pricing parameters that are a term of the Contract.

### 9.6.11 Exercise and Assignment

Each Market Contract that is an In the Money Option Contract on the day of expiry will be automatically exercised and, where necessary, assignment will occur in accordance with these Operating Rules and the Clearing Rules.

- (a) European Option Type

All In the Money European options are automatically exercised by the Clearing House on the Exercise and Assignment Date. All options that are not In the Money are abandoned by the Clearing House on the Exercise and Assignment Date.

- (b) American Option Type

The buyer may exercise the option on any Business Day prior to expiration by giving notice of exercise to the Clearing House by no later than the Final Trading Time, or by such other time designated by the Exchange. Notice of exercise shall be given to the Clearing House in such form and manner as the Clearing House shall prescribe.

An option that is In the Money and has not been liquidated or exercised prior to the Final Trading Time shall, in the absence of contrary instruction delivered to the Clearing House by the Clearing Entity representing the option buyer, be exercised automatically on the Exercise and Assignment Date.

Corrections to option exercises, including automatic exercises, may be accepted by the Clearing House after the Final Trading Time and up to the beginning of Exercise and Assignment Date processing provided that such corrections are necessary due to; (1) a bona fide clerical error, (2) any unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the Clearing Entity and Trading Participant are unable to communicate final option exercise instructions prior to the Final Trading Time. The decision as to whether a correction is acceptable will be made by the President of the Clearing House, or the President's designee, and such decision will be final.

Exercise notices created by the Clearing House for buyers shall be assigned by the Clearing House to a seller of an option of the same series through a process of random selection to Clearing Entities carrying open short positions for a seller in the same series. A Clearing Entity to which an exercise notice is assigned shall be notified thereof as soon as practicable after such notice is assigned by the Clearing House.

The Clearing Entity assigned an exercise notice shall be assigned a short position in the Underlying Futures Contracts if a call is exercised or a long position if a put is exercised. The Clearing Entity representing the option buyer shall be assigned a long position in the Underlying Futures Contracts if a call is exercised and a short position if a put is exercised.

All such Futures Contract positions shall be established and assigned by the Clearing House at a price determined by the Exchange and shall be risk managed in accordance with the Clearing Rules.

## 9.7 Contract Specifications Applicable To FGL Products

The current Contract Specifications for all FGL products are documented below:

### FEX ESPO Asia Oil Futures Contract

Contract Type	Cash settled FEX Asian Oil Futures Contract
Contract Unit	A notional size of 1000 barrels of Oil per contract.
Underlying Physical	ESPO Blend (East Siberian-Pacific Ocean fob Kozmino) index as calculated and published by Argus Media.
Contract Value	The Trade price at the time of the Trade multiplied by 1000 (the Multiplier).
Contract Months	March, June, September, and December for 8 quarters
Contract Currency	USD
Minimum Contract Threshold	1 lot
Settlement Price	The value of the Underlying Physical as supplied by Argus Media in writing to the Exchange on the relevant settlement day.



Settlement Value	The Expiry Settlement Price as supplied by the Exchange to the Clearing House for the relevant Expiry settlement day, multiplied by 1000 (the Multiplier)
Additional Terms	<p><b>Exclusion of liability</b></p> <ul style="list-style-type: none"> <li>• Subject to the right of the Exchange under Rule 5.2.6, and the Clearing Rules, to direct that Market Contracts be settled at a price other than that determined in accordance with the relevant Contract Specifications, the Exchange and the Clearing House shall be entitled to regard the information received from Argus Media or its successors as being conclusive and final.</li> <li>• Failure by the Exchange or Argus Media or the Clearing House, or any entity on behalf of those parties, to provide or obtain the relevant information necessary for calculating the Expiry Settlement Price, or any inaccuracies created before or during the calculation or in the transmission thereof shall not lead to a party having a claim whatsoever against Argus Media, the Clearing House or the Exchange, and the provisions of Rule 5.2.2 shall apply.</li> </ul>
	<p><b>Undesirable Circumstance or Activity</b></p> <ul style="list-style-type: none"> <li>• If an Undesirable Circumstance or Activity is declared, then the provisions of that Rule 5.4 shall apply and any provision of the Operating Rules which cannot be complied with until the Expiry Settlement Price has been declared shall be complied with as soon as possible after it has been declared.</li> </ul>
	<p><b>Variation of price limits</b></p> <ul style="list-style-type: none"> <li>• Price limits may be amended, varied or removed by the Exchange at any time.</li> </ul>
	<p><b>Variation of position limits</b></p> <ul style="list-style-type: none"> <li>• If the Exchange considers that it is necessary or desirable, or if ASIC requires the Exchange to do so, then the Exchange will impose position limits in respect of this Market Contract, in respect of a particular Contract Month or in respect of the Market Contract generally.</li> <li>• Where the Exchange imposes position limits, it will specify all relevant information and requirements relating to the position limits, including in respect of any matter required by ASIC.</li> <li>• Position limits may be amended, varied or removed by the Exchange, provided that where the position limit was required by ASIC, the Exchange will consult with ASIC prior to any such amendment, variation or removal.</li> </ul>

**FEX ESPO Asia Oil Option Contract**

Contract Type	Put or call Option Contract over a FEX Asian Oil Futures Contract.
Underlying Futures Contract	FEX ESPO Asia Oil Futures Contract with the same expiry Contract Month as the Option Contract.
Option Type	European
Settlement Type	Exercised Option Contracts are settled by the delivery of the Underlying Futures Contract at the Exercise Price on the exercise day.
Contract Months	March, June, September, and December for 8 quarters
Contract Currency	USD
Minimum Contract Threshold	1 lot
Traded Contract Value	The Trade price at the time of the Trade multiplied by 1000.
Buffer Amount	\$0.01 USD
Additional Terms	<p><b>Exclusion of liability</b></p> <ul style="list-style-type: none"> <li>• Subject to the right of the Exchange under Rule 5.2.6, and the Clearing Rules, to direct that Market Contracts be settled at a price other than that determined in accordance with the relevant Contract Specifications, the Exchange and the Clearing House shall be entitled to regard the information received from Argus Media or its successors as being conclusive and final.</li> <li>• Failure by the Exchange or Argus Media or the Clearing House, or any entity on behalf of those parties, to provide or obtain the relevant information necessary for calculating the Expiry Settlement Price, or any inaccuracies created before or during the calculation or in the transmission thereof shall not lead to a party having a claim whatsoever against Argus Media, the Clearing House or the Exchange, and the provisions of Rule 5.2.2 shall apply.</li> </ul> <p><b>Undesirable Circumstance or Activity</b></p> <ul style="list-style-type: none"> <li>• If an Undesirable Circumstance or Activity is declared, then the provisions of that Rule 5.4 shall apply and any provision of the Operating Rules which cannot be complied with until the Expiry Settlement Price has been declared shall be complied with as soon as possible after it has been declared.</li> </ul> <p><b>Variation of price limits</b></p> <ul style="list-style-type: none"> <li>• Price limits may be amended, varied or removed by the Exchange at any time.</li> </ul>

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**Variation of position limits**

- If the Exchange considers that it is necessary or desirable, or if ASIC requires the Exchange to do so, then the Exchange will impose position limits in respect of this Market Contract in respect of a particular Contract Month or in respect of the Market Contract generally.
  - Where the Exchange imposes position limits, it will specify all relevant information and requirements relating to the position limits, including in respect of any matter required by ASIC.
  - Position limits may be amended, varied or removed by the Exchange, provided that where the position limit was required by ASIC, the Exchange will consult with ASIC prior to any such amendment, variation or removal.
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**FEX API5 Newcastle Coal (AUD) Futures Contract**

<b>Contract Type</b>	Cash settled FEX Coal Futures Contract.
<b>Contract Unit</b>	500 metric tonnes of Coal per contract
<b>Underlying Physical</b>	Argus-McCloskey API5 Coal index (fob Newcastle) as calculated and published by Argus-McCloskey
<b>Contract Value</b>	The Trade price at the time of the Trade multiplied by 500 (the Multiplier).
<b>Contract Months</b>	March, June, September, and December for 8 quarters
<b>Contract Currency</b>	AUD
<b>Minimum Contract Threshold</b>	1 lot
<b>Settlement Price</b>	The value of the Underlying Physical as supplied by Argus-McCloskey in writing to the Exchange on the relevant settlement day.
<b>Settlement Value</b>	The Expiry Settlement Price as supplied by the Exchange to the Clearing House for the relevant Expiry settlement day, multiplied by 500 (the Multiplier)
<b>Additional Terms</b>	<p><b>Exclusion of liability</b></p> <ul style="list-style-type: none"> <li>Subject to the right of the Exchange under Rule 5.2.6, and the Clearing Rules, to direct that Market Contracts be settled at a price other than that determined in accordance with the relevant Contract Specifications, the Exchange and the Clearing House shall be entitled to regard the information received from Argus-McCloskey or its successors as being conclusive and final.</li> <li>Failure by the Exchange or Argus-McCloskey, or the Clearing House, or any entity on behalf of those parties, to provide or obtain the relevant information necessary for calculating the Expiry Settlement Price, or any inaccuracies created before or during the calculation or in the transmission thereof shall not lead to a party having a claim whatsoever against Argus-McCloskey, the Clearing House or the Exchange, and the provisions of Rule 5.2.2 shall apply.</li> </ul> <p><b>Undesirable Circumstance or Activity</b></p> <ul style="list-style-type: none"> <li>If an Undesirable Circumstance or Activity is declared, then the provisions of that Rule 5.4 shall apply and any provision of the Operating Rules which cannot be complied with until the Expiry Settlement Price has been declared shall be complied with as soon as possible after it has been declared.</li> </ul>

	<b>Variation of price limits</b> <ul style="list-style-type: none"><li>• Price limits may be amended, varied or removed by the Exchange at any time.</li></ul>
	<b>Variation of position limits</b> <ul style="list-style-type: none"><li>• If the Exchange considers that it is necessary or desirable, or if ASIC requires the Exchange to do so, then the Exchange will impose position limits in respect of this Market Contract, in respect of a particular Contract Month or in respect of the Market Contract generally.</li><li>• Where the Exchange imposes position limits, it will specify all relevant information and requirements relating to the position limits, including in respect of any matter required by ASIC.</li><li>• Position limits may be amended, varied or removed by the Exchange, provided that where the position limit was required by ASIC, the Exchange will consult with ASIC prior to any such amendment, variation or removal.</li></ul>

**FEX API5 Newcastle Coal (AUD) Option Contract**

<b>Contract Type</b>	Put or call Option Contract over a FEX Coal Futures Contract.
<b>Underlying Futures Contract</b>	FEX API5 Newcastle Coal (AUD) Futures Contract with the same expiry Contract Month as the Option Contract.
<b>Option Type</b>	European
<b>Settlement Type</b>	Exercised Option Contracts are settled by the delivery of the Underlying Futures Contract at the Exercise Price on the exercise day.
<b>Contract Months</b>	March, June, September, and December for 8 quarters
<b>Contract Currency</b>	AUD
<b>Minimum Contract Threshold</b>	1 lot
<b>Traded Contract Value</b>	The Trade price at the time of the Trade multiplied by 500.
<b>Buffer Amount</b>	\$0.01 AUD
<b>Additional Terms</b>	<p><b>Exclusion of liability</b></p> <ul style="list-style-type: none"> <li>Subject to the right of the Exchange under Rule 5.2.6, and the Clearing Rules, to direct that Market Contracts be settled at a price other than that determined in accordance with the relevant Contract Specifications, the Exchange and the Clearing House shall be entitled to regard the information received from Argus-McCloskey or its successors as being conclusive and final.</li> <li>Failure by the Exchange or Argus-McCloskey, or the Clearing House, or any entity on behalf of those parties, to provide or obtain the relevant information necessary for calculating the Expiry Settlement Price, or any inaccuracies created before or during the calculation or in the transmission thereof shall not lead to a party having a claim whatsoever against Argus-McCloskey, the Clearing House or the Exchange, and the provisions of Rule 5.2.2 shall apply.</li> </ul> <p><b>Undesirable Circumstance or Activity</b></p> <ul style="list-style-type: none"> <li>If an Undesirable Circumstance or Activity is declared, then the provisions of that Rule 5.4 shall apply and any provision of the Operating Rules which cannot be complied with until the Expiry Settlement Price has been declared shall be complied with as soon as possible after it has been declared.</li> </ul> <p><b>Variation of price limits</b></p> <ul style="list-style-type: none"> <li>Price limits may be amended, varied or removed by the Exchange at any time.</li> </ul>

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**Variation of position limits**

- If the Exchange considers that it is necessary or desirable, or if ASIC requires the Exchange to do so, then the Exchange will impose position limits in respect of this Market Contract in respect of a particular Contract Month or in respect of the Market Contract generally.
  - Where the Exchange imposes position limits, it will specify all relevant information and requirements relating to the position limits, including in respect of any matter required by ASIC.
  - Position limits may be amended, varied or removed by the Exchange, provided that where the position limit was required by ASIC, the Exchange will consult with ASIC prior to any such amendment, variation or removal.
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**FEX Base Load Power Quarterly Futures Contract**

<b>Contract Type</b>	Cash settled FEX Power Futures Contract
<b>Contract Unit</b>	1 Megawatt of electricity per hour (MWh) across all periods of the contract quarter. e.g. Q1 – 2160 MWh or 2184 MWh each leap year Q2 – 2184 MWh Q3 – 2208 MWh Q4 – 2208 MWh
<b>Underlying Physical</b>	New South Wales, Victoria, South Australia and Queensland electricity, as administered by the Australian Energy Market Operator (AEMO) or its successors.
<b>Contract Value</b>	The trade price multiplied by the Contract Unit
<b>Contract Months/Quarters</b>	Quarterly up to 4 years or 16qtrs out: Mar, Jun, Sep, Dec 4qtr Calendar (Dec) and Financial (Jun) strips
<b>Contract Currency</b>	AUD
<b>Minimum Contract Threshold</b>	\$0.01/MWh min. fluctuation \$21.60 per contract for a 2160hr contract \$21.84 per contract for a 2184hr contract \$22.08 per contract for a 2208hr contract
<b>Settlement Price</b>	The Expiry Settlement Price is calculated by taking the arithmetic average of the AEMO base load spot electricity prices, on a half hourly basis until the commencement date of the regulated change in methodology to a five minute basis defined in National Energy Rule 11.103 and from that date on a five minute basis, over the Contract Quarter, for the relevant region, rounded to the nearest cent. A provisional Expiry Settlement Price will be declared on the first Business Day after the Final Trading Day of the Contract and shall be later confirmed on the third Business Day after the Final Trading Day as provided by AEMO.
<b>Settlement Value</b>	The Settlement Value is the Expiry Settlement Price multiplied by the number of megawatt hours (MWh) in the underlying Contract Quarter



<b>Additional Terms</b>	<b>Exclusion of liability</b> <ul style="list-style-type: none"><li>• Subject to the right of the Exchange under Rule 5.2.6, and the Clearing Rules, to direct that Market Contracts be settled at a price other than that determined in accordance with the relevant Contract Specifications, the Exchange and the Clearing House shall be entitled to regard the information received from AEMO or its successors as being conclusive and final.</li><li>• Failure by the Exchange or AEMO or the Clearing House, or any entity on behalf of those parties, to provide or obtain the relevant information necessary for calculating the Expiry Settlement Price, or any inaccuracies created before or during the calculation or in the transmission thereof shall not lead to a party having a claim whatsoever against AEMO, the Clearing House or the Exchange, and the provisions of Rule 5.2.2 shall apply.</li></ul>
	<b>Undesirable Circumstance or Activity</b> <ul style="list-style-type: none"><li>• If an Undesirable Circumstance or Activity is declared, then the provisions of that Rule 5.4 shall apply and any provision of the Operating Rules which cannot be complied with until the Expiry Settlement Price has been declared shall be complied with as soon as possible after it has been declared.</li></ul>
	<b>Variation of price limits</b> <ul style="list-style-type: none"><li>• Price limits may be amended, varied or removed by the Exchange at any time.</li></ul>
	<b>Variation of position limits</b> <ul style="list-style-type: none"><li>• If the Exchange considers that it is necessary or desirable, or if ASIC requires the Exchange to do so, then the Exchange will impose position limits in respect of this Market Contract, in respect of a particular Contract Month or in respect of the Market Contract generally.</li><li>• Where the Exchange imposes position limits, it will specify all relevant information and requirements relating to the position limits, including in respect of any matter required by ASIC.</li><li>• Position limits may be amended, varied or removed by the Exchange, provided that where the position limit was required by ASIC, the Exchange will consult with ASIC prior to any such amendment, variation or removal.</li></ul>

**FEX Peak Load Power Quarterly Futures Contract**

<b>Contract Type</b>	Cash settled FEX Power Futures Contract
<b>Contract Unit</b>	<p>1 Megawatt of electricity per hour (MWh) across peak-periods from 07.00am to 10.00pm Monday to Friday (excluding NEM Public holidays and days as determined and published by AEMO) over the duration of the contract quarter. e.g.</p> <p>59 day contract quarter – 885 MWh</p> <p>60 day contract quarter – 900 MWh</p> <p>61 day contract quarter – 915 MWh</p> <p>62 day contract quarter – 930 MWh</p> <p>63 day contract quarter – 945 MWh</p> <p>64 day contract quarter – 960 MWh</p> <p>65 day contract quarter – 975 MWh</p> <p>66 day contract quarter – 990 MWh</p>
<b>Underlying Physical</b>	New South Wales, Victoria, South Australia and Queensland electricity, as administered by the Australian Energy Market Operator (AEMO) or its successors.
<b>Contract Value</b>	The trade price multiplied by the Contract Unit
<b>Contract Months/Quarters</b>	Quarterly up to 4 years or 16qtrs out: Mar, Jun, Sep, Dec 4qtr Calendar (Dec) and Financial (Jun) strips
<b>Contract Currency</b>	AUD
<b>Minimum Contract Threshold</b>	<p>\$0.01/MWh min. fluctuation</p> <p>\$8.85 per contract for a 885hr contract</p> <p>\$9.00 per contract for a 900hr contract</p> <p>\$9.15 per contract for a 915hr contract</p> <p>\$9.30 per contract for a 930hr contract</p> <p>\$9.45 per contract for a 945hr contract</p> <p>\$9.60 per contract for a 960hr contract</p> <p>\$9.75 per contract for a 975hr contract</p> <p>\$9.90 per contract for a 990hr contract</p>
<b>Settlement Price</b>	The Expiry Settlement Price is calculated by taking the arithmetic average of the AEMO peak load spot electricity prices, on a half hourly basis until the commencement date of the regulated change in methodology to a five minute basis defined in National Energy Rule 11.103 and from that date on a five minute basis, over the Contract Quarter, for the relevant region, rounded to the nearest cent. A provisional Expiry Settlement Price will be declared on the first Business Day after the Final Trading Day of the Contract and shall be later confirmed on the third Business Day after the Final Trading Day as provided by AEMO.

<b>Settlement Value</b>	The Settlement Value is the Expiry Settlement Price multiplied by the number of megawatt hours (MWh) in the underlying Contract Quarter
<b>Additional Terms</b>	<b>Exclusion of liability</b> <ul style="list-style-type: none"><li>• Subject to the right of the Exchange under Rule 5.2.6, and the Clearing Rules, to direct that Market Contracts be settled at a price other than that determined in accordance with the relevant Contract Specifications, the Exchange and the Clearing House shall be entitled to regard the information received from AEMO or its successors as being conclusive and final.</li><li>• Failure by the Exchange or AEMO or the Clearing House, or any entity on behalf of those parties, to provide or obtain the relevant information necessary for calculating the Expiry Settlement Price, or any inaccuracies created before or during the calculation or in the transmission thereof shall not lead to a party having a claim whatsoever against AEMO, the Clearing House or the Exchange, and the provisions of Rule 5.2.2 shall apply.</li></ul>
	<b>Undesirable Circumstance or Activity</b> <ul style="list-style-type: none"><li>• If an Undesirable Circumstance or Activity is declared, then the provisions of that Rule 5.4 shall apply and any provision of the Operating Rules which cannot be complied with until the Expiry Settlement Price has been declared shall be complied with as soon as possible after it has been declared.</li></ul>
	<b>Variation of price limits</b> <ul style="list-style-type: none"><li>• Price limits may be amended, varied or removed by the Exchange at any time.</li></ul>
	<b>Variation of position limits</b> <ul style="list-style-type: none"><li>• If the Exchange considers that it is necessary or desirable, or if ASIC requires the Exchange to do so, then the Exchange will impose position limits in respect of this Market Contract, in respect of a particular Contract Month or in respect of the Market Contract generally.</li><li>• Where the Exchange imposes position limits, it will specify all relevant information and requirements relating to the position limits, including in respect of any matter required by ASIC.</li><li>• Position limits may be amended, varied or removed by the Exchange, provided that where the position limit was required by ASIC, the Exchange will consult with ASIC prior to any such amendment, variation or removal.</li></ul>

**FEX \$300 Strike Cap Power Quarterly Futures Contract**

<b>Contract Type</b>	Cash settled FEX Power Futures Contract
<b>Contract Unit</b>	1 Megawatt of electricity per hour (MWh) across all periods of the contract quarter. e.g. Q1 – 2160 MWh or 2184 MWh each leap year Q2 – 2184 MWh Q3 – 2208 MWh Q4 – 2208 MWh
<b>Underlying Physical</b>	New South Wales, Victoria, South Australia and Queensland electricity, as administered by the Australian Energy Market Operator (AEMO) or its successors.
<b>Contract Value</b>	The trade price multiplied by the Contract Unit
<b>Contract Months/Quarters</b>	Quarterly up to 4 years or 16qtrs out: Mar, Jun, Sep, Dec 4qtr Calendar (Dec) and Financial (Jun) strips
<b>Contract Currency</b>	AUD
<b>Minimum Contract Threshold</b>	\$0.01/MWh min. fluctuation \$21.60 per contract for a 2160hr contract \$21.84 per contract for a 2184hr contract \$22.08 per contract for a 2208hr contract
<b>Settlement Price</b>	The Expiry Settlement Price is calculated as $\frac{(a - (300 \times b))}{c}$ , where: a = the sum of all AEMO base load half hourly spot prices for the region in the Contract Quarter greater than \$300.00 b = the total number of AEMO base load half hour spot prices for the region in the Contract Quarter greater than \$300.00 c = the total number of base load half hour spot prices for the region in the Contract Quarter  Rounded to the nearest cent. A provisional Expiry Settlement Price will be declared on the first Business Day after the Final Trading Day of the Contract and shall be later confirmed on the third Business Day after the Final Trading Day as provided by AEMO.
<b>Settlement Value</b>	The Settlement Value is the Expiry Settlement Price multiplied by the number of megawatt hours (MWh) in the underlying Contract Quarter

<b>Additional Terms</b>	<b>Exclusion of liability</b> <ul style="list-style-type: none"> <li>• Subject to the right of the Exchange under Rule 5.2.6, and the Clearing Rules, to direct that Market Contracts be settled at a price other than that determined in accordance with the relevant Contract Specifications, the Exchange and the Clearing House shall be entitled to regard the information received from AEMO or its successors as being conclusive and final.</li> <li>• Failure by the Exchange or AEMO or the Clearing House, or any entity on behalf of those parties, to provide or obtain the relevant information necessary for calculating the Expiry Settlement Price, or any inaccuracies created before or during the calculation or in the transmission thereof shall not lead to a party having a claim whatsoever against AEMO, the Clearing House or the Exchange, and the provisions of Rule 5.2.2 shall apply.</li> </ul>
	<b>Undesirable Circumstance or Activity</b> <ul style="list-style-type: none"> <li>• If an Undesirable Circumstance or Activity is declared, then the provisions of that Rule 5.4 shall apply and any provision of the Operating Rules which cannot be complied with until the Expiry Settlement Price has been declared shall be complied with as soon as possible after it has been declared.</li> </ul>
	<b>Variation of price limits</b> <ul style="list-style-type: none"> <li>• Price limits may be amended, varied or removed by the Exchange at any time.</li> </ul>
	<b>Variation of position limits</b> <ul style="list-style-type: none"> <li>• If the Exchange considers that it is necessary or desirable, or if ASIC requires the Exchange to do so, then the Exchange will impose position limits in respect of this Market Contract, in respect of a particular Contract Month or in respect of the Market Contract generally.</li> <li>• Where the Exchange imposes position limits, it will specify all relevant information and requirements relating to the position limits, including in respect of any matter required by ASIC.</li> <li>• Position limits may be amended, varied or removed by the Exchange, provided that where the position limit was required by ASIC, the Exchange will consult with ASIC prior to any such amendment, variation or removal.</li> </ul>

**FEX \$300 Strike 5MS Cap Power Quarterly Futures Contract**

<b>Contract Type</b>	Cash settled FEX Power Futures Contract
<b>Contract Unit</b>	<p>1 Megawatt of electricity per hour (MWh) across all periods of the contract quarter. e.g.</p> <p>Q1 – 2160 MWh or 2184 MWh each leap year</p> <p>Q2 – 2184 MWh</p> <p>Q3 – 2208 MWh</p> <p>Q4 – 2208 MWh</p>
<b>Underlying Physical</b>	New South Wales, Victoria, South Australia and Queensland electricity, as administered by the Australian Energy Market Operator (AEMO) or its successors.
<b>Contract Value</b>	The trade price multiplied by the Contract Unit
<b>Contract Months/Quarters</b>	Quarterly up to 4 years or 16qtrs out: Mar, Jun, Sep, Dec 4qtr Calendar (Dec) and Financial (Jun) strips
<b>Contract Currency</b>	AUD
<b>Minimum Contract Threshold</b>	<p>\$0.01/MWh min. fluctuation</p> <p>\$21.60 per contract for a 2160hr contract</p> <p>\$21.84 per contract for a 2184hr contract</p> <p>\$22.08 per contract for a 2208hr contract</p>
<b>Settlement Price</b>	<p>The Expiry Settlement Price is calculated as <math>(a - (300 \times b)) / c</math>, where:</p> <p>a = the sum of all AEMO base load 5 minute spot prices for the region in the Contract Quarter greater than \$300.00</p> <p>b = the total number of AEMO base load 5 minute spot prices for the region in the Contract Quarter greater than \$300.00</p> <p>c = the total number of base load 5 minute spot prices for the region in the Contract Quarter</p> <p>Rounded to the nearest cent. A provisional Expiry Settlement Price will be declared on the first Business Day after the Final Trading Day of the Contract and shall be later confirmed on the third Business Day after the Final Trading Day as provided by AEMO.</p>
<b>Settlement Value</b>	The Settlement Value is the Expiry Settlement Price multiplied by the number of megawatt hours (MWh) in the underlying Contract Quarter

<b>Additional Terms</b>	<b>Exclusion of liability</b> <ul style="list-style-type: none"><li>• Subject to the right of the Exchange under Rule 5.2.6, and the Clearing Rules, to direct that Market Contracts be settled at a price other than that determined in accordance with the relevant Contract Specifications, the Exchange and the Clearing House shall be entitled to regard the information received from AEMO or its successors as being conclusive and final.</li><li>• Failure by the Exchange or AEMO or the Clearing House, or any entity on behalf of those parties, to provide or obtain the relevant information necessary for calculating the Expiry Settlement Price, or any inaccuracies created before or during the calculation or in the transmission thereof shall not lead to a party having a claim whatsoever against AEMO, the Clearing House or the Exchange, and the provisions of Rule 5.2.2 shall apply.</li></ul>
	<b>Undesirable Circumstance or Activity</b> <ul style="list-style-type: none"><li>• If an Undesirable Circumstance or Activity is declared, then the provisions of that Rule 5.4 shall apply and any provision of the Operating Rules which cannot be complied with until the Expiry Settlement Price has been declared shall be complied with as soon as possible after it has been declared.</li></ul>
	<b>Variation of price limits</b> <ul style="list-style-type: none"><li>• Price limits may be amended, varied or removed by the Exchange at any time.</li></ul>
	<b>Variation of position limits</b> <ul style="list-style-type: none"><li>• If the Exchange considers that it is necessary or desirable, or if ASIC requires the Exchange to do so, then the Exchange will impose position limits in respect of this Market Contract, in respect of a particular Contract Month or in respect of the Market Contract generally.</li><li>• Where the Exchange imposes position limits, it will specify all relevant information and requirements relating to the position limits, including in respect of any matter required by ASIC.</li><li>• Position limits may be amended, varied or removed by the Exchange, provided that where the position limit was required by ASIC, the Exchange will consult with ASIC prior to any such amendment, variation or removal.</li></ul>

**FEX Base Load Power 4qtr Strip Option Contract**

<b>Contract Type</b>	Put or call Option Contract over a FEX Power Futures Contract.
<b>Underlying Futures Contract</b>	FEX Base Load Power 4qtr Strip (Fin and Cal years) Futures Contract with the same expiry Contract Quarter as the Option Contract.
<b>Option Type</b>	American
<b>Settlement Type</b>	<p>Upon exercise, the holder will receive four FEX Base Load Power Quarterly Futures contracts, at prices equivalent to the option strike price, after applying the current curve ratio determined from the previous Business Day's settlement price of the 4 quarterly future contracts underlying the relevant strip, as outline below:</p> $FP = A \times B/C$ <p>FP = Price allocated to each futures contract resulting from exercised Strip Option.  A = the previous day's Settlement Price for the Contract Quarter for each individual future contract.  B = Exercise Price.  C = Previous Day's Implied Strip Price, calculated as follows:  Implied Strip Price = F/G  <math>F = a + b + c + d</math>  a = 1st Quarter previous day's Settlement Price x megawatt hours for that quarter  b = 2nd Quarter previous day's Settlement Price x megawatt hours for that quarter  c = 3rd Quarter previous day's Settlement Price x megawatt hours for that quarter  d = 4th Quarter previous day's Settlement Price x megawatt hours for that quarter  i.e. Cal year Q1,Q2,Q3,Q4 and Fin year Q3,Q4,Q1,Q2  G = Total number of megawatt hours of all four future Contracts.</p> <p>The underlying futures contract with the longest dated expiry will be further adjusted up or down in increments of \$0.01/MWh to the extent that such adjustments will achieve a more accurate implied Exercise Price, as calculated to 4 decimal places.</p>
<b>Contract Months/Quarters/Years</b>	Annually (Fin and Cal) up to 3 years out from the current year Financial (Jun), and Calendar (Dec)
<b>Contract Currency</b>	AUD
<b>Minimum Contract Threshold</b>	\$0.01/MWh min. fluctuation \$87.60 per contract for a 8760hr contract \$87.84 per contract for a 8784hr contract
<b>Traded Contract Value</b>	1 Megawatt of electricity per hour (MWh) across all periods of the calendar year. e.g. 8760 MWh or 8784 MWh each leap year
<b>Buffer Amount</b>	\$0.05 AUD



<b>Additional Terms</b>	<b>Exclusion of liability</b> <ul style="list-style-type: none"><li>• Subject to the right of the Exchange under Rule 5.2.6, and the Clearing Rules, to direct that Market Contracts be settled at a price other than that determined in accordance with the relevant Contract Specifications, the Exchange and the Clearing House shall be entitled to regard the information received from AEMO or its successors as being conclusive and final.</li><li>• Failure by the Exchange or AEMO or the Clearing House, or any entity on behalf of those parties, to provide or obtain the relevant information necessary for calculating the Expiry Settlement Price, or any inaccuracies created before or during the calculation or in the transmission thereof shall not lead to a party having a claim whatsoever against AEMO, the Clearing House or the Exchange, and the provisions of Rule 5.2.2 shall apply.</li></ul>
	<b>Undesirable Circumstance or Activity</b> <ul style="list-style-type: none"><li>• If an Undesirable Circumstance or Activity is declared, then the provisions of that Rule 5.4 shall apply and any provision of the Operating Rules which cannot be complied with until the Expiry Settlement Price has been declared shall be complied with as soon as possible after it has been declared.</li></ul>
	<b>Variation of price limits</b> <ul style="list-style-type: none"><li>• Price limits may be amended, varied or removed by the Exchange at any time.</li></ul>
	<b>Variation of position limits</b> <ul style="list-style-type: none"><li>• If the Exchange considers that it is necessary or desirable, or if ASIC requires the Exchange to do so, then the Exchange will impose position limits in respect of this Market Contract in respect of a particular Contract Month or in respect of the Market Contract generally.</li><li>• Where the Exchange imposes position limits, it will specify all relevant information and requirements relating to the position limits, including in respect of any matter required by ASIC.</li><li>• Position limits may be amended, varied or removed by the Exchange, provided that where the position limit was required by ASIC, the Exchange will consult with ASIC prior to any such amendment, variation or removal.</li></ul>

**FEX Base Load Power Quarterly Option Contract**

<b>Contract Type</b>	Put or call Option Contract over a FEX Power Futures Contract.
<b>Underlying Futures Contract</b>	FEX Base load Power Quarterly Futures Contract with the same expiry Contract Quarter as the Option Contract.
<b>Option Type</b>	European
<b>Settlement Type</b>	Exercised Option Contracts are settled by the delivery of the Underlying Futures Contract.
<b>Contract Months</b>	Quarterly up to 8qtrs out Mar, Jun, Sep, Dec
<b>Contract Currency</b>	AUD
<b>Minimum Contract Threshold</b>	\$0.01/MWh min. fluctuation \$21.60 per contract for a 2160hr contract \$21.84 per contract for a 2184hr contract \$22.08 per contract for a 2208hr contract
<b>Traded Contract Value</b>	1 Megawatt of electricity per hour (MWh) across all periods of the contract quarter. e.g. Q1 – 2160 MWh or 2184 MWh each leap year Q2 – 2184 MWh Q3 – 2208 MWh Q4 – 2208 MWh
<b>Buffer Amount</b>	\$0.01 AUD
<b>Additional Terms</b>	<p><b>Exclusion of liability</b></p> <ul style="list-style-type: none"> <li>Subject to the right of the Exchange under Rule 5.2.6, and the Clearing Rules, to direct that Market Contracts be settled at a price other than that determined in accordance with the relevant Contract Specifications, the Exchange and the Clearing House shall be entitled to regard the information received from {provider} or its successors as being conclusive and final.</li> <li>Failure by the Exchange or {provider} or the Clearing House, or any entity on behalf of those parties, to provide or obtain the relevant information necessary for calculating the Expiry Settlement Price, or any inaccuracies created before or during the calculation or in the transmission thereof shall not lead to a party having a claim whatsoever against {provider}, the Clearing House or the Exchange, and the provisions of Rule 5.2.2 shall apply.</li> </ul>

	<p><b>Undesirable Circumstance or Activity</b></p> <ul style="list-style-type: none"> <li>• If an Undesirable Circumstance or Activity is declared, then the provisions of that Rule 5.4 shall apply and any provision of the Operating Rules which cannot be complied with until the Expiry Settlement Price has been declared shall be complied with as soon as possible after it has been declared.</li> </ul>
	<p><b>Variation of price limits</b></p> <ul style="list-style-type: none"> <li>• Price limits may be amended, varied or removed by the Exchange at any time.</li> </ul>
	<p><b>Variation of position limits</b></p> <ul style="list-style-type: none"> <li>• If the Exchange considers that it is necessary or desirable, or if ASIC requires the Exchange to do so, then the Exchange will impose position limits in respect of this Market Contract in respect of a particular Contract Month or in respect of the Market Contract generally.</li> <li>• Where the Exchange imposes position limits, it will specify all relevant information and requirements relating to the position limits, including in respect of any matter required by ASIC.</li> <li>• Position limits may be amended, varied or removed by the Exchange, provided that where the position limit was required by ASIC, the Exchange will consult with ASIC prior to any such amendment, variation or removal.</li> </ul>

**FEX JCC Asia Crude Futures Contract**

<b>Contract Type</b>	Cash settled FEX Asian Oil Futures Contract
<b>Contract Unit</b>	1,000 barrels of Oil per contract
<b>Underlying Physical</b>	Japanese Customs Cleared Crude (JCC) as calculated and published by Argus Media
<b>Contract Value</b>	The trade price multiplied by the contract unit
<b>Contract Months</b>	Calendar months for 24 months
<b>Contract Currency</b>	USD
<b>Minimum Contract Threshold</b>	1 lot
<b>Settlement Price</b>	The value of the JCC index as supplied by the Index Provider in writing to the Exchange, rounded to two decimal places, on the relevant settlement day.
<b>Settlement Value</b>	The Expiry Settlement Price, multiplied by the Contract Unit
<b>Additional Terms</b>	<p><b>Exclusion of liability</b></p> <ul style="list-style-type: none"> <li>Subject to the right of the Exchange under Rule 5.2.6, and the Clearing Rules, to direct that Market Contracts be settled at a price other than that determined in accordance with the relevant Contract Specifications, the Exchange and the Clearing House shall be entitled to regard the information received from Argus Media or its successors as being conclusive and final.</li> <li>Failure by the Exchange or Argus Media, or the Clearing House, or any entity on behalf of those parties, to provide or obtain the relevant information necessary for calculating the Expiry Settlement Price, or any inaccuracies created before or during the calculation or in the transmission thereof shall not lead to a party having a claim whatsoever against Argus Media, the Clearing House or the Exchange, and the provisions of Rule 5.2.2 shall apply.'</li> </ul> <p><b>Undesirable Circumstance or Activity</b></p> <ul style="list-style-type: none"> <li>If an Undesirable Circumstance or Activity is declared, then the provisions of that Rule 5.4 shall apply and any provision of the Operating Rules which cannot be complied with until the Expiry Settlement Price has been declared shall be complied with as soon as possible after it has been declared.</li> </ul> <p><b>Variation of Price Limit</b></p> <ul style="list-style-type: none"> <li>Price Limits may be amended, varied or removed by the Exchange at any time.</li> </ul>

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**Variation of position limits**

- If the Exchange considers that it is necessary or desirable, or if ASIC requires the Exchange to do so, then the Exchange will impose position limits in respect of this Market Contract, in respect of a particular Contract Month or in respect of the Market Contract generally.
  - Where the Exchange imposes position limits, it will specify all relevant information and requirements relating to the position limits, including in respect of any matter required by ASIC.
  - Position limits may be amended, varied or removed by the Exchange, provided that where the position limit was required by ASIC, the Exchange will consult with ASIC prior to any such amendment, variation or removal variation or removal.
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**FEX JCC Asia Crude Option Contract**

<b>Contract Type</b>	Put or call Option Contract over a FEX Asian Oil Futures Contract.
<b>Underlying Futures Contract</b>	FEX JCC Asia Crude Futures Contract with the same expiry Contract Month as the Option Contract.
<b>Option Type</b>	European
<b>Contract Unit</b>	1 lot of FEX JCC Asia Crude Futures Contract (1,000 barrels)
<b>Settlement Type</b>	Exercised Option Contracts are settled by the delivery of the Underlying Futures Contract at the Exercise Price on the exercise day.
<b>Contract Months</b>	Calendar months for 12 months
<b>Contract Currency</b>	USD
<b>Minimum Contract Threshold</b>	1 lot
<b>Traded Contract Value</b>	The trade price at the time of the trade multiplied by 1000
<b>Buffer Amount</b>	\$0.01 USD
<b>Additional Terms</b>	<p><b>Exclusion of liability</b></p> <ul style="list-style-type: none"> <li>• Subject to the right of the Exchange under Rule 5.2.6, and the Clearing Rules, to direct that Market Contracts be settled at a price other than that determined in accordance with the relevant Contract Specifications, the Exchange and the Clearing House shall be entitled to regard the information received from Argus Media or its successors as being conclusive and final.</li> <li>• Failure by the Exchange or Argus Media, or the Clearing House, or any entity on behalf of those parties, to provide or obtain the relevant information necessary for calculating the Expiry Settlement Price, or any inaccuracies created before or during the calculation or in the transmission thereof shall not lead to a party having a claim whatsoever against Argus Media, the Clearing House or the Exchange, and the provisions of Rule 5.2.2 shall apply.</li> </ul> <p><b>Undesirable Circumstance or Activity</b></p> <ul style="list-style-type: none"> <li>• If an Undesirable Circumstance or Activity is declared, then the provisions of that Rule 5.4 shall apply and any provision of the Operating Rules which cannot be complied with until the Expiry Settlement Price has been declared shall be complied with as soon as possible after it has been declared.</li> </ul> <p><b>Variation of price limits</b></p> <ul style="list-style-type: none"> <li>• Price limits may be amended, varied or removed by the Exchange at any time.</li> </ul>

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**Variation of position limits**

- If the Exchange considers that it is necessary or desirable, or if ASIC requires the Exchange to do so, then the Exchange will impose position limits in respect of this Market Contract in respect of a particular Contract Month or in respect of the Market Contract generally.
  - Where the Exchange imposes position limits, it will specify all relevant information and requirements relating to the position limits, including in respect of any matter required by ASIC.
  - Position limits may be amended, varied or removed by the Exchange, provided that where the position limit was required by ASIC, the Exchange will consult with ASIC prior to any such amendment, variation or removal.
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**FEX ICX 62 Iron Ore (AUD) Futures Contract**

<b>Contract Type</b>	Cash settled FEX Iron Ore Futures Contract
<b>Contract Unit</b>	50 metric tonnes of Iron Ore Fines per contract
<b>Underlying Physical</b>	Iron Ore Fines 62% Fe CFR Qingdao, China (ICX <sup>TM</sup> ) as calculated and published by Argus Media.
<b>Contract Value</b>	The trade price multiplied by contract unit
<b>Contract Months</b>	March, June, September, and December for 8 quarters
<b>Contract Currency</b>	AUD
<b>Minimum Contract Threshold</b>	1 lot
<b>Settlement Price</b>	The value of the Underlying Physical as supplied by the Index Provider in writing to the Exchange on the relevant settlement day.
<b>Settlement Value</b>	The Expiry Settlement Price, multiplied by the Contract Unit
<b>Additional Terms</b>	<p><b>Exclusion of liability</b></p> <ul style="list-style-type: none"> <li>Subject to the right of the Exchange under Rule 5.2.6, and the Clearing Rules, to direct that Market Contracts be settled at a price other than that determined in accordance with the relevant Contract Specifications, the Exchange and the Clearing House shall be entitled to regard the information received from Argus Media or its successors as being conclusive and final.</li> <li>Failure by the Exchange or Argus Media, or the Clearing House, or any entity on behalf of those parties, to provide or obtain the relevant information necessary for calculating the Expiry Settlement Price, or any inaccuracies created before or during the calculation or in the transmission thereof shall not lead to a party having a claim whatsoever against Argus Media, the Clearing House or the Exchange, and the provisions of Rule 5.2.2 shall apply.</li> </ul> <p><b>Undesirable Circumstance or Activity</b></p> <ul style="list-style-type: none"> <li>If an Undesirable Circumstance or Activity is declared, then the provisions of that Rule 5.4 shall apply and any provision of the Operating Rules which cannot be complied with until the Expiry Settlement Price has been declared shall be complied with as soon as possible after it has been declared.</li> </ul> <p><b>Variation of Price Limit</b></p> <ul style="list-style-type: none"> <li>Price Limits may be amended, varied or removed by the Exchange at any time.</li> </ul>



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**Variation of position limits**

- If the Exchange considers that it is necessary or desirable, or if ASIC requires the Exchange to do so, then the Exchange will impose position limits in respect of this Market Contract, in respect of a particular Contract Month or in respect of the Market Contract generally.
  - Where the Exchange imposes position limits, it will specify all relevant information and requirements relating to the position limits, including in respect of any matter required by ASIC.
  - Position limits may be amended, varied or removed by the Exchange, provided that where the position limit was required by ASIC, the Exchange will consult with ASIC prior to any such amendment, variation or removal variation or removal.
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## FEX ICX 62 Iron Ore (AUD) Option Contract

<b>Contract Type</b>	Put or call Option Contract over a FEX Iron Ore Futures Contract.
<b>Underlying Futures Contract</b>	FEX ICX 62 Iron Ore (AUD) Futures Contract with the same expiry Contract Month as the Option Contract.
<b>Option Type</b>	European
<b>Settlement Type</b>	Exercised Option Contracts are settled by the delivery of the Underlying Futures Contract at the Exercise Price on the exercise day.
<b>Contract Months</b>	March, June, September, and December for 8 quarters
<b>Contract Currency</b>	AUD
<b>Minimum Contract Threshold</b>	1 lot
<b>Traded Contract Value</b>	The trade price at the time of the trade multiplied by 50
<b>Buffer Amount</b>	\$0.01 AUD
<b>Additional Terms</b>	<p><b>Exclusion of liability</b></p> <ul style="list-style-type: none"> <li>Subject to the right of the Exchange under Rule 5.2.6, and the Clearing Rules, to direct that Market Contracts be settled at a price other than that determined in accordance with the relevant Contract Specifications, the Exchange and the Clearing House shall be entitled to regard the information received from Argus Media or its successors as being conclusive and final.</li> <li>Failure by the Exchange or Argus Media, or the Clearing House, or any entity on behalf of those parties, to provide or obtain the relevant information necessary for calculating the Expiry Settlement Price, or any inaccuracies created before or during the calculation or in the transmission thereof shall not lead to a party having a claim whatsoever against Argus Media, the Clearing House or the Exchange, and the provisions of Rule 5.2.2 shall apply.</li> </ul> <p><b>Undesirable Circumstance or Activity</b></p> <ul style="list-style-type: none"> <li>If an Undesirable Circumstance or Activity is declared, then the provisions of that Rule 5.4 shall apply and any provision of the Operating Rules which cannot be complied with until the Expiry Settlement Price has been declared shall be complied with as soon as possible after it has been declared.</li> </ul> <p><b>Variation of price limits</b></p> <ul style="list-style-type: none"> <li>Price limits may be amended, varied or removed by the Exchange at any time</li> </ul> <p><b>Variation of position limits</b></p>

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|  | <ul style="list-style-type: none"><li>• If the Exchange considers that it is necessary or desirable, or if ASIC requires the Exchange to do so, then the Exchange will impose position limits in respect of this Market Contract in respect of a particular Contract Month or in respect of the Market Contract generally.</li><li>• Where the Exchange imposes position limits, it will specify all relevant information and requirements relating to the position limits, including in respect of any matter required by ASIC.</li><li>• Position limits may be amended, varied or removed by the Exchange, provided that where the position limit was required by ASIC, the Exchange will consult with ASIC prior to any such amendment, variation or removal.</li></ul> |
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