ASIC Market Integrity Rules (ASX Market-Capital) 2014

I, Oliver Harvey, acting with the written consent of the Minister, make the following ASIC Market Integrity Rules (ASX Market-Capital) 2014 under subsection 798G(1) of the *Corporations Act 2001*.

Dated this 20th day of May 2014

Signed by Oliver Harvey
as delegate of the Australian Securities and Investments Commission

ASIC

Australian Securities & Investments Commission

ASIC Market Integrity Rules (ASX Market-Capital) 2014

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Chapter 1: Introduction

Part 1.1 Preliminary

1.1.1 Enabling legislation

ASIC makes this instrument under subsection 798G(1) of the Corporations Act.

1.1.2 Title

This instrument is *ASIC Market Integrity Rules (ASX Market-Capital) 2014*.

1.1.3 Commencement

This instrument commences on the later of:

(a) 26 May 2014; and

(b) the day on which the instrument is registered under the *Legislative Instruments Act 2003*.

Note: An instrument is registered when it is recorded on the Federal Register of Legislative Instruments (FRLI) in electronic form: see Legislative Instruments Act 2003, s 4 (definition of register). The FRLI may be accessed at http://www.frli.gov.au/.

1.1.4 Scope of these Rules

These Rules apply to:

(a) the activities or conduct of the Market;

(b) the activities or conduct of persons in relation to the Market;

(c) the activities or conduct of persons in relation to Financial Products traded on the Market.

Note: There is no penalty for this Rule.

1.1.5 Entities that must comply with these Rules

The following entities must comply with these Rules:

(a) the Market Operator;

(b) Market Participants; and

(c) Other Regulated Entities;

as specified in each Rule.

Note: There is no penalty for this Rule.

1.1.6 Conduct by officers, Employees or agents

In these Rules, conduct engaged in on behalf of a person:

(a) by an officer, Employee, or other agent of the person, and whether or not within the scope of the actual or apparent authority of the officer, Employee, or other agent; or

(b) by any other person at the direction or with the consent or agreement (whether express or implied) of an officer, Employee, or other agent of the person, and whether or not the giving of the direction, consent or agreement is within the scope of the actual or apparent authority of the officer, Employee, or other agent,

is deemed to have been engaged in by the person.

Note: There is no penalty for this Rule.

1.1.7 State of mind of a person

(1) If for the purposes of these Rules in respect of conduct engaged in by a person, it is necessary to establish the state of mind of the person, it is sufficient to show that an officer, Employee, or other agent of the person, being an officer, Employee, or other agent by whom the conduct was engaged in and whether or not the conduct was within the scope of the actual or apparent authority of that officer, Employee, or other agent, had that state of mind.

(2) In subrule (1), a reference to the state of mind of a person includes a reference to the knowledge, intention, opinion, belief or purpose of the person and the person's reasons for the person's intention, opinion, belief or purpose.

Note: There is no penalty for this Rule.

Part 1.2 Waiver

1.2.1 Waiver of Rules

(1) Subject to Rule 1.2.3, ASIC may relieve any person or class of persons from the obligation to comply with a provision of these Rules, either generally or in a particular case or category, and either unconditionally or subject to such conditions as ASIC thinks fit.

(2) If any conditions on a waiver given under subrule (1) are imposed, all of the conditions must be complied with for the waiver to be effective.

(3) ASIC may withdraw, in writing, a waiver given under subrule (1) at any time.

(4) Any request by a person for a waiver under subrule (1) must be in writing.

(5) Any waiver given under subrule (1), and any conditions imposed on that waiver, must be in writing.

(6) ASIC may publish notice of a waiver given under subrule (1).

Note: There is no penalty for this Rule.

1.2.2 Compliance with conditions

Failure to comply with a condition imposed under Rule 1.2.1 is a contravention of this Rule.

Maximum penalty: $1,000,000

1.2.3 Period during which relief applies

ASIC may specify the period or specific event during which any relief from an obligation to comply with a provision of these Rules may apply.

Note: There is no penalty for this Rule.

1.2.4 Register

(1) ASIC may establish and maintain a register for recording details of relief granted under Rule 1.2.1 and may enter the following details in the register:

(a) the date that the relief takes effect;

(b) the person or class of persons relieved from the obligation;

(c) the provision to which the relief applies;

(d) brief reasons for the relief; and

(e) any conditions that apply to the relief.

(2) ASIC may publish the register referred to in subrule (1).

Note: There is no penalty for this Rule.

Part 1.3 Notice, notification and service of documents

1.3.1 Market Participant to have email

A Market Participant must acquire and maintain an operating email system for the purposes of receiving notices under these Rules.

Note: There is no penalty for this Rule.

1.3.2 Methods of giving notice in writing

Unless otherwise specified in a Rule, ASIC may give a notice under these Rules by any of the following methods:

(a) delivering it to the recipient personally;

(b) leaving it at or by sending it by courier or post to the address of the recipient last notified to ASIC;

(c) sending it by facsimile to the recipient’s facsimile number last notified to ASIC;

(d) a circular or bulletin addressed to a class of persons and delivered or communicated by any means permitted under this Rule;

(e) specific email by any method which identifies a person or person's title as addressee and no notice of non-delivery has been received;

(f) broadcast email by any method which identifies the addressee and which, having regard to all the relevant circumstances at the time, was as reliable as appropriate for the purposes for which the information was communicated.

Note: There is no penalty for this Rule.

Part 1.4 Interpretation

1.4.1 References to time

In these Rules a reference to time is to the time in Sydney, Australia.

Note: There is no penalty for this Rule.

1.4.2 Words and expressions defined in the Corporations Act

Words and expressions defined in the Corporations Act will unless otherwise defined or specified in these Rules or the contrary intention appears, have the same meaning in these Rules.

Note: There is no penalty for this Rule.

1.4.3 Definitions

"**AQUA Product**" means a Financial Product which is:

(a) a Managed Fund Product;

(b) an ETF Security; or

(c) a Structured Product;

which is admitted to Trading Status as an AQUA Product or to the AQUA Quote Display Board.

"**AQUA Product Issuer**" means an entity which issues, distributes or makes available AQUA Products and which has been admitted as an AQUA Product Issuer.

"**AQUA Quote Display Board**" means the facility provided by the Market Operator for AQUA Product Issuers and Trading Participants to advertise their interest in acquiring or disposing of AQUA Products.

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

"**ASX**" means ASX Limited (ACN 008 624 691).

"**Australian ADI**" has the meaning given by section 9 of the Corporations Act.

"**Business Day**" means a day other than a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day or Boxing Day.

"**Cash Market Product**" means a Quoted Product, a Warrant admitted to Trading Status, an AQUA Product admitted to Trading Status or to the AQUA Quote Display Board, a CGS Depository Interest admitted to Trading Status and any other product that the Market Operator authorises for trading on a Trading Platform as a Cash Market Product.

"**CGS Depository Interest**" has the meaning given by section 761A of the Corporations Act.

"**Clearing Facility**" means, in relation to a Market Transaction, the clearing and settlement facility, within the meaning of section 761A of the Corporations Act, through which the Market Transaction has been or will be cleared.

"**Clearing Participant**" means a person admitted as a participant under the Clearing Rules.

"**Clearing Rules**" means:

(a) in relation to a particular Clearing Facility, the operating rules, procedures, practices, directions, decisions and requirements of that Clearing Facility;

(b) in relation to a particular Clearing Participant, the rules of the Clearing Facility to which that Clearing Participant is subject.

"**Corporations Act**" means the *Corporations Act 2001* (Cth).

"**Derivative**" has the meaning given by section 761D of the Corporations Act.

"**Derivatives Market Contract**" means a Futures Market Contract, an Options Market Contract and any other contract that the Market Operator authorises for trading on a Trading Platform as a Derivatives Market Contract.

"**Derivatives Market Transaction**" means a transaction between Trading Participants for one or more Derivatives Market Contracts.

"**Employee**" in relation to a Market Participant includes a director, employee, officer, agent, representative, consultant or adviser of that Market Participant, or an independent contractor who acts for or by arrangement with a Market Participant.

"**ETF**" means a Managed Fund:

(a) which is listed on the Market or admitted to Trading Status as an AQUA Product or to the AQUA Quote Display Board;

(b) with power and approval to continuously issue and have quoted on the Market, Equity Securities in the Managed Fund;

(c) which provides for the issue of new Equity Securities in return for the subscriber transferring to the Managed Fund a portfolio of Securities; and

(d) for which the price of the Underlying Instrument is continuously disclosed or can be immediately ascertained.

"**ETF Security**" means a Financial Product issued by or provided pursuant to an ETF.

"**Equity Securities**" means:

(a) shares in a body corporate or an unincorporated body other than redeemable preference shares which are Loan Securities in accordance with paragraph (c) of the definition of Loan Securities; or

(b) interests in a managed investment scheme, except those referred to in paragraph (d) of the definition of Loan Securities; or

(c) renounceable and non-renounceable rights to subscribe for Securities other than Loan Securities; or

(d) options over unissued Securities other than Loan Securities; or

(e) convertible notes; or

(f) any Securities which are determined by the Market Operator to be Equity Securities,

but does not include Options Market Contracts, or Securities determined to be Loan Securities by the Market Operator.

"**Family Trust**" means a trust in which:

(a) the person or the Immediate Family of the person is the sole or majority beneficiary; or

(b) the person has the ability to remove the trustee of the trust and replace that trustee with his or her own nominee.

"**Financial Product**" has the meaning given by Division 3 of Part 7.1 of the Corporations Act.

"**Futures Market Contract**" means a contract on the terms of a Futures Series.

"**Futures Market Transaction**" means a Market Transaction for one or more Futures Market Contracts.

"**Futures Series**" means a set of contractual terms on which futures contracts are authorised for trading by the Market Operator.

"**Immediate Family**" in relation to a person, means that person's spouse and any non-adult children.

"**Issuer**" means, in relation to a Cash Market Product, the legal entity which issues the Cash Market Product.

"**Listing Rules**" has the meaning given by section 761A of the Corporations Act.

"**Loan Securities**" means:

(a) debentures, stocks or bonds issued or proposed to be issued by a government; or

(b) debentures of a body corporate or an unincorporated body; or

(c) redeemable preference shares which have a fixed and certain date for redemption, other than shares having a participating entitlement to rights or options referred to in paragraphs (c) and (d) of the definition of Equity Securities; or

(d) interests in a managed investment scheme, relating to a financial or business undertaking or scheme, common enterprise or investment contract, the trustee or representative or responsible entity of which only invests in or acquires one or more of Loan Securities, mortgages and cash; or

(e) any Securities which are determined by the Market Operator to be Loan Securities,

but does not include Options Market Contracts, or Securities determined to be Equity Securities by the Market Operator.

"**Managed Fund Product**" means a Financial Product issued by or provided pursuant to a Managed Fund.

"**Managed Fund**" means a managed investment scheme which is a registered managed investment scheme pursuant to section 601EB of the Corporations Act or a managed investment scheme which ASIC has exempted from those registration requirements.

"**Market**" means the market operated by the Market Operator under Australian Market Licence (ASX Limited) 2002.

"**Market Listing Rules**" means the Listing Rules of the Market.

"Market Operating Rules" means the Operating Rules of the Market, other than the Market Listing Rules.

"**Market Operator**" means ASX.

"**Market Participant**" means a participant in the Market admitted under the Market Operating Rules.

"**Market Transaction**" means a transaction for one or more Products, entered into on a Trading Platform or reported to the Market Operator under the Market Operating Rules.

"**Official Quotation**", in relation to Financial Products, means admitted to quotation by the Market Operator under the Market Listing Rules.

"**Operating Rules**" has the meaning given by section 761A of the Corporations Act.

"**Options Market Contract**" means a contract on the terms of an Option Series.

"**Option Series**" means a set of contractual terms on which options are authorised for trading by the Market Operator.

"**Order**" means:

(a) in relation to Cash Market Products, an instruction to purchase or sell Cash Market Products, or an instruction to amend or cancel a prior instruction to purchase or sell Cash Market Products; and

(b) in relation to Derivatives Market Contracts, an instruction to enter into a Derivatives Market Transaction, or an instruction to amend or cancel a prior instruction to enter into a Derivatives Market Transaction.

"**Other Regulated Entities**" means entities prescribed by regulations made for the purposes of paragraph 798H(1)(c) of the Corporations Act, that must comply with these Rules.

"**Principal Trader**" means a Market Participant with Trading Permission for one or more Products which limits it to trading on its own behalf.

"**Product**" means a Cash Market Product or a Derivatives Market Contract, as applicable.

"**Quoted Product**" means a Financial Product that has been granted Official Quotation.

"**Related Body Corporate**" has the meaning given by section 50 of the Corporations Act.

"**Representative**" has the meaning given by section 910A of the Corporations Act.

"**Rules**" means these market integrity rules.

"**Security**" or "**security**" means:

(a) a "security" within the meaning of section 761A of the Corporations Act; or

(b) a managed investment product.

"Structured Product" means a Security or Derivative:

(a) which gives the holder financial exposure to the performance of one or more Underlying Instruments;

(b) the value of which is linked to the performance of those Underlying Instruments; and

(c) whereby investors do not have day to day control over the operation of the entity which issues or provides the Security or Derivative.

"**Terms of Issue**" means, in relation to Warrants, rights, conditions and obligations of the Warrant-Issuer and the holder of the Warrant.

"**Trading Messages**" means those messages submitted into a Trading Platform relating to trading functions, such as Orders, amendment or cancellation of Orders and the reporting or cancellation of Market Transactions on the Trading Platform.

"**Trading Participant**" means a Market Participant which has Trading Permission in respect of one or more Products.

"**Trading Permission**" means the right to submit Trading Messages in a Trading Platform.

"**Trading Platform**" means a facility made available by the Market Operator to Trading Participants for the entry of Trading Messages, the matching of Orders, the advertisement of invitations to trade and the reporting of transactions.

"**Trading Status**" means authorisation by the Market Operator for a CGS Depository Interest, a Warrant or AQUA Product to be traded on the Market.

"**Underlying Instrument**" means:

(a) in relation to Option Series and Futures Series, the instrument which underlies that Option Series or Futures Series;

(b) in relation to Warrants means the Financial Product, index, foreign or Australian currency or commodity which underlies that Warrant; and

(c) in relation to AQUA Products means the Financial Product, index, foreign or Australian currency, commodity or other point of reference for determining the value of the AQUA Product.

"**Warrant**" means:

(a) a financial instrument which gives the holder of the instrument the right:

  (i) to acquire the Underlying Instrument; or

  (ii) to require the Warrant-Issuer to acquire the Underlying Instrument;

  (iii) to be paid by the Warrant-Issuer an amount of money to be determined by reference to the amount by which a specified number is greater or less than the number of an index; or

  (iv) to be paid by the Warrant-Issuer an amount of money to be determined by reference to the amount by which the price or value of the Underlying Instrument is greater than or less than a specified price or value,

  in accordance with the Terms of Issue and the Market Operating Rules that apply to Warrant-Issuers; or

(b) any other Financial Product that is a "warrant" within the meaning given to that term in Corporations Regulation 1.0.02 and which the Market Operator notifies Trading Participants is a Warrant.

"**Warrant-Issuer**" means an entity approved by the Market Operator to issue Warrants.

Note: There is no penalty for this Rule.

Part 1.5 Transitional

1.5.1 Repeal

The following provisions of the *ASIC Market Integrity Rules (ASX Market) 2010* are repealed:

(a) Chapters 8 and 9;

(b) Schedules 1A, 1B and 1C; and

(c) the Annexures to Schedule 1A.

Note: There is no penalty for this Rule.

Chapter 8: Capital requirements

Part 8.1 Preliminary

8.1.1 Definitions

In this Chapter and in Chapter 9:

"**Approved Clearing Facility**" means ASX Clear Pty Limited (ACN 001 314 503).

"**Capital Requirements**" means, in relation to a Market Participant, the Risk Based Capital Requirements or the NTA Requirements as applicable.

"**NTA Requirements**" means the requirements set out in Schedule 1B.

"**Risk Based Capital Requirements**" means the requirements set out in Schedule 1A.

Note: There is no penalty for this Rule.

Part 8.2 Application

8.2.1 Market Participant to comply with Risk Based Capital Requirements

A Market Participant must at all times comply with the Risk Based Capital Requirements, unless:

(a) the Market Participant is only a Principal Trader;

(b) the Market Participant has elected to comply with the NTA Requirements under Rules 8.3.1 to 8.3.3; or

(c) the Market Participant is a Clearing Participant of an Approved Clearing Facility and complies with the capital requirements under the Clearing Rules.

Maximum penalty: $1,000,000

Note: The Risk Based Capital Requirements are contained in Schedule 1A and the NTA Requirements are contained in Schedule 1B.

Part 8.3 Participants with Trading Permission for Futures Market Transactions only

8.3.1 Market Participant may elect to comply with NTA Requirements

(1) A Market Participant with Trading Permission for Futures Market Transactions only must elect to comply with either the Risk Based Capital Requirements or the NTA Requirements. That election must be made in accordance with subrule (2) and may only be

changed in accordance with Rule 8.3.2 or 8.3.3. A Market Participant must at all times comply with the Capital Requirements with which it has elected to comply.

Note: The NTA Requirements are contained in Schedule 1B.

(2) A Market Participant to which subrule (1) applies must notify ASIC in writing of the Capital Requirements the Market Participant has elected to comply with, within 1 Business Day after the Market Participant is granted Trading Permission for Futures Market Transactions only.

Maximum penalty: $1,000,000

8.3.2 Consent to change to other requirements

A Market Participant with Trading Permission for Futures Market Transactions only and to which the NTA Requirements or the Risk Based Capital Requirements applies is not entitled to change to the other requirements without the prior written consent of ASIC.

Maximum penalty: $100,000

8.3.3 Notification of change to Trading Permission

(1) A Trading Participant which is entitled to comply with the NTA Requirements under Rule 8.3.1 must comply with the Risk Based Capital Requirements if it is granted Trading Permission for Products other than Futures Market Transactions (unless the Trading Participant is only a Principal Trader in respect of the other Products).

(2) A Trading Participant to which subrule (1) applies must notify ASIC in writing within 1 Business Day after the Trading Participant is granted Trading Permission for Products other than Futures Market Products.

Maximum penalty: $100,000

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Chapter 9: Accounts and audit

Part 9.1 Application of Rules

9.1.1 Principal Traders and Clearing Participants

This Chapter does not apply to:

(a) a Market Participant that is only approved as a Principal Trader;

(b) a Market Participant that is a Clearing Participant of an Approved Clearing Facility and complies with the capital requirements under the Clearing Rules.

Note: There is no penalty for this Rule.

Part 9.2 Risk Based Capital Requirements—Reporting

9.2.1A Risk Based Capital Requirements: Forms

In this Part 9.2:

"**Ad Hoc Risk-Based Return**" means a return containing the information in, and in the form set out in, Part 1 of Form 1 in Schedule 1C to these Rules.

"**Annual Audited Risk-Based Return**" means a return containing the information in, and in the form set out in, Part 1 of Form 3A in Schedule 1C to these Rules, except for the section Credit Facilities & Overdraft (coded "CFO").

"**Monthly Risk-Based Return**" means a return containing the information in, and in the form set out in, Part 1 of Form 3A in Schedule 1C to these Rules.

"**Risk-Based Return Declaration**" means a declaration containing the information in, and in the form set out in, Part 2 of Form 2 in Schedule 1C to these Rules.

"**Summary Risk-Based Return**" means a return containing the information in, and in the form set out in, Part 1 of Form 3A in Schedule 1C to these Rules, except for the following sections:

(a) Underwriting Risk Requirement (coded "URR");

(b) Non Standard Risk Requirement (coded "NRR"); and

(c) Credit Facilities & Overdraft (coded "CFO").

Note: There is no penalty for this Rule.

9.2.1 Risk Based Capital Requirements—Ad hoc or Summary Return on Request by ASIC

A Market Participant that is required to comply with the Risk Based Capital Requirements must, if requested to do so by ASIC, provide ASIC with:

(a) an Ad Hoc Risk-Based Return; or

(b) a Summary Risk-Based Return and Risk-Based Return Declaration,

authorised by one director or partner of the Market Participant, within the time specified by ASIC in the request.

Maximum penalty: $20,000

9.2.2 Core Capital or Liquid Capital below minimum

(1) A Market Participant that is required to comply with the Risk Based Capital Requirements must notify ASIC immediately if its:

(a) Core Capital is at any time less than the minimum amount required by paragraph S1A.2.1(b); or

(b) Liquid Capital divided by its Total Risk Requirement is equal to or falls below 1.2.

(2) A Market Participant must provide ASIC with at the option of ASIC, an Ad Hoc Risk-Based Return, or a Summary Risk-Based Return and Risk-Based Return Declaration, disclosing the amount of its Liquid Margin:

(a) no later than one Business Day after notifying ASIC under subrule (1); and

(b) from then on, either:

   (i) by 10am on the first Business Day of each week, showing the financial position of the Market Participant on the last Business Day of the prior week, for so long as the amount referred to in paragraph (1)(b) is equal to or less than 1.2 but greater than 1.1; and

   (ii) by 10am on each Business Day, showing the financial position of the Market Participant on the prior Business Day, for so long as the amount referred to in paragraph (1)(b) is 1.1 or less.

(3) The return referred to in subrule (2) must be authorised by one director or partner of the Market Participant.

Maximum penalty: $20,000

9.2.3 Monthly Return

(1) A Market Participant that is required to comply with the Risk Based Capital Requirements must prepare and deliver to ASIC within 10 Business Days of the end of each calendar month, the following documents and information:

(a) if the Market Participant is not a partnership, a Monthly Risk-Based Return, which accurately reflects the Market Participant's accounts and financial position on the last Business Day of the previous calendar month;

(b) if the Market Participant is not a partnership, a Risk-Based Return Declaration relating to the Monthly Risk-Based Return, authorised by one director of the Market Participant;

(c) if the Market Participant is a partnership, a Monthly Risk-Based Return, which accurately reflects the Market Participant's accounts and financial position on the last Business Day of the previous calendar month, or such other alternative form of return as ASIC directs under this paragraph; and

(d) if the Market Participant is a partnership, a Risk-Based Return Declaration relating to the Monthly Risk-Based Return, authorised by one partner of the Market Participant, or such other alternative form of declaration as ASIC directs under this paragraph.

Maximum penalty: $20,000

9.2.4 Audited Annual Return

(1) A Market Participant that is required to comply with the Risk Based Capital Requirements must prepare and deliver to ASIC:

(a) within 3 months following the end of the Market Participant's financial year if the Market Participant is not a partnership; or

(b) within 2 months following the end of the Market Participant's financial year if the Market Participant is a partnership,

the following documents and information:

(c) the Market Participant's statutory accounts, including directors' declaration and audit report as required under the laws of the Market Participant's home jurisdiction, which give a true and fair view of the financial position and performance of the Market Participant's business as at the end of the financial year and which are prepared in accordance with accounting standards and principles which are generally accepted in Australia, unless ASIC determines otherwise;

(d) if the Market Participant is not a partnership, an Annual Audited Risk-Based Return, which accurately reflects the Market Participant's accounts and its financial position as at the end of the Market Participant's financial year;

(e) if the Market Participant is not a partnership, a Risk-Based Return Declaration relating to the Annual Audited Risk-Based Return, authorised by two directors of the Market Participant or by one director in accordance with a resolution of the board of directors of the Market Participant;

(f) if the Market Participant is a partnership, an Annual Audited Risk-Based Return, which accurately reflects the Market Participant's accounts and its financial position as at the end of the Market Participant's financial year, or such other alternative form of return as ASIC directs under this paragraph;

(g) if the Market Participant is a partnership, a Risk-Based Return Declaration relating to the Annual Audited Risk-Based Return, authorised by two partners of the Market Participant, or such other alternative form of declaration as ASIC directs under this paragraph;

(h) an auditor's report on the Annual Audited Risk-Based Return or the alternative form of return directed by ASIC under paragraph (f), in the form set out in Form 5 in Schedule 1C to these Rules, dated and signed by the audit firm;

(i) a statement (the "**Key Risks and Internal Systems Statement**") in the form set out in Form 6 in Schedule 1C to these Rules, dated and signed by two directors of the Market Participant or by one director in accordance with a resolution of the board of directors of the Market Participant (the date of the resolution must be specified), or, if the Market Participant is a partnership, by two partners of the Market Participant; and

(j) the Market Participant's group structure chart showing the Market Participant's corporate ownership structure starting at the ultimate parent, dropping down to the immediate parent, the Market Participant, any subsidiaries (including nominee companies of the Market Participant) and any related/associated companies of the Market Participant.

(2) If the financial year end of the Market Participant is other than 30 June, the Market Participant must notify ASIC of its financial year end.

Maximum penalty: $20,000

9.2.5 Partnership Statutory Declaration

A Market Participant that is a partnership must give ASIC, within 10 Business Days after the end of June and December each year, for each partner of the Market Participant, a declaration (the "**Partnership Statutory Declaration**") in the form set out in Form 7 in Schedule 1C to these Rules, signed by the partner to which the Partnership Statutory Declaration relates and witnessed in accordance with the instructions included on the Partnership Statutory Declaration.

Maximum penalty: $20,000

Part 9.3 NTA Requirements—Reporting

9.3.1A NTA Requirements: Forms

In this Part 9.3:

"**Ad Hoc NTA Return**" means a return containing the information in, and in the form set out in, Part 1 of Form 8 in Schedule 1C to these Rules;

"**Annual Audited NTA Return**" means a return containing the information in, and in the form set out in, Part 1 of Form 8 in Schedule 1C to these Rules, except for the following sections:

(a) Receivables Analysis – Attachment A (coded "RAS");

(b) Directors - Attachment B (coded "DIR");

(c) Shareholders - Attachment C (coded "SHA");

(d) Related/Associated Company Receivables - Attachment D (coded "REL");

(e) Statement of Net Liquid Assets – Attachment E (coded "NLA"); and

(f) Secured Creditors - Attachment F (coded "SEC").

"**Monthly NTA Return**" means a return containing the information in, and in the form set out in, Part 1 of Form 8 in Schedule 1C to these Rules.

"**NTA Return Declaration**" means a return containing the information in, and in the form set out in, Part 2 of Form 8 in Schedule 1C to these Rules.

"**Summary NTA Return**" means a return containing the information in, and in the form set out in, Part 1 of Form 9 in Schedule 1C to these Rules.

9.3.1 Ad Hoc Return or Summary Return on Request by ASIC

(1) A Market Participant that is required to comply with the NTA Requirements must, if requested to do so by ASIC, provide ASIC with:

(a) an Ad Hoc NTA Return and NTA Return Declaration related to the Ad Hoc NTA Return;

(b) a Summary NTA Return and NTA Return Declaration related to the Summary NTA Return,

by the time specified by ASIC.

(2) An Ad Hoc NTA Return or Summary NTA Return lodged under subrule (1) must be authorised by one director of the Market Participant.

Maximum penalty: $20,000

9.3.2 NTA below minimum amount

A Market Participant that is required to comply with the NTA Requirements must immediately notify ASIC if its NTA falls below the minimum amount required by Rule S1B.3.1.

Maximum penalty: $20,000

9.3.3 NTA changes

A Market Participant that is required to comply with the NTA Requirements must immediately notify ASIC in each of the following circumstances:

(a) if the Market Participant's NTA is less than 150% of the minimum amount required by Rule S1B.3.1; and

(b) having notified ASIC under paragraph (a), the Market Participant's NTA has then decreased by more than 20% since the amount last notified to ASIC under this Rule 9.3.3.

Maximum penalty: $20,000

9.3.4 ASIC may require additional returns

(1) A Market Participant who has given a notice under Rule 9.3.2 or 9.3.3 must, unless advised otherwise by ASIC, prepare and lodge with ASIC:

(a) a Summary NTA Return and NTA Return Declaration related to the Summary NTA Return, within one Business Day of giving the notice; and

(b) at the option of ASIC:

(i) an Ad Hoc NTA Return and NTA Return Declaration related to the Ad Hoc NTA Return; or

(ii) a Summary NTA Return and NTA Return Declaration related to the Summary NTA Return,

from the time of giving the notice:

(iii) by 10am on the first Business Day of each week, prepared as at the close of business the last Business Day of the previous week, for so long as the NTA is less than 150% of the minimum amount required by Rule S1B.3.1 but greater than or equal to 120% of the minimum amount required by Rule S1B.3.1; and

(iv) by 10am on each Business Day, for so long as the NTA is less than 120% of the minimum amount required by Rule S1B.3.1.

(2) An Ad Hoc NTA Return or Summary NTA Return lodged under subrule (1) must be authorised by one director of the Market Participant.

Maximum penalty: $20,000

9.3.5 Monthly Return

A Market Participant that is required to comply with the NTA Requirements must prepare and deliver to ASIC within 10 Business Days of the end of each calendar month, the following documents and information:

(a) a Monthly NTA Return, which accurately reflects the accounts and the financial position of the Market Participant on the last Business Day of the previous calendar month; and

(b) an NTA Return Declaration relating to the Monthly NTA Return, authorised by one director of the Market Participant.

Maximum penalty: $20,000

9.3.6 Audited Annual NTA Return

(1) A Market Participant that is required to comply with the NTA Requirements must prepare and deliver to ASIC, within 3 months following the end of the Market Participant's financial year, the following documents and information:

(a) the Market Participant's statutory accounts, including directors declaration and audit report as required under the laws of the Market Participant's home jurisdiction, which give a true and fair view of the financial position and performance of the Market Participant's business as at the end of the financial year and which are prepared in accordance with accounting standards and principles which are generally accepted in Australia, unless ASIC determines otherwise;

(b) an Annual Audited NTA Return, which accurately reflects the accounts and the financial position of the Market Participant as at the end of the Market Participant's financial year;

(c) an NTA Return Declaration relating to the Annual Audited NTA Return, authorised by two directors of the Market Participant or by one director in accordance with a resolution of the board of directors of the Market Participant;

(d) an auditor's report on the Annual Audited NTA Return in the form set out in Form 5 in Schedule 1C to these Rules, dated and signed by the audit firm;

(e) a statement (the "**Key Risks and Internal Systems Statement**") in the form set out in Form 6 in Schedule 1C to these Rules, dated and signed by two directors of the Market Participant or by one director in accordance with a resolution of the board of directors of the Market Participant (the date of the resolution must be specified); and

(f) the Market Participant's group structure chart, showing the Market Participant's corporate ownership structure starting at the ultimate parent, dropping down to the immediate parent, the Market Participant, any subsidiaries (including nominee companies of the Market Participant) and any related/associated companies of the Market Participant.

(2) If the financial year end of the Market Participant is other than 30 June, the Market Participant must notify ASIC of its financial year end.

Maximum penalty: $20,000

Part 9.4 General

9.4.1 Alternate Director

Where a Market Participant has appointed an alternate director in accordance with section 201K of the Corporations Act and the constitution of the Market Participant, the alternate director may authorise or sign the Forms referred to in Parts 9.2 and 9.3 only if the Market Participant has provided ASIC with:

(a) the details of the appointment of the alternate director; and

(b) a statement that the Market Participant's constitution permits the appointment of the alternate director.

Note: There is no penalty for this Rule.

9.4.2 Use of Return Lodgement and Monitoring System

(1) Unless otherwise directed by ASIC, a Market Participant may comply with the following provisions:

(a) Rule 9.2.1;

(b) subrule 9.2.2(2);

(c) Rule 9.2.3;

(d) paragraphs 9.2.4(1)(d) to (g);

(e) Rule 9.3.1;

(f) Rule 9.3.4;

(g) Rule 9.3.5;

(h) paragraphs 9.3.6(1)(b) and (c),

by submitting the information required to be delivered to ASIC under those provisions to the electronic Return Lodgement and Monitoring system maintained by the Market Operator.

(2) Where a Risk-Based Return Declaration or NTA Return Declaration is submitted to the electronic return lodgement and monitoring system maintained by the Market Operator, each reference in that Risk-Based Return Declaration or NTA Return Declaration to the *ASIC Market Integrity Rules (ASX Market) 2010* is taken to be a reference to these *ASIC Market Integrity Rules (ASX Market-Capital) 2014*.

Note. 1: Before 26 May 2014, the requirements in these ASIC Market Integrity Rules (ASX Market-Capital) 2014 were set out in the ASIC Market Integrity Rules (ASX Market) 2010.

Note 2: There is no penalty for this Rule.

Part 9.5 Scope of audits

9.5.1 Market Participant to assist auditor

(1) A Market Participant must give its auditor access to its premises and Employees and all records, documents, explanations and other information required by the auditor in respect of any audit conducted under Part 9.2 or 9.3.

(2) A Market Participant must:

(a) not impose any limitation on the extent of any audit required under Part 9.2 or 9.3; and

(b) permit and direct the auditor to notify ASIC immediately if any limitation is imposed on the auditor, or if the auditor is hindered or delayed in the performance of the auditor's duties.

(3) The records of each of the Market Participant's nominee companies must be included in the audit.

Maximum penalty: $100,000

Schedule 1A: Capital liquidity requirements

Part S1A.1 Definitions and Interpretation

S1A.1.1 Definitions

In this Schedule 1A and in Chapter 9, unless the context otherwise requires:

"**Approved Deposit Taking Institution**" means:

(a) an authorised deposit taking institution under section 5 of the *Banking Act 1959* (Cth);

(b) a banking institution which has its activities formally regulated in accordance with the standards of the Basel Committee on Banking Supervision; or

(c) an institution which has been given a risk weighting by the Australian Prudential Regulation Authority equivalent to an authorised deposit taking institution referred to in paragraph (a) above.

"**Approved Institution**" means:

(a) any of the following institutions whose net assets are greater than $30 million at the date of its last published audited balance sheet:

  (i) a life insurance company or general insurance company; or

  (ii) an investment company, trust or other similar institution whose ordinary business is to buy and sell Financial Instruments;

(b) any body corporate or partnership whose ordinary business is to buy and sell Financial Instruments and which is regulated by a:

  (i) Recognised non-European Union Regulator specified in Table A5.3.1 in Annexure 5 to this Schedule 1A;

  (ii) Recognised European Union Regulator specified in Table A5.3.2 in Annexure 5 to this Schedule 1A; or

(c) a Fund Manager and an underlying client that has placed money with, or has securities under the control of, the Fund Manager, where:

  (i) the Market Participant has a dealing relationship with the Fund Manager but not the underlying client; and

  (ii) the Fund Manager is placing orders on behalf of the underlying client and not as principal,

provided that the Market Participant maintains adequate documentation in support of paragraphs (a), (b) or (c).

"**Approved Subordinated Debt**" means an amount owing by a Market Participant under a subordination arrangement which is approved by ASIC under Rule S1A.2.4.

"**Approved Subordinated Loan Deed**" means, in respect of a subordination arrangement, a deed which:

(a) is executed:

(i) by the lender and ASIC under seal or by such equivalent method expressly recognised under the Corporations Act;

(ii) in the case of a Market Participant which is a company, by the Market Participant under seal or by such equivalent method expressly recognised under the Corporations Act; and

(iii) in the case of a Market Participant which is a partnership, by each of its partners;

(b) sets out details of the terms governing any subordinated debt regulated by the subordination arrangement or identifies the document which does so;

(c) contains those provisions required by ASIC including without limitation, provisions to the effect that:

(i) alterations to the subordinated loan deed or the terms or details of any subordinated debt regulated by the subordination arrangement cannot be made unless the agreement of all parties is obtained and the variation is executed in the manner required under paragraph (a);

(ii) ASIC must be satisfied that the Market Participant has made adequate arrangements to ensure that Schedule 1A will be complied with and will continue to be complied with upon the maturity date of any loan for a fixed term;

(iii) ASIC must be given full particulars of any debt to be regulated by the subordination arrangement under the subordinated loan deed prior to such debt being created; and

(iv) prior to the Bankruptcy of the Market Participant, repayment of any subordinated debt regulated by the subordination arrangement can only occur in accordance with subrules S1A.2.4(6) and (7); and

(d) contains specific acknowledgment by the lender of the matters set out in paragraphs S1A.2.4(2)(a) and (b).

"**ASX Clear**" means ASX Clear Pty Limited (ACN 001 314 503).

"**ASX Clear Operating Rules**" means the Operating Rules of ASX Clear.

"**ASX Settlement**" means ASX Settlement Pty Limited (ACN 008 504 532).

"**ASX Settlement Operating Rules**" means the Operating Rules of ASX Settlement.

"**Bankruptcy**" means in respect of an entity:

(a) the entity becomes an externally administered body corporate within the meaning of the Corporations Act;

(b) the entity becomes an individual who is an insolvent under administration within the meaning of the Corporations Act;

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(c) if the entity is a partnership, the entity is wound up or dissolved or a liquidator is appointed to it;

(d) a person takes control of the entity's property for the benefit of the entity's creditors because the entity is, or is likely to become, insolvent;

(e) the entity enters into an arrangement, composition or compromise with, or assignment for the benefit of, all of its creditors or any class of them; or

(f) anything analogous to, or having a substantially similar effect to the events specified in paragraphs (a) to (e) happens to the entity under the laws of any applicable jurisdiction.

"**CFD**" means contract for difference.

"**Classical ETF**" means a managed fund that meets all of the following criteria:

(a) that is listed and quoted on a stock exchange (and in Australia is registered as a managed investment scheme under the Corporations Act);

(b) where, under an open prospectus, the units in the fund can only be subscribed for and redeemed in kind, on demand and via the exchange of a defined basket of Equity securities;

(c) that has a "passive" investment strategy designed to replicate a stock index at all times and this is evidenced by the holding of physical securities in weightings that predominantly match the stock index the fund has been issued over, and accordingly, any cash or Derivative components must be immaterial and must not be used to gear the fund;

(d) where the underlying assets are known on a daily basis; and

(e) that is subscribed for and redeemed in a "primary" market via either a Market Participant or the fund issuer, and existing units are traded in a "secondary" market provided through a stock exchange.

"**Client Balance**" means an individual Counterparty's net debit or credit balance with a Market Participant arising from non margined Financial Instruments.

"**Core Capital**" means:

(a) in the case of a Market Participant which is a company, the sum of:

(i) all ordinary issued shares to the extent that those shares are paid-up;

(ii) all non cumulative Preference Shares;

(iii) all reserves, excluding revaluation reserves other than Financial Asset Revaluation Reserves; and

(iv) opening retained profits/losses adjusted for all current year movements; and

(b) in the case of a Market Participant which is a partnership, the sum of the partners' current and capital accounts.

"**Counterparty**" means in respect of a transaction to which a Market Participant is a party, another party to that transaction whether that person is a counterparty or a client.

"**Counterparty Risk Requirement**" means the greater of:

(a) zero; and

(b) the absolute sum of the counterparty risk amounts calculated in accordance with Annexure 1 to this Schedule 1A less any provision raised for doubtful debts.

> Note: The provision for doubtful debts must relate to a specific Counterparty receivable for which a counterparty risk amount has been calculated in accordance with Annexure 1 or to cover the possibility of a Counterparty or Client Balance becoming doubtful. A Market Participant must not deduct a provision amount from an individual counterparty risk amount.

"**Debt Derivative**" includes:

(a) a convertible note (except to the extent that Annexure 3 to this Schedule 1A provides for the treatment of a convertible note as an equity position);

(b) an interest rate Swap;

(c) a Forward Rate Agreement;

(d) a forward contract over a Debt Instrument;

(e) a Future over a Debt Instrument and a Future over an index or basket product based on Debt Instruments;

(f) an index or basket product based on Debt Instruments; and

(g) an Option over a Debt Instrument and an Option over any of the products referred to in paragraphs (a) to (f),

but does not include an instrument that falls within the definition of Equity Derivative or Foreign Exchange Derivative.

"**Debt Equivalent**" means the value of a position in a Debt Derivative that is equivalent to the value had it been a physical position in the underlying Debt Instrument calculated in accordance with Part A3.16 of Annexure 3 to this Schedule 1A.

"**Debt Instrument**" includes:

(a) a debt security without call or put provisions;

(b) a discount security without call or put provisions;

(c) a non-convertible preference share;

(d) a redeemable preference share with a fixed and certain date for redemption; and

(e) an interest in a managed investment scheme investing only in Debt Instruments, mortgages or cash, including an interest in a Hybrid ETF or Other Managed Fund that is issued over physical Debt Instruments only (ignoring any immaterial percentage of cash or Derivatives also included in the Hybrid ETF or Other Managed Fund and used only for hedging purposes),

but does not include an instrument that falls within the definition of Equity.

"**Debt Net Position**" means an amount calculated in accordance with Part A3.17 of Annexure 3 to this Schedule 1A.

"**Derivative**" includes:

(a) an Equity Derivative;

(b) a Debt Derivative; and

(c) a Foreign Exchange Derivative,

but does not include an instrument that falls within the definition of Equity or Debt Instrument.

"**Equity**" includes:

(a) a share other than a share referred to in paragraphs (c) and (d) of the definition of Debt Instrument;

(b) a depository receipt;

(c) an instalment receipt;

(d) an interest in a managed investment scheme, including an interest in a Hybrid ETF or an Other Managed Fund that is issued over:

(i) physical Equities only;

(ii) physical Debt Instruments and property;

(iii) physical Equities, physical Debt Instruments and property;

(iv) physical Equities and property; or

(v) physical property only,

(ignoring any immaterial percentage of cash or Derivatives also included in the Hybrid ETF or Other Managed Fund and used only for hedging purposes), other than an interest referred to in paragraph (e) of the definition of Debt Instrument,

but does not include an instrument that falls within the definition of Debt Instrument.

"**Equity Derivative**" includes:

(a) an equity Swap;

(b) a forward contract over an Equity;

(c) a Future over an Equity and a Future over a basket or index product based on Equities;

(d) an index or basket product based on Equities (including a Classical ETF);

(e) a renounceable or non-renounceable right to subscribe for an equity;

(f) an Option over an Equity (whether issued or unissued) and an Option over any of the products referred to in paragraphs (a) to (d); and

(g) an exchange traded CFD over:

(i) an Equity; or

(ii) a basket or index product based on Equities,

but does not include an instrument that falls within the definition of Debt Derivative or Foreign Exchange Derivative.

"**Equity Equivalent**" means the value of a position calculated in accordance with Part A3.8 of Annexure 3 to this Schedule 1A.

"**Equity Net Position**" means an amount calculated in accordance with Part A3.9 of Annexure 3 to this Schedule 1A.

"**Excluded Asset**" means:

(a) a fixed asset;

(b) an intangible asset;

(c) a future income tax benefit;

(d) a non current asset;

(e) a deposit with or loan to a person other than:

(i) a deposit or loan with an Approved Deposit Taking Institution;

(ii) a deposit or loan to the extent the balance is secured by collateral which is Liquid, evidenced in writing and valued at the mark to market value; or

(iii) a deposit of funds as a margin or deposit with a person licensed to trade or clear Futures or Options to the extent that those funds relate to an open position;

(f) a deposit with a third party clearing organisation;

(g) a Related/Associated Persons Balance to the extent the balance is not secured by collateral which is:

(i) Liquid;

(ii) under the control of the Market Participant, able to be accessed by the Market Participant without the approval of a third party and not otherwise encumbered;

(iii) evidenced in writing by a legally binding agreement between the Market Participant and the Related/Associated Person in circumstances where the Market Participant has established that the Related/Associated Person and the persons signing the agreement have the legal capacity to enter into the agreement and provide the nominated collateral; and

(iv) valued at the mark to market value;

(h) a debt which was reported or created more than 30 days previously, other than a debt:

(i) from another Market Participant that is not an Related/Associated Person; or

(ii) which is secured by collateral which is Liquid, evidenced in writing and valued at the mark to market value;

(i) a prepayment (being an expense which has been paid during one accounting period for a term which extends beyond the end of that period) which is not Liquid or which is Liquid but has been made in respect of an item of expenditure that is specifically required to be made by the Market Participant for the Market Participant to comply with the requirements of these Rules or the Market Operating Rules;

(j) an asset which is not Liquid; or

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(k) an asset which is Liquid but which has a charge against it (in whole or in part) where the purpose of the charge is to raise funds for use outside the ordinary course of the Market Participant's securities or derivatives business.

"**Excluded Liability**" means the maximum liability specified in a guarantee or indemnity under paragraph S1A.2.6(1)(c).

"**Family Trust**" means a trust in which:

(a) the person or the Immediate Family of the person is the sole or majority beneficiary; or

(a) the person has the ability to remove the trustee of the trust and replace the trustee with his or her own nominee.

"**Financial Asset Revaluation Reserves**" means revaluation reserves relating to available for sale financial assets as defined in accordance with accounting standards which are generally accepted in Australia or other accounting standards approved by ASIC under subrule S1A.2.7(3).

"**Financial Instrument**" means:

(a) an Equity;

(b) a Debt Instrument; and

(c) a Derivative.

"**Foreign Exchange Derivative**" includes:

(a) a forward contract over foreign currency;

(b) a Future over foreign currency;

(c) an Option over foreign currency; and

(d) an exchange traded CFD over an exchange rate or foreign currency,

but does not include an instrument that meets the definition of Equity Derivative or Debt Derivative.

"**Foreign Exchange Equivalent**" means the value of a position calculated in accordance with Part A3.21 of Annexure 3 to this Schedule 1A.

"**Forward Rate Agreement**" means an agreement in which two parties agree that:

(a) one party will make payments to the other of an amount of interest based on an agreed interest rate for a specified period from a specified date applied to an agreed principal amount;

(b) no commitment is made by either party to lend or borrow the principal amount; and

(c) the exposure is limited to the interest difference between the agreed and actual market rates at settlement.

"**Free Delivery**" means a trade where delivery of the Financial Instrument is made to a client or Counterparty without receiving payment or where a payment is made without receiving a

Financial Instrument, regardless of whether the client or Counterparty is issuer sponsored or participant sponsored.

“**Fund Manager**” means any licensed responsible entity, agent of a responsible entity, trustee or manager whose ordinary business it is to buy or sell Financial Instruments and make investment decisions on behalf of an independent third party.

“**Future**” means a contract which is traded on an exchange, subject to a Primary Margin Requirement and which is:

(a) a contract to make an adjustment between the parties on an agreed future date as to the value on that date of an interest rate, a foreign currency, an Equity, basket or index, or some other agreed factor; or

(b) a deliverable bond futures contract or deliverable share futures contract.

“**Government Debt Instrument**” means any form of government financial instrument including a bond, treasury note or other short term instrument, and a Debt Derivative of any of those instruments where:

(a) it is issued by, fully guaranteed by, or fully collateralised by a Debt Instrument issued by:

(i) the Australian Commonwealth, State (including Territories) governments; or

(ii) a central government or central bank within the OECD;

(b) it is issued by, or fully guaranteed by, a non-OECD country central government or central bank, has a residual maturity of one year or less and is denominated in local currency and funded by liabilities in the same currency.

“**Group of Connected Persons**” means two or more persons or entities where:

(a) each person or entity is a Related/Associated Person of each other person or entity; or

(a) the persons who have control of the management of each entity or have been appointed as directors of each entity are substantially the same.

“**Hybrid ETF**” means a managed fund:

(a) that is listed and quoted on a stock exchange (and in Australia is registered as a managed investment scheme under the Corporations Act); and

(b) where, under an open prospectus, the units can only be subscribed for and redeemed in cash or in kind; and

(c) that is subscribed for and redeemed in a “primary” market and existing units are traded in a “secondary” market; or

(d) that does not satisfy all of the requirements of a Classical ETF but satisfies the three criteria referred to in paragraphs (a), (b) and (c).

“**Immediate Family**” in relation to a person means that person’s spouse and any non-adult children.

"**In the Money**" means:

(a) in relation to call Options, that the current market price of the underlying instrument is greater than the exercise price; and

(b) in relation to put Options, that the current market price of the underlying instrument is less than the exercise price.

"**Large Exposure Risk Requirement**" is the absolute sum of a Market Participant's:

(a) counterparty large exposure risk amount calculated in accordance with Annexure 2 to this Schedule 1A; and

(b) issuer large exposure risk amount calculated in accordance with Annexure 2 to this Schedule 1A.

"**Liquid**" means realisable or otherwise convertible to cash within 30 days and in the case of a Financial Instrument, means the Financial Instrument meets the following criteria:

(a) there are genuine independent offers from third parties to the Market Participant;

(b) prices or rates exist that closely approximate the last sale price or rate in the Financial Instrument (whether exchange traded or over-the-counter);

(c) payment/settlement can be effected within the settlement conventions applicable to the Financial Instrument; and

(d) there is sufficient liquidity in the market to ensure a ready sale of the position held.

"**Liquid Capital**" means the sum of:

(a) Core Capital;

(b) cumulative Preference Shares;

(c) Approved Subordinated Debt; and

(d) revaluation reserves other than Financial Asset Revaluation Reserves;

less the sum of:

(e) Excluded Assets; and

(f) Excluded Liabilities.

"**Liquid Margin**" means the amount calculated by deducting the Total Risk Requirement amount from the amount of Liquid Capital.

"**Market Spot Exchange Rate**" means the closing rate of exchange for foreign currencies against Australian dollars on each Business Day, having a settlement period of 2 days.

"**Non-Standard Risk Requirement**" means the amount calculated in accordance with Rule S1A.2.9 to cover unusual or non-standard exposures.

"**OECD**" means the Organisation for Economic Co-operation and Development.

"**Operational Risk Requirement**" means the amount calculated in accordance with subrule S1A.2.3(1) which is required to cover exposures associated with commencing and remaining in business arising separately from exposures covered by other risk requirements.

"**Option**" means a contract which gives the holder the option or right, exercisable at or before a specified time to:

(a) buy (whether by way of issue or transfer) or sell a quantity of a Financial Instrument or a foreign currency; or

(b) be paid an amount of money calculated by reference to the value of a Financial Instrument, foreign currency or index as specified in the contract.

"**OTC Derivative**" means a Derivative which is not traded on an exchange.

"**Other Managed Fund**" means a managed fund:

(a) that is not listed and quoted on a stock exchange (and in Australia is registered as a managed investment scheme under the Corporations Act); or

(b) that is listed and quoted on a stock exchange but does not satisfy all of the requirements of a Classical ETF or Hybrid ETF.

"**Position Risk Factors**" are the percentages applied to principal positions as specified in Tables A5.1.1, A5.1.2, A5.1.3 and A5.1.7 of Annexure 5 to this Schedule 1A.

"**Position Risk Requirement**" is the absolute sum of the position risk amounts for a Market Participant's:

(a) Equity and Equity Derivative positions calculated in accordance with Parts A3.1 to A3.9 of Annexure 3 to this Schedule 1A;

(b) Debt Instrument and Debt Derivative positions calculated in accordance with Parts A3.10 to A3.17 of Annexure 3 to this Schedule 1A; and

(c) foreign exchange and Foreign Exchange Derivative positions calculated in accordance with Parts A3.18 to A3.22 of Annexure 3 to this Schedule 1A.

"**Positive Credit Exposure**" means an exposure to a Counterparty such that if the Counterparty were to default on its obligations under:

(a) an individual transaction; or

(b) to the extent allowed by Schedule 1A, a group of transactions, contracts, arrangements or agreements,

the Market Participant may incur a financial loss.

"**Preference Share**" means a preference share that is redeemable solely at the request of the Market Participant.

"**Primary Margin Requirement**" means the amount which a Market Participant lodges or is notionally required to lodge as a deposit to cover potential daily worse case price movements in the relevant market, lodged in accordance with the rules of an exchange or clearing house

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against open positions registered in the name of the Market Participant on the exchange or clearing house.

"**Qualifying Debt Instruments**" means Debt Instruments that are:

(a) rated investment grade by at least two of the credit rating agencies recognised by the Australian Prudential Regulation Authority and specified in Table A5.1.5 in Annexure 5 to this Schedule 1A;

(b) rated investment grade by one credit rating agency recognised by the Australian Prudential Regulation Authority and specified in Table A5.1.5 in Annexure 5 to this Schedule 1A, and the issuer has its ordinary shares included in a Recognised Market Index;

(c) unrated but the Issuer of the Debt Instrument has its ordinary shares included in a Recognised Market Index and the Debt Instruments are reasonably deemed by the Market Participant to be of comparable investment quality to one or more of the categories of Qualifying Debt Instrument as described in this definition;

(d) issued by, or guaranteed by, Australian local governments and Australian public sector entities other than those which have corporate status or operate on a commercial basis;

(e) issued by, or fully guaranteed by, a non-OECD country's central government and central bank and which have a residual maturity of over one year and are denominated in local currency and funded by liabilities in the same currency;

(f) issued by or collaterised by claims on, an international agency or regional development bank including the International Monetary Fund, the International Bank for Reconstruction and Development, the Bank for International Settlements and the Asian Development Bank;

(g) issued, guaranteed, first endorsed or accepted by an Australian ADI or a bank incorporated within the OECD or a non-OECD bank accorded the same credit risk weight as an OECD bank by the Australian Prudential Regulation Authority provided that such instruments do not qualify as capital of the issuing institution;

(h) issued, guaranteed, endorsed or accepted by a non-OECD bank and which have a residual maturity of one year or less provided that such instruments do not qualify as capital of the issuing institution; or

(i) issued by or guaranteed by OECD country, State and regional governments and OECD public sector entities.

"**Recognised Market Index**" means an index specified in Table A5.1.6 in Annexure 5 to this Schedule 1A.

"**Related/Associated Person**" means:

(a) a partner, director, employee, officer or consultant of a Market Participant or of a company which is a partner of a Market Participant;

(b) a person who is a member of the Immediate Family of a person referred to in paragraph (a);

(c) the trustee of a Family Trust of a person referred to in paragraph (a);

(d) an entity which is:

(i) controlled by a person referred to in paragraphs (a), (b) or (c) or any of those persons acting together; or

(ii) a corporation in which a person referred to in paragraphs (a) or (b) is beneficially entitled to more than 50% of the issued capital;

(e) an entity which is the holding company, or which is controlled by the holding company, of a Market Participant or of a company which is a partner of a Market Participant;

(f) a person who is a Substantial holder of a Market Participant or of a company which is a partner of a Market Participant;

(g) an associate of a Market Participant (as defined in each section of Part 1.2, Division 2 of the Corporations Act) or of a company which is a partner of a Market Participant; and

(h) a lender who is a party to an Approved Subordinated Loan Deed or a related entity or associate of that lender.

"**Related/Associated Person Balance**" is an amount owing to the Market Participant by a person who is a Related/Associated Person of the Market Participant and excludes an amount owing as a result of:

(a) the deposit with, loans to or other amounts owing from an Approved Deposit Taking Institution;

(b) the deposit of funds as a margin or deposit with a person licensed to trade or clear Futures or Options to the extent that those funds relate to an open position; or

(c) a transaction in a Financial Instrument under Annexure 1 to this Schedule 1A which is made on terms no more favourable to the Related/Associated Person than those on which it would be reasonable to expect the Market Participant to make if it had entered into the transaction on an arm's length basis, but not including sundry fees, interest or similar amounts owing on such transactions; or

(d) brokerage or similar amounts owing that were reported or created less than 30 days previously and which arose as a result of a third party clearing arrangement entered in to with a Clearing Participant that is a Related/Associated Person of the Market Participant.

"**Securities Lending and Borrowing**" means any transaction undertaken by a Market Participant under an Equity or Debt Instrument lending or borrowing agreement, a repurchase or reverse repurchase agreement or an agreement for the sale and buyback of Equity or Debt Instruments.

"**Substantial holder**" means a person who has or would have a substantial holding if Part 6C of the Corporations Act applied to that corporation.

"**Swap**" means a transaction in which two counterparties agree to exchange streams of payments over time on a predetermined basis.

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"**Total Risk Requirement**" means the sum of:

(a) Operational Risk Requirement;

(b) Counterparty Risk Requirement;

(c) Large Exposure Risk Requirement;

(d) Position Risk Requirement;

(e) Underwriting Risk Requirement; and

(f) Non-Standard Risk Requirement,

however where an asset or liability is an Excluded Asset or Excluded Liability a risk requirement otherwise applicable under paragraphs (a) to (e) is not included.

"**Trading Day**" means a day on which a relevant exchange traded or over the counter market has been open for trading.

"**Underwriting**" means a commitment to take up Equity or Debt Instruments where others do not acquire or retain them under an underwriting agreement, sub underwriting agreement, or other similar agreement calculated using:

(a) the price stated in the Underwriting agreement; or

(b) in the case of new float where the price is not known, the indicative price, until the price is known.

"**Underwriting Risk Requirement**" is the absolute sum of the risk amounts calculated in accordance with Annexure 4 to this Schedule 1A.

Note: There is no penalty for this Rule.

S1A.1.2 Interpretation

(1) Schedule 1A must be interpreted and applied consistently across positions in the same Financial Instruments throughout a period covered by a return required under Part 9.2.

(2) References to dollar amounts are references to Australian dollar amounts.

(3) The Annexures to Schedule 1A form part of Schedule 1A and a reference to Schedule 1A in these Rules includes a reference to those Annexures.

Note: There is no penalty for this Rule.

Part S1A.2 Obligations of Market Participants

S1A.2.1 Core Capital, Liquid Capital and Total Risk Requirement

A Market Participant must ensure that its:

(a) Liquid Capital is at all times greater than its Total Risk Requirement; and

(b) Core Capital is at all times not less than $100,000, provided that in satisfying the requirement in paragraph (b), a Market Participant may satisfy the requirement in accordance with, and subject to, subrule S1A.2.4(8).

Maximum penalty: $1,000,000

S1A.2.3 Risk Requirements and Risk Amounts

(1) A Market Participant must calculate:

(a) its Operational Risk Requirement; and

(b) an operational risk amount, as the sum of:

(i) the amount of $100,000; and

(ii) 8% of the sum of the Market Participant's:

(A) Counterparty Risk Requirement;

(B) Position Risk Requirement; and

(C) Underwriting Risk Requirement.

(2) A Market Participant must calculate in accordance with Annexure 1 to this Schedule 1A:

(a) its Counterparty Risk Requirement; and

(b) a counterparty risk amount for each of its Positive Credit Exposures to a Counterparty for transactions in Financial Instruments referred in Annexure 1 to this Schedule 1A, except those transactions which relate to Excluded Assets.

(3) A Market Participant must calculate in accordance with Annexure 2 to this Schedule 1A:

(a) its Large Exposure Risk Requirement; and

(b) its large exposure risk amount for each:

(i) Counterparty; and

(ii) Equity Net Position and Debt Net Position relative to:

(A) Liquid Capital; and

(B) an issue or issuer.

(4) A Market Participant must calculate in accordance with Annexure 3 to this Schedule 1A:

(a) its Position Risk Requirement;

(b) a position risk amount for all positions in Financial Instruments, except those positions which are Excluded Assets; and

(c) a position risk amount for other assets and liabilities which are denominated in a currency other than Australian dollars except for those assets which are Excluded Assets.

(5) A Market Participant must calculate in accordance with Annexure 4 to this Schedule 1A:

(a) its Underwriting Risk Requirement; and

(b) an underwriting risk amount for each Underwriting.

(6) A Market Participant must calculate a Non-Standard Risk Requirement in accordance with Rule S1A.2.9.

Maximum penalty: $100,000

S1A.2.3A Authorisation

(1) A Market Participant must be authorised by ASIC in writing for each of the risk calculation methods it uses for the purposes of Rule S1A.2.3.

(2) An authorisation given by ASIC under subrule (1) will specify which risk calculation methods the Market Participant is authorised to use.

(3) A Market Participant must obtain an authorisation from ASIC under subrule (1) prior to the use of a particular risk calculation method.

(4) A Market Participant will only be authorised to use a particular risk calculation method under subrule (1) after having satisfactorily demonstrated its ability to calculate risk amounts under that method.

Maximum penalty: $100,000

S1A.2.4 Approved Subordinated Debt

(1) A Market Participant entering into a subordination arrangement may only include an amount owing under such an arrangement in its Liquid Capital if:

(a) the subordination arrangement has the prior approval of ASIC under subrules (2) and (3); and

(b) the amount is notified to and approved by ASIC prior to being drawn down under the subordination arrangement and complies with subrule (4) where relevant.

(2) ASIC will not approve a subordination arrangement unless in the opinion of ASIC:

(a) subject to subrule (6), the amount owing to the lender under the subordination arrangement will not be repaid until all other debts which the Market Participant owes to any other persons are repaid in full; and

(b) the obligation to pay any amount owing under the subordination arrangement is suspended if Rule S1A.2.1 is no longer complied with.

(3) ASIC will not approve a subordination arrangement unless the Market Participant has executed an Approved Subordinated Loan Deed in respect of the subordination arrangement.

(4) If a Market Participant is a partnership which has entered into an approved subordination arrangement under subrules (2) and (3) and there is a change in the composition of the Market Participant, then an amount owing under the previously approved subordination

arrangement must not be included in its Liquid Capital unless ASIC is of the opinion that this arrangement has been renewed or amended so as to ensure that all partners after the change in composition are bound by it.

(5) A Market Participant must comply with the terms of the Approved Subordinated Loan Deed and any associated agreement to which it, ASIC, and the lender are parties and must ensure the lender's compliance with these documents.

(6) Prior to its Bankruptcy, a Market Participant may repay an amount owing under an approved subordination arrangement only with the prior approval of ASIC.

(7) ASIC will not withhold its approval under subrule (6) if in the opinion of ASIC:

(a) the Market Participant's Liquid Capital divided by its Total Risk Requirement is capable of continuing to be greater than 1.2 on repayment; and

(b) the Market Participant's Core Capital is capable of continuing to be equal to or greater than the amount required under Rule S1A.2.1 when Approved Subordinated Debt is included under subrule (8).

(8) If a Market Participant does not hold sufficient Core Capital under paragraph S1A.2.1(b), then it may with the prior approval of ASIC include amounts owing under an approved subordination arrangement in calculating Core Capital for a 6 month period commencing on the date that the Market Participant first does not hold sufficient Core Capital.

(9) In forming an opinion as to whether a Market Participant is capable of continuing to meet the requirements in paragraphs (7)(a) and (b), ASIC may consider matters such as:

(a) the state of the overall market and the trend of the individual Market Participant's share of that market;

(b) the ability of the Market Participant to continue as a going concern for a period that may exceed 30 days;

(c) any waivers that exist at the time of the request; and

(d) the existence of any outstanding litigation.

Maximum penalty: $100,000

S1A.2.4A Excluded Assets

(1) Subject to subrule (2), where a Market Participant has an asset due from one entity (which would ordinarily be treated as an Excluded Asset) which is linked to an offsetting liability payable to another entity, the Market Participant may net the asset and liability so that only the net amount (if positive) is reported as an Excluded Asset.

(2) The Market Participant may only net an asset with a liability and report the net amount as an Excluded Asset under subrule (1) if the Market Participant:

(a) has obtained written authorisation from ASIC for the purposes of this Rule;

(b) has a documented, legally binding contract or agreement with the Counterparty to the liability that specifies that the liability cannot be enforced unless the asset is realised;

(c) continues to report the asset and liability on a gross basis in the balance sheet section of the Monthly Risk-Based Return or alternative form of return required by Rule 9.2.3;

(d) reports the net amount as an "Other Prescribed Asset" in the "Core Capital, Liquid Capital, Liquid Margin and Ratio" section of the Monthly Risk-Based Return or alternative form of return required by Rule 9.2.3; and

(e) includes the following details in the "Additional Comments" section of the Monthly Risk-Based Return or alternative form of return required by Rule 9.2.3:

The following assets and liabilities have been netted for the purpose of calculating the amount included in the Excluded Asset "other prescribed asset" line of the "Core Capital, Liquid Capital, Liquid Margin and Ratio" section of the capital liquidity return.

Asset—*describe the nature of the asset/s* $

less Liability—*describe the nature of the liability/s* $( )

Excluded Asset—other prescribed asset $ net amount

(3) A Market Participant must treat the following amounts as Excluded Assets if they remain outstanding for greater than 30 calendar days:

(a) Underwriting fees;

(b) fees due for managing a client portfolio;

(c) corporate advisory fees; and

(d) other sundry debtors.

Note: There is no penalty for this Rule.

S1A.2.5 Redeemable Preference Shares

(1) A Market Participant must not redeem any redeemable Preference Shares issued by it in whole or in part without the prior written approval of ASIC.

(2) ASIC will not withhold its approval under subrule (1) if in the opinion of ASIC the Market Participant's Liquid Capital divided by its Total Risk Requirement is capable of continuing to be greater than 1.2 on redemption.

(3) In forming an opinion as to whether a Market Participant is capable of continuing to meet the requirement in subrule (2), ASIC may consider matters such as:

(a) the state of the overall market and the trend of the individual Market Participant's share of that market;

(b) the ability of the Market Participant to continue as a going concern for a period that may exceed 30 days;

(c) any waivers that exist at the time of the request; and

(d) the existence of any outstanding litigation.

Maximum penalty: $100,000

S1A.2.6 Guarantees and Indemnities

(1) A Market Participant may only give a guarantee or indemnity:

(a) for the purposes of these Rules, the ASX Operating Rules, the ASX Clear Operating Rules or the ASX Settlement Operating Rules;

(b) in the ordinary course of the conduct of its securities or derivatives business;

(c) outside the ordinary course of its securities or derivatives business if a maximum liability is specified in the guarantee or indemnity at the time it is entered into; or

(d) to settle legal proceedings that have been threatened or issued against it,

and must not give a cross-guarantee.

(2) For the purposes of paragraphs (1)(b) and (c), the expression "ordinary course of the conduct of its securities or derivatives business" includes, but is not limited to, a guarantee or indemnity given by a Market Participant to:

(a) a lessor for lease rental commitments on premises, computer equipment and other property, plant and equipment by the service company of the Market Participant where those premises and equipment are for use exclusively or predominantly by the Market Participant;

(b) financial institutions for withdrawal of funds by the Market Participant against uncleared cheques;

(c) ASIC to support the issuance of an Australian financial services licence to the Market Participant; and

(d) a lessor for lease rental payments on a residence for a member of staff, normally based overseas, who is temporarily located in Australia to perform their duties,

but would not normally include:

(e) charges, guarantees or indemnities given over the financial performance of a subsidiary or Related/Associated Person of the Market Participant such as a separately incorporated futures broker; and

(f) charges, guarantees or indemnities given to support Underwriting activities that are not booked in the Market Participant.

(3) A Market Participant that is a member of a consolidated group within the meaning of section 703-5 of the *Income Tax Assessment Act 1997* (Cth) must, when it first becomes a member of that group, report in the "Additional Comments" section of the next Monthly Risk-Based Return required by Rule 9.2.3:

(a) the date its group elected to become a consolidated group;

(b) the date it entered into a tax sharing agreement (if applicable);

(c) the date it entered into a tax funding agreement (if applicable); and

(d) any other information that may be relevant in assessing the Market Participant's financial position as a result of it being part of a consolidated group,

and any changes to these details must be reported in the "Additional Comments" section of subsequent Monthly Risk-Based Returns required by Rule 9.2.3.

Maximum penalty: $100,000

S1A.2.7 Records and Accounts

(1) A Market Participant must maintain records and working papers in sufficient detail to show continuous compliance with Rule S1A.2.1 for seven years.

(2) The records and working papers referred to in subrule (1) must, at a minimum:

(a) show the nature of the outstanding transactions and commitments for which the Market Participant was liable;

(b) disclose the financial position of the Market Participant at any point in time;

(c) detail and support the calculations required to quantify the Total Risk Requirement and demonstrate that the Market Participant was complying with the Risk Based Capital Requirements;

(d) permit the Market Participant to prepare a return required by these Rules using those records if so requested; and

(e) permit the Market Participant to reproduce a calculation of its Liquid Capital or Total Risk Requirement at the close of business on each day in the seven year period.

(3) A Market Participant must prepare its accounts and returns in accordance with accounting standards which are generally accepted in Australia, unless ASIC approves otherwise.

(4) A Market Participant must take any amounts arising from the marking-to-market of principal positions in Financial Instruments to the Market Participant's profit and loss account immediately and include those amounts in the Market Participant's overall accounting for taxation.

(5) A Market Participant must record a transaction in its accounts on the date on which it enters into an irrevocable commitment to carry out the transaction.

Maximum penalty: $100,000

S1A.2.8 Valuations and Foreign Currencies

(1) A Market Participant must mark to market each of its principal positions in Financial Instruments unless Schedule 1A provides otherwise:

(a) at least once every Business Day; and

(b) in the following manner:

(i) subject to subparagraphs (ii) to (v), a position must be valued at its closing market price:

(A) which is the current bid price for a long position; and

(B) which is the current offer price for a short position;

or at last price, closing price or mid price;

(ii) an Option or rights position may be valued using a value derived from an option pricing model approved by ASIC for use in the contingent loss matrix method;

(iii) an exchange traded Option position may be valued using the "fair value" published by a reputable independent information source, where the "fair value" source is used consistently across all exchange traded Option positions of the Market Participant at all times;

(iv) an Option or rights position which does not have a published market price under subparagraph (i) or which cannot be valued using an options pricing model under subparagraph (ii) or the "fair value" under subparagraph (iii) must be valued as follows:

(A) for a purchased Option or right, the In the Money amount multiplied by the quantity underlying the Option; and

(B) for a written Option, the sum of the In the Money amount multiplied by the quantity underlying the Option and the initial premium received for the Option;

(v) a Swap or a Forward Rate Agreement must be valued:

(A) having regard to the net present value of the future cash flows of the contract; and

(B) using current interest rates relevant to the periods in which the cash flows will arise.

(2) For the purposes of sub-subparagraph (1)(b)(iv)(B), if a written Option was In the Money at the time the contract was written, the In the Money amount for the purposes of this Rule may be taken to be the current In the Money amount less the In the Money amount at the time the contract was written.

(3) If a Market Participant holds a Financial Instrument denominated in a foreign currency then it:

(a) must calculate a risk amount for each risk type in that foreign currency; and

(b) convert the risk amount in paragraph (a) to Australian dollars at the Market Spot Exchange Rate,

in all cases other than where the Market Participant is calculating risk amounts for the purposes of Parts A3.18 to A3.22 of Annexure 3 to this Schedule 1A or where this Schedule 1A expressly provides otherwise.

Maximum penalty: $100,000

S1A.2.9 Unusual or Non-Standard Exposures

If a Market Participant has an exposure arising from a transaction which is not:

(a) specifically described in this Schedule 1A; or

(b) is not in a form which readily fits within this Schedule 1A,

the risk requirement of a Market Participant in relation to that exposure is the full market value of the transaction unless ASIC approves otherwise.

Note: There is penalty for this Rule.

S1A.2.9A Margin lending facilities

Where a Market Participant offers margin lending facilities to clients:

(a) the risk requirement for the exposure with respect to margin calls is:

(i) equal to 100% of the margin call that the Market Participant makes on a client, where that margin call has either not been paid by the client, or sufficient of the underlying securities have not been sold by the Market Participant to cover the margin call; and

(ii) applies from the time the margin payment was due; and

(b) where the client's actual gearing level exceeds the maximum permitted gearing level by more than 5%, the full amount needed to bring the loan balance back to the maximum permitted gearing level must be taken as the risk requirement for the exposure immediately, regardless of whether the Market Participant has made a margin call on the client.

Maximum penalty: $100,000

S1A.2.9B Hybrid ETFs

Where a Market Participant holds a principal position in a Hybrid ETF that contains a material percentage of assets other than physical Equity securities, physical Debt Instruments or property, the Market Participant must treat the position as a non-standard exposure and the risk requirement must be the full market value of the Hybrid ETF, unless ASIC approves otherwise.

Maximum penalty: $100,000

S1A.2.9C Other Managed Funds

Where a Market Participant has a principal position in an Other Managed Fund that contains a material percentage of assets other than physical Equity securities, physical Debt Instruments or property, the Market Participant must treat the principal position as a non-standard exposure and the risk requirement must be the full market value of the Other Managed Fund, unless ASIC approves otherwise.

Maximum penalty: $100,000

S1A.2.10 Underwriting Register

A Market Participant must maintain a register of its Underwritings which records:

(a) the date of commencement, crystallisation and termination of each Underwriting and the parties to each Underwriting;

(b) the identity, number and price of the Equities or Debt Instruments the subject of each Underwriting;

(c) the amount underwritten by the Market Participant under each Underwriting; and

(d) any reduction in the amount underwritten under each Underwriting due to an amount being:

(i) sub-underwritten; or

(ii) received under a client placement,

and the date that this reduction occurs.

Maximum penalty: $100,000

Schedule 1B: NTA requirements

Part S1B.1 Interpretation

S1B.1.1 Definitions

In this Schedule 1B and in Chapter 9, unless the context otherwise requires:

"**Approved Subordinated Debt**" means an amount owing by a Market Participant under a subordination arrangement which is approved by ASIC under Part S1B.8.

"**Approved Subordinated Loan Deed**" means, in respect of a subordination arrangement, a deed which:

(a) is executed by the lender, the Market Participant and ASIC under seal or by such equivalent method expressly recognised under the Corporations Act;

(b) sets out details of the terms governing any subordinated debt regulated by the subordination arrangement or identifies the document which does so;

(c) contains those provisions required by ASIC including without limitation, provisions to the effect that:

(i) alterations to the subordinated loan deed or the terms or details of any subordinated debt regulated by the subordination arrangement cannot be made unless the agreement of all parties is obtained and the variation is executed in the manner required under paragraph (a);

(ii) ASIC must be satisfied that the Market Participant has made adequate arrangements to ensure that the NTA Requirements will be complied with and will continue to be complied with upon the maturity date of any loan for a fixed term;

(iii) ASIC must be given full particulars of any debt to be regulated by the subordination arrangement under the subordinated loan deed prior to such debt being created; and

(iv) prior to the Bankruptcy of the Market Participant, repayment of any subordinated debt regulated by the subordination arrangement can only occur in accordance with Rules S1B.8.5 and S1B.8.6; and

(d) contains specific acknowledgment by the lender of the matters set out in paragraphs S1B.8.2(a) and S1B.8.2(b).

"**Bankruptcy**" means in respect of an entity:

(a) the entity becomes an externally administered body corporate within the meaning of the Corporations Act;

(b) the entity becomes an individual who is an insolvent under administration within the meaning of the Corporations Act;

(c) a person takes control of the entity's property for the benefit of the entity's creditors because the entity is, or is likely to become, insolvent;

(d) the entity enters into an arrangement, composition or compromise with, or assignment for the benefit of, all of its creditors or any class of them; or

(e) anything analogous to, or having a substantially similar effect to the events specified in paragraphs (a) to (d) happens to the entity under the laws of any applicable jurisdiction.

Note: There is no penalty for this rule.

S1B.1.2 Application

This Schedule 1B applies to a Market Participant that has elected to comply with the NTA Requirements under Rules 8.3.1 to 8.3.3.

Note: There is no penalty for this rule.

Part S1B.2 Meaning and calculation of Net Tangible Assets (NTA)

S1B.2.1 Calculating a Market Participant's NTA

In this Schedule 1B, the "**NTA**" of a Market Participant is calculated as the sum of the values of the assets (both non-current and current) owned by the Market Participant less the sum of any liabilities (secured and unsecured) attaching to those assets or to the Market Participant.

Note: There is no penalty for this rule.

S1B.2.2 Excluding items from calculation

In calculating the values of the assets for the purposes of Rule S1B.2.1 any value attributable to the following must be excluded:

(a) any future tax benefit, goodwill, patent, trademark, participation rights granted by the Market Operator or a Related Body Corporate, and any preliminary expense;

(b) any debt owed to the Market Participant which is disputed or may otherwise be regarded as doubtful; and

(c) any asset which is not capable of being realised within 12 months on a going concern basis.

Maximum penalty: $100,000

S1B.2.3 Calculating liabilities

In calculating the sum of the liabilities for the purposes of Rule S1B.2.1:

(a) the sum must include a provision for the Market Participant's estimated liability for income tax and long service leave; and

(b) the sum must exclude Approved Subordinated Debt.

Maximum penalty: $100,000

Part S1B.3 Minimum NTA requirement

S1B.3.1 Minimum NTA

A Market Participant must have at all times an NTA of at least $1,000,000.

Maximum penalty: $100,000

Part S1B.6 Records, accounts and returns

S1B.6.1 Market Participant must maintain records

Without limiting the Market Participant's obligations under Part 9.3, a Market Participant must maintain records and working papers in sufficient detail to show continuous compliance with this Schedule 1B for at least 7 years.

Maximum penalty: $100,000

Part S1B.8 Approved subordinated debt

S1B.8.1 Circumstances in which amounts owing under a subordination arrangement may be excluded from a Market Participant's liabilities

(1) A Market Participant entering into a subordination arrangement may only exclude an amount owing under such an arrangement from the sum of its liabilities for the purposes of calculating its NTA if:

(a) the subordination arrangement has the prior approval of ASIC under Rule S1B.8.2; and

(b) the amount is notified to and approved by ASIC prior to being drawn down under the subordination arrangement.

(2) ASIC will not approve an amount under paragraph (1)(b) if the Market Participant does not have at least $250,000 in paid-up capital.

(3) The maximum amount that ASIC will approve under paragraph (1)(b) is two times the amount of shareholders equity excluding Approved Subordinated Debt.

Maximum penalty: $100,000

S1B.8.2 Circumstances in which ASIC will not approve a subordination arrangement

ASIC will not approve a subordination arrangement unless in the opinion of ASIC:

(a) subject to Rule S1B.8.5, the amount owing to the lender under the subordination arrangement will not be repaid until all other debts which the Market Participant owes to any other persons are repaid in full; and

(b) the obligation to pay any amount owing under the subordination arrangement is suspended if Rule S1B.3.1 is no longer complied with.

Note: There is no penalty for this Rule

S1B.8.3 Execution of Approved Subordination Loan Deed

ASIC will not approve a subordination arrangement unless the Market Participant has executed an Approved Subordinated Loan Deed in respect of the subordination arrangement.

Note: There is no penalty for this Rule

S1B.8.4 Market Participant obligations

A Market Participant must comply with the terms of the Approved Subordinated Loan Deed and any associated agreement and must ensure the lender's compliance with these documents.

Maximum penalty: $100,000

S1B.8.5 Repayment of Amounts owing under an approved subordination arrangement

Prior to its Bankruptcy, a Market Participant may repay an amount owing under an approved subordination arrangement only with the prior approval of ASIC.

Maximum penalty: $100,000

S1B.8.6 Circumstances in which ASIC will not withhold its approval for repayment

ASIC will not withhold approval under Rule S1B.8.5 if in the opinion of ASIC the Market Participant's NTA is capable of continuing, on repayment, to be greater than 150% of the minimum required under Rule S1B.3.1 above.

Note: There is no penalty for this Rule.

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Annexure 1 to Schedule 1A: Counterparty Risk Requirement

Part A1.1 Counterparty Risk Requirement

A1.1.1 Nature of counterparty risk amount

(1) For each type of counterparty risk that gives rise to a Positive Credit Exposure, a counterparty risk amount:

(a) must be calculated in accordance with the methods set out in this Annexure 1; and

(b) may be reduced by a counterparty risk weighting in accordance with Part A1.8.

(2) For the purposes of subrule A1.2.2(1), a Positive Credit Exposure exists on a Client Balance regardless of whether the Client Balance is positive or negative.

A1.1.1A Treatment: Classical ETFs

(1) Subject to subrule (2), a Market Participant is not required to calculate a counterparty risk amount under this Annexure in relation to a subscription for or redemption of a unit in a Classical ETF.

(2) In the event of default in the settlement of a primary market transaction in Classical ETFs:

(a) in the case of a subscription for Classical ETF units, where the Market Participant transfers underlying securities and does not receive the corresponding Classical ETF units or some other cash consideration; or

(b) in the case of a redemption, where the Market Participant transfers Classical ETF units and does not receive the corresponding underlying securities, or some other cash consideration,

a counterparty risk amount must be calculated under the Free Delivery method from the time those assets or cash were due to be settled.

(3) A Market Participant is required to calculate a counterparty risk amount under this Annexure for all secondary market transactions in Classical ETF units.

A1.1.1B Treatment: Hybrid ETFs

(1) Subject to subrule (2), a Market Participant is not required to calculate a counterparty risk amount under this Annexure in relation to a subscription for or redemption of a unit in a Hybrid ETF.

(2) In the event of a default in the settlement of a primary market transaction in Hybrid ETFs:

(a) in the case of a subscription for Hybrid ETF units, where the Market Participant transfers cash and does not receive the corresponding Hybrid ETF units; or

(b) in the case of a redemption, where the Market Participant transfers Hybrid ETF units and does not receive the corresponding cash,

a counterparty risk amount must be calculated under the Free Delivery Method from the time those assets or cash were due to be settled.

(3) A Market Participant is required to calculate a counterparty risk amount under this Annexure for all secondary market transactions in Hybrid ETF units.

A1.1.1C Treatment: Other Managed Funds

A Market Participant is not required to calculate a counterparty risk amount under this Annexure in relation to a subscription for or redemption of a unit in an Other Managed Fund.

Part A1.2 Methods

A1.2.1 Overview

There are separate methods for measuring counterparty risk amounts for each of the following transaction types:

Table A1.1: Method for measuring counterparty risk: Transaction type

Transaction Type			
Non Margined Financial Instrument	Free Delivery		Securities Lending and Borrowing
Margined Financial Instrument	OTC Derivative or a Warrant held as principal	Sub Underwritten Position	

A1.2.2 Non-margined Financial Instruments method

(1) For unsettled trades in Financial Instruments which are not margined and not covered by one of the other methods in this Annexure, the counterparty risk amount is 3% of the Client Balance, where this balance does not include trades which remain unsettled with the Counterparty for greater than 10 Business Days following the transaction date and regardless of whether the Counterparty is issuer or participant sponsored.

(2) A Market Participant may reduce the Client Balance by the amount of Financial Instruments held by the Market Participant on behalf of the Counterparty if they specifically relate to the sale trades pending settlement with the market or by the amount of collateral held by the Market Participant on behalf of the specific Counterparty if:

(a) the collateral is Liquid and only to the extent that it is Liquid;

(b) the collateral is unrelated to a particular or specific transaction and is not the securities underlying the Counterparty's purchase;

(c) the collateral is under the control of the Market Participant, able to be accessed by the Market Participant without the approval of a third party and not otherwise encumbered;

(d) the collateral is valued at the mark to market value and offset on a transaction-by-transaction basis; and

(e) the collateral arrangement is evidenced in writing by a legally binding agreement between the Market Participant and the Counterparty in circumstances where:

(i) the Market Participant has established that the Counterparty and the persons signing the agreement have the legal capacity to enter into the agreement and provide the nominated collateral; and

(ii) the agreement provides for the Market Participant to deal with that collateral in the event that the client or Counterparty defaults on its settlement of the relevant transactions to recover any amounts owed to the Market Participant,

and the Market Participant may only apply such collateral in accordance with the conditions specified in the collateral agreement.

(3) For unsettled trades in Financial Instruments which are not margined and not covered by one of the other methods in this Annexure, the counterparty risk amount for trades remaining unsettled for greater than 10 Business Days following the transaction date is at the choice of the Market Participant:

(a) either:

(i) 3% of the contract value; or

(ii) the excess of:

(A) the contract value over the market value of each Financial Instrument in the case of a client purchase; and

(B) the market value of each Financial Instrument over the contract value in the case of a client sale,

whichever is the greater; or

(b) 100% of the contract value for a client purchase or 100% of the market value for a client sale.

(4) A Market Participant may reduce the contract values and the excesses by the amount of collateral held by the Market Participant on behalf of the Counterparty if:

(a) the collateral is Liquid and only to the extent that it is Liquid;

(b) the collateral is unrelated to a particular or specific transaction and is not the securities underlying the client purchase;

(c) the collateral is under the control of the Market Participant, able to be accessed by the Market Participant without the approval of a third party and not otherwise encumbered;

(d) the collateral is valued at the mark to market value and offset on a transaction by transaction basis; and

(e) the collateral arrangement is evidenced in writing by a legally binding agreement between the Market Participant and the Counterparty in circumstances where:

  (i) the Market Participant has established that the Counterparty and the persons signing the agreement have the legal capacity to enter into the agreement and provide the nominated collateral; and

  (ii) the agreement provides for the Market Participant to deal with that collateral in the event that the client or Counterparty defaults on its settlement of the relevant transactions to recover any amounts owed to the Market Participant,

and the Market Participant may only apply such collateral in accordance with the conditions specified in the collateral agreement.

(5) For the purposes of subrule (2), the Market Participant may:

(a) adjust the Client Balance with respect to a specific buy transaction, by removing from the Client Balance that portion of the contract value that is covered by client funds held in a cash management account, where the Market Participant has sole and unconditional control over those funds, where a Market Participant that has the ability to sweep a client's account to pay for purchases may only reduce the counterparty risk amount prior to the settlement date if:

  (i) the ability to sweep the client's account means that the funds are "locked" in favour of the Market Participant; or

  (ii) the funds are actually removed from the cash management account;

(b) reduce the Client Balance by an amount held in the Market Participant's trust account if that trust money is held in relation to the unsettled transaction or as otherwise agreed by the client; and

(c) remove the value of scrip which is the subject of a sale transaction from the Client Balance where the selling client has the scrip in a participant sponsored account and the Market Participant has either "locked" that scrip from the client or has strong internal controls to prevent that client recalling the scrip prior to settlement.

(6) For the purposes of subrule (3), where the security underlying the trade becomes subject to:

(a) a trading halt, the last market value is acceptable in calculating the counterparty risk amount; or

(b) a suspension, the market value should be taken as nil on the basis that the security is not Liquid.

(7) A Market Participant need not include credit amounts included in a Client Balance where such amounts represent an amount of cash held in the Market Participant's trust and/or segregated account.

(8) A Market Participant that has calculated a counterparty risk amount for an unsettled trade under this method is not required to treat or disclose any amounts calculated as Excluded Assets.

(9) This method does not apply to OTC Derivatives but does apply to warrants which also may be covered by the method in Rule A1.2.6.

(10) Without limitation, a Market Participant must calculate a counterparty risk amount under this method in relation to a non-margined Financial Instrument in the following circumstances:

(a) where the Market Participant has entered into an on-market purchase or sale transaction as agent for a client (including where the client is another Market Participant or a Clearing Participant which is trading as principal) and the Market Participant is the clearer for that transaction, the Market Participant must calculate a counterparty risk amount on its exposure to that client from the time that the trade is executed;

(b) where the Market Participant has entered into an on-market purchase or sale transaction as agent for a client (including where the client is another Market Participant or a Clearing Participant which is trading as principal) and the Market Participant is not the clearer for that transaction, the Market Participant must calculate a counterparty risk amount on its exposure to that client from the time that the clearer seeks recourse from the Market Participant for a client failing to settle its obligations with the Clearing Participant;

(c) where the Market Participant has entered into an on-market or off-market purchase or sale transaction as agent for two clients (including where either of the clients is another Market Participant or a Clearing Participant which is trading as principal) and the Market Participant is the clearer for that transaction, the Market Participant must calculate a counterparty risk amount on its exposure to the two clients from the time that the trade is executed;

(d) where the Market Participant has entered into an on-market or off-market purchase or sale transaction as agent for a client (including where the client is another Market Participant or a Clearing Participant which is trading as principal) and the Market Participant is acting as principal on one side of the transaction and the Market Participant is not the clearer for that transaction, the Market Participant must calculate:

(i) a counterparty risk amount on its exposure to its Clearing Participant from the time that the trade is executed until the clearer has settled; and

(ii) a counterparty risk amount on its exposure to the client from the time that the clearer seeks recourse from the Market Participant for a client failing to settle its obligations with the Clearing Participant.

(e) where the Market Participant has entered into:

(i) an on-market purchase or sale transaction as principal;

(ii) an off-market client facilitation; or

(iii) an off-market underwritten placement of existing shares via a book build, and does not clear its own trades, the Market Participant must calculate a counterparty risk amount on its exposure to its Clearing Participant from the time that the trade is executed until the clearer has settled;

(f) where the Market Participant acts as underwriter of an initial public offering or a placement of new shares, the Market Participant must calculate a counterparty risk amount on its exposure to each buying client from which it receives an application, from the time that the Market Participant pays the issuer until such time as the buying client pays the Market Participant;

(g) where the Market Participant executes an agency transaction in unlisted securities or through a foreign broker, the Market Participant must calculate a counterparty risk amount on its exposure to both Counterparties;

(h) where the Market Participant has trades sitting in a client suspense account, the Market Participant must treat each individual trade as a Client Balance and calculate a counterparty risk amount on each Client Balance, until the trade is actually booked to a client;

(i) where the Market Participant has amounts owing as a result of day trading losses, failed transactions fees or interest charged on failed trades, the Market Participant must include these amounts in the Client Balance and where the amount remains unsettled after 10 Business Days, the Market Participant must calculate a counterparty risk amount as 100% of the amount owing;

(j) where the Market Participant executes a transaction on behalf of another Market Participant or Clearing Participant which is trading as principal, then the executing participant must establish the entity that is trading as principal as a client and calculate a Client Balance for that entity;

(k) where the Market Participant executes a transaction on market with another Market Participant and the trade is removed from novation by the Market Participant and its Counterparty so that the Market Participant and its Counterparty can settle the trade directly or in another clearing house, the Market Participant must calculate a counterparty risk amount for its exposure to the Counterparty or the other clearing house;

(l) where the Market Participant executes a transaction that is reported to, but not registered with, the Approved Clearing Facility (and therefore not novated to the Approved Clearing Facility) and the transaction gives rise to a counterparty exposure for the Market Participant, the Market Participant must calculate a counterparty risk amount on its exposure to the Counterparty or client; and

(m) where a transaction:

(i) is executed in a deferred settlement market (where the normal settlement period is extended by the operator of the market for a particular security and the extension applies to all transactions in that security and all participants in that market); or

(ii) is a forward transaction (where the two parties to a transaction have agreed to a time for settlement that is later than the normal settlement period for that type of transaction), and the Market Participant:

(iii) clears its own trades, the Market Participant must calculate a counterparty risk amount from the time the transaction is executed until the time the transaction is settled, even if the time until settlement date is greater than 30 days;

(iv) is not the clearer for that transaction, the Market Participant must calculate a counterparty risk amount on its exposure to the client from the time that the clearer seeks recourse from the Market Participant for a client failing to settle its obligations with the Clearing Participant.

(11) For the purposes of determining a Client Balance when dealing with a Fund Manager, the Market Participant's Counterparty is determined as follows:

(a) if the Market Participant is immediately provided with the underlying client details by the Fund Manager, or if the Market Participant has a standing instruction for the underlying client details to be provided, the Market Participant must treat the underlying client as the Counterparty;

(b) if the Market Participant books trades directly to the Fund Manager or its nominee company and the Fund Manager does not provide details of the underlying client, the Market Participant is entitled to treat the Fund Manager as the Counterparty.

A1.2.3 Free Delivery method

(1) For a Free Delivery in a Financial Instrument, the counterparty risk amount for the Counterparty is:

(a) 8% of that part of the contract value subject to a Free Delivery, where payment or delivery of the Financial Instrument which is the subject of a Free Delivery remains outstanding for less than 2 Business Days following the settlement date; and

(b) 100% of that part of the contract value subject to a Free Delivery, where payment or delivery of the Financial Instrument remains outstanding for greater than 2 Business Days following the settlement date.

For the purposes this subrule, "settlement date" means the date that the Market Participant makes the Free Delivery (that is, the day that the Market Participant settles with the client or Counterparty) and not the market settlement date.

(2) A Market Participant may reduce the contract value by the amount of collateral held by the Market Participant on behalf of the Counterparty if:

(a) the collateral is Liquid and only to the extent that it is Liquid;

(b) the collateral is unrelated to a particular or specific transaction and is not the securities underlying the client purchase;

(c) the collateral is under the control of the Market Participant, able to be accessed by the Market Participant without the approval of a third party and not otherwise encumbered;

(d) the collateral is valued at the mark to market value and offset on a transaction by transaction basis; and

(e) the collateral arrangement is evidenced in writing by a legally binding agreement between the Market Participant and the Counterparty in circumstances where:

(i) the Market Participant has established that the Counterparty and the persons signing the agreement have the legal capacity to enter into the agreement and provide the nominated collateral; and

(ii) the agreement provides for the Market Participant to deal with that collateral in the event that the client or Counterparty defaults on its settlement of the relevant transactions to recover any amounts owed to the Market Participant,

and the Market Participant may only apply such collateral in accordance with the conditions specified in the collateral agreement.

(3) For the purposes of subrule (2), if the security lodged as collateral is subject to:

(a) a trading halt, the last market value may be used; and

(b) a suspension, the market value should be taken as nil on the basis that the security is not Liquid.

(4) Without limitation, the Market Participant must calculate a counterparty risk amount under this method where the Market Participant has applied for stock, allocation interest units or instalment receipts on behalf of clients and the stock, allocation interest units or instalment receipts are registered into the client's issuer or participant sponsored account prior to the client paying, from the time the Market Participant pays the issuer or issuer's agent until the time the client pays the Market Participant.

(5) Where a Market Participant makes a partial Free Delivery whereby:

(a) for a client purchase, the Market Participant delivers Financial Instruments to the client or Counterparty when the client or Counterparty has made a partial payment; or

(b) for a client sale, the Market Participant makes either full or part payment to the client or Counterparty when the client or Counterparty has not provided any or all of the particular Financial Instruments,

only the part of the contract value that the Market Participant has settled with the client or Counterparty but which the client or Counterparty has not yet settled with the Market Participant is included in the calculation under this method while the part of the contract value that the Market Participant has not yet settled with the client or Counterparty continues to form part of the Client Balance and continues to be subject to a counterparty risk amount under Rule A1.2.2.

A1.2.4 Securities Lending and Borrowing method

(1) For the purposes of this Rule, "**counterparty exposure**" means the amount by which the market value of Equity or Debt Instruments or cash given by the Market Participant to the Counterparty exceeds the market value of Equity or Debt Instruments or cash received by the Market Participant from the Counterparty.

(2) Counterparty exposure may be calculated on a net basis where the relevant transactions are subject to a written agreement that supports netting across different transactions.

(3) For a Securities Lending and Borrowing transaction, the counterparty risk amount for a Counterparty, from the transaction date is:

(a) zero, if across all Counterparties to Securities Lending and Borrowing transactions, the sum of each positive counterparty exposure is less than or equal to $10,000;

(b) either:

(i) 8% of the counterparty exposure, where:

(A) the Securities Lending and Borrowing is subject to a written agreement that supports netting across different transactions; and

(B) the value of the counterparty exposure is less than or equal to 15% of the market value of Equity or Debt Instruments or cash received by the Market Participant from the Counterparty; or

(ii) 8% of the amount equivalent to 15% of the market value of the Equity or Debt Instruments or cash received by the Market Participant from the Counterparty plus 100% of the amount of the difference between the counterparty exposure and 15% of the market value of Equity or Debt Instruments or cash received by the Market Participant from the Counterparty, where:

(A) the Securities Lending and Borrowing is subject to a written agreement that supports netting across different transactions; and

(B) the value of the counterparty exposure is greater than 15% of the market value of the Equity or Debt Instruments or cash received by the Market Participant from the Counterparty; or

(c) 100% of the counterparty exposure, if:

(i) paragraph (a) and paragraph (b) do not apply; or

(ii) if paragraph (b) does apply but the Market Participant elects to calculate the amount under this paragraph (c).

(4) For the purposes of this Rule, in determining the market value of securities given or received by the Market Participant, if the securities are subject to:

(a) a trading halt, the last market value may be used; and

(b) a suspension, the market value should be taken as nil on the basis that the security is not Liquid.

A1.2.5 Margined Financial Instruments method

(1) For trades in Financial Instruments which are margined, the counterparty risk amount for a Counterparty:

(a) is the full value of the outstanding settlement amount, premium, deposit or margin call that the Counterparty is required to pay to the Market Participant, regardless of whether or not the Market Participant is required to pay that amount to an exchange, clearing house or other entity;

(b) is the full value of the outstanding settlement amount, premium, deposit or margin call that is due from an entity with respect to client or house trades cleared by that entity; and

(c) commences at the time that amounts are normally scheduled for payment to the relevant exchange or clearing house.

(2) A Market Participant may reduce the unpaid settlement amount, premium, deposit or margin call by the amount of cash paid by the Counterparty or collateral held by the Market Participant on behalf of the Counterparty if:

(a) the collateral is Liquid and only to the extent that it is Liquid;

(b) the collateral is unrelated to a particular or specific transaction and is different to any cash or collateral paid to the relevant exchange or clearing house in respect to specific transactions;

(c) the collateral is under the control of the Market Participant, able to be accessed by the Market Participant without the approval of a third party and not otherwise encumbered;

(d) the collateral is valued at the mark to market value; and

(e) the collateral arrangement is evidenced in writing by a legally binding agreement between the Market Participant and the client or Counterparty in circumstances where:

(i) the Market Participant has established that the client or Counterparty and the persons signing the agreement have the legal capacity to enter into the agreement and provide the nominated collateral; and

(ii) the agreement provides for the Market Participant to deal with that collateral in the event that the client or Counterparty defaults on its settlement of the relevant transactions to recover any amounts owed to the Market Participant,

and the Market Participant may only apply such collateral in accordance with the conditions specified in the collateral agreement.

(3) For the purposes of paragraph (1)(a):

(a) the obligation to calculate a risk amount for amounts owing from “normal agency clients” excluding other participants in the relevant market will be deemed to be from the time that amounts are normally scheduled for payment to the relevant exchange or clearing house, regardless of whether the Market Participant actually has to make a payment to the exchange or clearing house; and

(b) the obligation to calculate a risk amount for amounts owing from other participants in the relevant market will be deemed to be from the close of business on the day the payment is due to be received.

(4) For the purposes of paragraph (1)(b), where a Market Participant undertakes a trade as principal in an exchange traded Derivatives and does not clear its own trades, the Market Participant must calculate a counterparty risk amount on its exposure to its Clearing

Participant under this method that will equal the amount owed to the Market Participant by the clearer and will apply from close of business on the day the payment is due until the clearer has paid.

(5) For the purposes of subrule (2), if the security lodged as collateral is subject to:

(a) a trading halt, the last market value may be used; or

(b) a suspension, the market value should be taken as nil on the basis that the security is not Liquid.

A1.2.6 OTC Derivatives and Warrants executed as principal method

(1) For an OTC Derivative or warrant held as principal, the counterparty risk amount for a Counterparty is:

(a) zero, for a written Option position where the premium due has been received in full;

(b) 100% of the premium for a written Option position where the premium due has not been received, from the time the Option is dealt until the premium is paid; and

(c) otherwise, 8% of the aggregate of the credit equivalent amount which is calculated as the sum of:

(i) a current credit exposure being the mark to market valuation of all contracts with a Positive Credit Exposure; and

(ii) a potential credit exposure being the product of the absolute value of a contract's nominal, notional or actual principal amount and the applicable potential credit exposure factor specified in Table A5.2.2 in Annexure 5 to Schedule 1A.

(2) A Market Participant may reduce the premium or credit equivalent amount by the amount of collateral held by the Market Participant on behalf of the Counterparty if:

(a) the collateral is Liquid and only to the extent that it is Liquid;

(b) the collateral is unrelated to a particular or specific transaction;

(c) the collateral is under the control of the Market Participant, able to be accessed by the Market Participant without the approval of a third party and not otherwise encumbered;

(d) the collateral is valued at the mark to market value and where paragraph (1)(c) applies is deducted from the credit equivalent amount before multiplying the amount by 8%; and

(e) the collateral arrangement is evidenced in writing by a legally binding agreement between the Market Participant and the Counterparty in circumstances where:

(i) the Market Participant has established that the Counterparty and the persons signing the agreement have the legal capacity to enter into the agreement and provide the nominated collateral; and

(ii) the agreement provides for the Market Participant to deal with that collateral in the event that the Counterparty defaults on its settlement of the relevant transactions to recover any amounts owed to the Market Participant, and the Market Participant may only apply such collateral in accordance with the conditions specified in the collateral agreement.

(3) For the purposes of subrule (2), if the security lodged as collateral is subject to:

(a) a trading halt, the last market value may be used; or

(b) a suspension, the market value should be taken as nil on the basis that the security is not Liquid.

(4) For the purposes of calculating a current credit exposure under subparagraph (1)(c)(i):

(a) subject to paragraph (b), a calculation of a current credit exposure must be done on a transaction by transaction and Counterparty by Counterparty basis;

(b) where the Market Participant has more than one transaction of the same type with the same Counterparty, the Market Participant may net the positive and negative current credit exposures on those transactions, provided that:

(i) the Market Participant has a legally binding and enforceable netting agreement with the Counterparty that covers the relevant transactions; and

(ii) if, after netting, the current credit exposure to the Counterparty is negative, the Market Participant must calculate the current credit exposure as zero for the purpose of calculating the counterparty risk amount;

(c) the Market Participant may only net the positive and negative current credit exposures arising from transactions denominated in different currencies, where the netting agreement referred to in subparagraph (b)(i) allows for multi-currency netting;

(d) "**mark to market valuation**" means the market value for OTC Derivatives such as Options and warrants and the market to market gain/loss for OTC Derivatives where payments to/from the parties are based on changes in the price of the underlying product (for example, Swaps, forward foreign exchange); and

(e) in the case of a warrant transaction:

(i) if the warrant is subject to a trading halt (due to the underlying security being subject to a trading halt), the last market value may be used;

(ii) if the warrant is subject to suspension, the warrant should be treated as an Excluded Asset on the basis that it is not Liquid.

(5) For the purposes of calculating a potential credit exposure under subparagraph (1)(c)(ii):

(a) a potential credit exposure must be calculated on every transaction, including those transactions with a negative or zero current credit exposure;

(b) the potential credit exposures must not be netted; and

(c) in the case of an equity Option or warrant, the notional face value is the underlying number of shares multiplied by the strike price.

(6) For the purposes of subrule (1), "as principal" includes where the Market Participant enters into an off market facilitation role whereby the Market Participant "purchases" the

Derivatives contract from client A and "sells" it to client B and neither client A nor B are aware of the identity of the other.

(7) A Market Participant must calculate a counterparty risk amount under this method for transactions in OTC Derivatives and warrants including, but not limited to, transactions in:

(a) interest rate Options;

(b) foreign currency Options;

(c) single-currency interest rate Swaps;

(d) cross-currency interest rate Swaps;

(e) basis Swaps;

(f) Forward Rate Agreements; and

(g) forward foreign exchange contracts,

but is not required to calculate a counterparty risk amount under this method for transactions in foreign exchange contracts with an original maturity of 14 calendar days or less.

A1.2.7 Sub Underwritten Positions method

There is no Sub Underwritten Positions method at this time.

A1.2.8 Counterparty risk weighting

(1) Subject to subrules (2) to (6), a Market Participant may choose to calculate its counterparty risk amount in relation to a Counterparty as the counterparty risk amount calculated in accordance with Rules A1.2.2 to A1.2.7 multiplied by the counterparty risk weighting applicable for that Counterparty specified in Table A5.2.1 in Annexure 5 to Schedule 1A.

(2) A Market Participant can only calculate its counterparty risk amount for a Counterparty in accordance with subrule (1) above if it calculates the counterparty risk amount in this manner for that Counterparty consistently across all methods within this Annexure 1.

(3) For the purposes of calculating the counterparty risk amount in relation to a Counterparty that the Market Participant has classified as an Approved Institution under paragraph (a) of the definition of Approved Institution and that is a subsidiary or member of a group of companies or funds, the Market Participant may only apply the counterparty risk weighting for Approved Institutions specified in Table A5.2.1 in Annexure 5 to Schedule 1A to that counterparty risk amount where:

(a) the requirements of paragraph (a) of the definition of Approved Institution are met in relation to the individual subsidiary or member of the group (that is, the individual subsidiary or member must have net assets greater than $30 million);

(b) the Market Participant has a copy of the individual subsidiary or members' balance sheet that demonstrates that the individual subsidiary or member meets the requirements of paragraph (a); and

(c) after the documentation is first obtained by the Market Participant for the purposes of paragraph (b) the Market Participant reconfirms the classification of the Counterparty as an Approved Institution on an annual basis.

(4) For the purposes of calculating the counterparty risk amount in relation to a Counterparty that the Market Participant has classified as an Approved Institution under paragraph (b) of the definition of Approved Institution, the Market Participant may only apply the counterparty risk weighting for Approved Institutions specified in Table A5.2.1 in Annexure 5 to Schedule 1A to that counterparty risk amount where:

(a) the Market Participant has records demonstrating that the Counterparty is in fact regulated by a Recognised non-European Union Regulator or a Recognised European Union Regulator as specified in Tables A5.3.1 and A5.3.2 in Annexure 5 to Schedule 1A and that the Counterparty's ordinary business is the purchase and sale of Financial Instruments; and

(b) after the documentation is first obtained by the Market Participant for the purposes of paragraph (a) the Market Participant reconfirms the classification of the Counterparty as an Approved Institution on an annual basis.

(5) Where:

(a) an exposure to a Counterparty has been guaranteed by an Approved Deposit Taking Institution; and

(b) the guarantee referred to in paragraph (a) is provided to the Market Participant performing the counterparty risk calculation in writing and provides for direct, explicit, irrevocable and unequivocal recourse to the guarantor,

a counterparty risk weighting of 20% may be applied to the part of the exposure that is covered by the guarantee (the remainder, if any, must be weighted according to the risk weighting of the Counterparty).

(6) Subrule (5) does not apply to indirect guarantees (for example, a guarantee of a guarantee) and letters of comfort.

Annexure 2 to Schedule 1A: Large exposure risk requirement

Part A2.1 Counterparty large exposure risk requirement

A2.1.1 Nature of counterparty large exposure risk amount

The counterparty large exposure risk amount is the absolute sum of the individual counterparty large exposure risk amounts calculated using the method of calculation set out in this Annexure 2.

A2.1.2 Method

(1) The counterparty large exposure amount is:

(a) zero, if there are no exposures to a Counterparty in respect of transactions at the times specified in Table A2.1;

(b) zero, if there are aggregate exposures to a Counterparty in respect of transactions at the times specified in Table A2.1 and where these aggregate exposures are less than or equal to 10% of the Market Participant's Liquid Capital; or

(c) 100% of the counterparty risk amount for the exposure calculated in accordance with Annexure 1 to Schedule 1A, if there are aggregate exposures to a Counterparty in respect of transactions referred to in column 1 of Table A2.1 at the times specified in column 3 of Table A2.1 and where these aggregate exposures are greater than 10% of the Market Participant's Liquid Capital.

Table A2.1: Aggregate exposure to Counterparty by transaction type

Transaction Type	Subject to counterparty large exposure	Time of Exposure	Reference in Annexure 1
Non-Margined Financial Instrument	Yes	Greater than 10 Business Days after transaction date	Subrule A1.2.2(3)
Free Delivery	No	N/A	N/A
Securities Lending and Borrowing	Yes	Date the transaction is due to be closed out (that is, the day the Counterparty is scheduled to return the Market Participant's cash and/or securities and has failed to do so)	Rule A1.2.4
Margined Financial Instrument	Yes	24 hours after the time that amounts are normally scheduled for payment to the relevant exchange or clearing house	Rule A1.2.5

Transaction Type	Subject to counterparty large exposure	Time of Exposure	Reference in Annexure 1
OTC Derivative or Warrant held as principal	Yes	Date any payment or delivery is due under the transaction	Rule A1.2.6
Sub Underwritten Positions	No	N/A	N/A

(2) The counterparty large exposure risk amount calculated in respect of a transaction cannot exceed the maximum loss for that transaction.

(3) For the purposes of subrule (2), the maximum loss for:

(a) an agency purchase transaction in non-margined Financial Instruments is the contract value;

(b) an agency sale transaction in non-margined Financial Instruments is deemed to be the market value;

(c) a Securities Lending and Borrowing transaction is deemed to be the counterparty exposure calculated as the difference between the market value of securities or cash given by the Market Participant to the Counterparty and the market value of securities or cash received by the Market Participant from the Counterparty;

(d) for transactions in margined Financial Instruments is deemed to be the outstanding settlement amount, premium, deposit or margin call that is owed to the Market Participant

(e) for an OTC Derivative transaction in a written Option position is the full value of the premium owed to the Market Participant;

(f) for a transaction in a purchased Option or other OTC Derivative position is deemed to be the current credit exposure calculated under subparagraph A1.2.6(1)(c)(i), where the current credit exposure is recalculated on a daily basis while the transaction remains outstanding.

(4) To calculate aggregate exposures to a Counterparty, a Market Participant must:

(a) aggregate exposures to persons forming part of a Group of Connected Persons; and

(b) not include exposures other than Positive Credit Exposures specified in Table A2.1.

Part A2.2 Issuer large exposure risk requirement

A2.2.1 Nature of an issuer large exposure risk amount

The issuer large exposure risk amount is the absolute sum of the individual issuer large exposure risk amounts calculated from the transaction date using the method of calculation set out in this Annexure 2.

A2.2.2 Overview

(1) The issuer large exposure risk amount for an issuer is subject to two tests, measuring the net position relative to Liquid Capital and relative to the issuer.

(2) In calculating the issuer large exposure amounts for exposures to:

(a) equity positions, the method set out in Rule A2.3.1 applies;

(b) debt positions, the method set out in Rule A2.3.2 applies; and

(c) both equity positions and debt positions where no risk amount arises under Rule A2.3.1 or Rule A2.3.2, the method set out in Rule A2.3.3 applies.

(3) The methods referred to in subrule (2) are summarised in the Tables below:

Table A2.2: Issuer Large Exposure—Equity Positions

	Equity Method				
	Compared to Liquid Capital		**Compared to Issue**		**Risk amount**
Equity Net Position from transaction date	If equity net position is ≤25%, is a risk amount required? No	If equity net position is >25%, is a risk amount required? Yes (a)	If equity net position is ≤5%, is a risk amount required? No	If equity net position is >5%, is a risk amount required? Yes (b)	Take the greater of (a) and (b)

Table A2.3: Issuer Large Exposure—Debt Positions

	Debt Method				
	Compared to Liquid Capital		**Compared to Issue**		**Risk amount**
Debt Net Position from transaction date	If debt net position is ≤25%, is a risk amount required? No	If debt net position is >25%, is a risk amount required? Yes (a)	If debt net position is ≤10%, is a risk amount required? No	If debt net position is >10%, is a risk amount required? Yes (b)	Take the greater of (a) and (b)

Table A2.4: Issuer Large Exposure—Equity and Debt Positions

	Equity and Debt Method		
	Compared to Liquid Capital only		**Risk amount**
Equity Net Position and Debt Net Position from transaction date	If equity net position and debt net position is ≤25%, is a risk amount required? No	If equity net position and debt net position is >25%, is a risk amount required? Yes (c), but only if a zero amount has been calculated in Table A2.2 or Table A2.3	Take (c)

A2.2.3 Application

(1) An issuer large exposure risk amount does not arise in relation to:

(a) a Financial Instrument whose value is based on Government Debt Instrument or an interest rate;

(b) a Forward Rate Agreement;

(c) an interest rate or currency Swap;

(d) an interest rate leg of an equity Swap; and

(e) a Future on an index, an equity Swap based on an index or any other index-linked Derivative where that Future, equity Swap or index-linked Derivative is not broken down into its constituent positions by a Market Participant for the purposes of calculating a position risk amount.

(2) An issuer large exposure risk amount must be calculated in the following manner:

(a) the Equity leg of an equity Swap the value of which is based on the change in value of an individual Equity is treated as an exposure to the issuer of the Equity for the face value of the equity leg of the equity Swap;

(b) a Future or forward contract over:

(i) a Debt Instrument other than a Government Debt Instrument; or

(ii) an Equity,

is treated as an exposure to the underlying issuer for the face value of the Future or forward contract;

(c) a Future on an index, an equity Swap based on an index or any other index-linked Derivative (including a Classical ETF) where that Future, equity Swap or index-linked derivative is broken down into its constituent positions by a Market Participant for the purposes of calculating a position risk amount, is treated as an exposure to each underlying constituent position; and

(d) an Option or right over a Financial Instrument (other than a Financial Instrument referred to in subrule (1) above) is treated as an exposure at:

(i) the full value of the underlying position;

(ii) the delta weighted value of the underlying instrument generated by a model approved by ASIC under the contingent loss matrix method; or

(iii) the delta weighted value of the underlying instrument where a delta is published by a relevant exchange, clearing house or an independent market information source.

(3) Where a Market Participant has positions in Hybrid ETFs or Other Managed Funds:

(a) only the test against Liquid Capital (under subrule A2.3.1(2), A2.3.2(3) or A2.3.3(2)) needs to be applied to those positions; and,

(b) the test against Liquid Capital must be applied separately for each different Hybrid ETF or Other Managed Fund issued by the same issuer.

(4) Where a Market Participant:

(a) is not an active trader in bank bills;

(b) holds bank bills as a passive investment, with the intention that the bank bills be held to maturity; and

(c) calculates the position risk amount under subrule A3.11.2(3) as the face value of the bills multiplied by the appropriate standard method Position Risk Factor,

the Market Participant may also calculate its issuer large exposure risk amount for its position in bank bills using the face value of the bills.

(5) A delta weighted value under paragraph (2)(d) may be offset against the corresponding underlying instrument in calculating an Equity Net Position or Debt Net Position under Rules A2.3.1, A2.3.2 and A2.3.3.

Part A2.3 Methods

A2.3.1 Equity method

(1) A Market Participant's issuer large exposure risk amount in relation to an issuer is the greater of the following amounts:

(a) the risk amount calculated by comparing the Equity Net Position to Liquid Capital under subrule (2); and

(b) the risk amount/s calculated by comparing the Equity Net Position to the issue/s under subrule (3).

(2) If the absolute value of an Equity Net Position to an Issuer is greater than 25% of the Market Participant's Liquid Capital the risk amount is:

(a) 12% for each single Equity in a Recognised Market Index; and

(b) 16% for any other single Equity, of the amount in excess of 25% of Liquid Capital.

(3) If the absolute value of an Equity Net Position to an Individual Issue/s is greater than 5% of that issue, the risk amount/s is:

(a) 12% for each single Equity in a Recognised Market Index; and

(b) 16% for any other single Equity, of the amount in excess of 5% of the issue/s.

(4) For the purposes of subrule (2):

(a) "**Issuer**" means:

(i) in the case of principal positions in physical Equity securities, the entity that has issued those securities; and

(ii) in the case of Derivative positions, means the entity that has issued the securities underlying the Derivatives position and does not mean the Counterparty to the Derivative transaction; and

(b) the Equity Net Position to a particular Issuer is the aggregate of all Equity Net Positions for different issues of securities issued by that Issuer where:

(i) the Equity Net Positions relate to particular underlying instruments issued by a single Issuer (for example, ordinary shares, Preference Shares); and

(ii) Equity Net Positions for different instruments issued by a single Issuer must not be offset when calculating the total Equity Net Position to that issuer.

(5) For the purposes of subrule (3), the instruments in column 1 of Table A2.5 are considered to comprise the "Individual Issue" for a particular Equity product referred to in column 2:

Table A2.5: Individual Issues

"Individual Issue"	Equity Product	"Individual Issue" Detail
Ordinary shares	Ordinary shares	Ordinary shares on issue, as published by an information source.
	Exchange traded Options (ETOs)	The ordinary shares underlying the ETO, as published by an information source.
	Exchange traded warrants	The ordinary shares underlying the exchange traded warrant, as published by an information source.
	Exchange traded convertible notes that are treated as an Equity position for the purposes of the position risk calculation	Ordinary shares on issue, as published by an information source.
	Classical ETF (which is broken down into its constituent positions)	Ordinary shares on issue for each company in the stock index on which the classical ETF is based, as published by an information source.
	Futures or forward contracts over ordinary shares	The ordinary shares underlying the Futures or forward contracts, as published by an information source.

"Individual Issue"	Equity Product	"Individual Issue" Detail
Ordinary shares or Preference shares (depends on underlying)	Over the counter (OTC) Options over physical shares	The ordinary shares or Preference Shares (as applicable) underlying the OTC Option, as published by an information source.
	Equity Swap	The ordinary shares or Preference Shares (as applicable) underlying the Equity Swap, as published by an information source.
Preference shares	Preference Shares	Preference Shares on issue, as published by an information source. Where a company has issued more than one series of Preference Shares, each series should be considered to be a separate "individual issue" (for example, ABC 7% Preference Shares and ABC 7.1% Preference Shares need to be considered separately).
Company issued option series	Company issued Options	Company issued Option "series", as published by an information source. Each company Option "series" will have different terms and conditions (for example, if ABC has issued company Options expiring on 31/1/05 with a strike of $1 as well as company Options expiring on 31/3/05 with a strike of $1, these are two different "series" and need to be considered separately).

A2.3.2 Debt method

(1) A Market Participant's issuer large exposure risk amount in relation to an issuer is the greater of the following amounts:

(a) the risk amount calculated by comparing the Debt Net Position to Liquid Capital under subrule (3); and

(b) the risk amount/s calculated by comparing the Debt Net Position to the issue/s under subrule (4).

(2) In calculating the issuer large exposure risk amount under this method:

(a) an individual issue refers to an individual series or tranche of an individual series issued by an individual issuer;

(b) long and short positions may be offset across series for the purposes of determining large exposure to an issuer; and

(c) a large exposure to an individual issuer is the sum of all series issued by that issuer.

(3) If the absolute value of a Debt Net Position to an issuer is greater than 25% of the Market Participant's Liquid Capital, the risk amount is:

(a) the relevant standard method Position Risk Factor specified in Table A5.1.2 in Annexure 5 to Schedule 1A multiplied by the amount in excess of 25%; and

(b) if more than one series is held, the Position Risk Factor for the longest dated instrument should be applied to the excess over 25%.

(4) If the absolute value of a Debt Net Position to an individual issue/s is greater than 10% of that issue, the risk amount/s is:

(a) the relevant standard method Position Risk Factor specified in Table A5.1.2 in Annexure 5 to Schedule 1A multiplied by the excess over 10%; and

(b) if more than one series is held, the risk amount is the aggregate of the risk amounts calculated under paragraph (a) for each individual series.

A2.3.3 Equity and Debt method

(1) A Market Participant's issuer large exposure risk amount in relation to an issuer is based on the absolute sum of the Equity Net Positions and Debt Net Positions.

(2) If the absolute sum of the Equity Net Positions and Debt Net Positions is greater than 25% of a Market Participant's Liquid Capital, then the risk amount is the relevant standard method Position Risk Factor specified in Table A5.1.1 or Table A5.1.2 in Annexure 5 to Schedule 1A multiplied by the excess over 25% according to the following:

(a) if the Equity Net Positions represent the greatest proportion of the aggregate Net Position, the standard method Position Risk Factor specified in Table A5.1.1 in Annexure 5 to Schedule 1A;

(b) if the Debt Net Positions represent the greatest proportion of the aggregate Net Position,

(i) the relevant standard method Position Risk Factor specified in Table A5.1.2 in Annexure 5 to Schedule 1A; and

(ii) if more than one series is held, the Position Risk Factor for the longest dated instrument; or

(c) if the Equity Net Position and Debt Net Positions are held in equal proportions, the greatest of the standard method Position Risk Factors specified in Tables A5.1.1 or A5.1.2 in Annexure 5 to Schedule 1A.

Annexure 3 to Schedule 1A: Position risk requirement

Part A3.1 Equity position risk amount

A3.1.1 Nature of equity position risk amount

The equity position risk amount in relation to a Market Participant's equity positions is the absolute sum of the individual position risk amounts for equity positions calculated for each country using the methods of calculation set out in this Annexure 3.

A3.1.2 Overview of methods

(1) The standard method and building block method are the two main methods for measuring the equity position risk amount. They are supplemented by other methods, the use of which largely depends on the Financial Instruments in which principal positions are taken.

(2) In calculating the equity position risk amount, the following methods must be used:

Table A3.1: Methods

Nature of Positions	Standard Method	Building Block Method	Contingent Loss Matrix Method	Margin Method	Basic Method	Arbitrage Method
Physical (not equity derivative)	Yes	Yes	Yes, in conjunction with positions in options	No	No	Yes, subject to certain condition
Non-option equity derivatives	Yes, if converted to equity equivalent positions	Yes, if converted to equity equivalent positions	Yes, in conjunction with positions in options	Yes, if exchange traded and margined and not calculated under any other method	No	Yes, if arising as a result of futures arbitrage strategy
Equity options	No	Yes, if satisfy relevant criteria and not permitted to use contingent loss matrix method	Yes. Pricing model must be approved by ASIC	Yes, if exchange traded and margined and not calculated under any other method	Yes, if not permitted to use contingent loss matrix method	No

(3) For the purposes of Parts A3.1 to A3.9, a right over an equity must be treated as an Option position.

A3.1.2A Equity position risk amount

Without limitation, a Market Participant must calculate an equity position risk amount under this Annexure 3 in the following circumstances:

(a) where the Market Participant has entered into an on-market purchase or sale transaction as principal, the Market Participant will be required to calculate an equity position risk amount unless the trade is done for the purposes of unwinding an existing principal position;

(b) where the Market Participant has entered into an off-market purchase or sale and acts as principal on one side of the transaction, the Market Participant will be required to calculate an equity position risk amount from the time that the trade is executed until the trade is sold to the client;

(c) where the Market Participant agrees to buy stock as principal from its client and then seeks to close its principal position by selling the stock to other clients (an off-market client facilitation), the Market Participant will be required to calculate an equity position risk amount on the long Equity position from the time the trade is executed until the position is sold to the other clients (a position risk amount will continue to be required on any part of the position that is not closed out), regardless of whether the client facilitation is fully completed within the day;

(d) where the Market Participant conducts an off market underwritten placement of existing shares via a book build, the Market Participant will be required to calculate an equity position risk amount from the time that the deadline for the placement is reached, for any shares that have not been sold to buying clients by that time, where the position risk amount is based on the "final" price for the placement;

(e) where the Market Participant acts as underwriter of an initial public offering or a placement of new shares, the Market Participant will be required to calculate an equity position risk amount from the time that the closing date for applications is reached, on any shortfall in applications as at that date, where for the purposes of calculating the position risk amount, the "cost" or "subscription" price should be taken as the market value of the securities prior to their listing and trading; and

(f) where the Market Participant has applied for stock, allocation interest units or instalment receipts on behalf of clients and the Market Participant has been given a Firm Allocation and there is a shortfall once the public offer closes, the Market Participant will be required to calculate an equity position risk amount on the shortfall from the date that the Market Participant has outlaid the funds or the date that the public offer closes, whichever is later.

A3.1.2B Treatment—Securities subject to a trading halt or suspension

Where a Market Participant holds a principal position in a security that is subject to:

(a) a trading halt, the position does not have to be treated as an Excluded Asset (where the position otherwise meets the definition of Liquid) and a position risk amount must be calculated; and

(b) suspension, the position must be treated as an Excluded Asset on the basis that the security is not Liquid.

A3.1.2C Treatment—Classical ETFs

A Market Participant must take the following into account when calculating a position risk amount for a principal position in Classical ETF units:

(a) there is no difference between the primary market and secondary market for the purposes of calculating position risk amounts;

(b) principal positions in Classical ETFs commence at T_0 and the underlying risk variable is the market price of the Classical ETF unit;

(c) the Equity Equivalent of the Classical ETF is set out in Rule A3.8.5;

(d) the Position Risk Factors to be applied are set out in Table A5.1.1 in Annexure 5 to Schedule 1A; and

(e) if the Market Participant is unlikely to be able to liquidate its position in a Classical ETF within 30 days, taking into account factors including the size of its position and the volume of that Classical ETF traded in the market, it must treat the position as an Excluded Asset and exclude the market value of that position from Liquid Capital.

A3.1.2D Treatment—Hybrid ETFs

A Market Participant must take the following into account when calculating a position risk amount for a principal position in units in a Hybrid ETF classified as Equities:

(a) there is no difference between the primary market and secondary market for the purposes of calculating position risk amounts;

(b) principal positions in Hybrid ETFs commence at T_0 and the underlying risk variable is the market price of the Hybrid ETF unit;

(c) a Hybrid ETF cannot be broken down into any notional positions in the underlying;

(d) the Position Risk Factors to be applied are set out in Table A5.1.1 in Annexure 5 to Schedule 1A; and

(e) if the Market Participant is unlikely to be able to liquidate its position in a Hybrid ETF within 30 days, taking into account factors including the size of its position and the volume of that Hybrid ETF traded in the market, it must treat the position as an Excluded Asset and exclude the market value of that position from Liquid Capital.

A3.1.2E Treatment—Other Managed Funds

A Market Participant must take the following into account when calculating a position risk amount for a principal position in units Other Managed Fund classified as Equities:

(a) principal positions in Other Managed Funds commence at T_0 and the underlying risk variable is the market price of the Other Managed Fund unit;

(b) the Other Managed Fund cannot be broken down into any notional positions in the underlying;

(c) the Position Risk Factors to be applied are set out in Table A5.1.1 in Annexure 5 to Schedule 1A;

(d) if the Market Participant is unlikely to be able to liquidate its position in an Other Managed Fund within 30 days, taking into account factors including the size of its position relative to the size of the fund, it must treat the position as an Excluded Asset and exclude the market value of that position from Liquid Capital; and

(e) if a daily price cannot be obtained and/or if the numbers of units on issue cannot be determined on a daily basis, the position must be treated as an Excluded Asset as it would not be possible to value the investment in accordance with the requirements of Rule S1A.2.8.

A3.1.2F Exchange traded CFDs

A Market Participant must take the following into account when calculating a position risk amount for a principal position in an exchange traded CFD classified as an Equity Derivative:

(a) principal positions in exchange traded CFDs commence at T_0;

(b) the Position Risk Factors to be applied are set out in Table A5.1.1 in Annexure 5 to Schedule 1A;

(c) if the Market Participant is unlikely to be able to liquidate its position in an exchange traded CFD within 30 days, taking into account factors including the size of its position and the volume of that exchange traded CFD traded in the market, it must treat that exchange traded CFD as an Excluded Asset and exclude the market value of that position from Liquid Capital.

Part A3.2 Standard method—Equity position risk

A3.2.1 Application

(1) Physical Equity positions may be included in the standard method.

(2) Equity Derivative positions other than Options may be included in the standard method if the positions are converted to Equity Equivalents according to Part A3.8.

(3) Equity Derivative positions which are Options may be included in the standard method only if they are purchased positions or if they are written positions which are exchange traded and subject to daily margin requirements and the purchased or written positions are:

(a) In the Money by at least the relevant standard method Position Risk Factor for the underlying position specified in Table A5.1.1 in Annexure 5 to Schedule 1A; and

(b) converted to Equity Equivalents according to Part A3.8.

If the above criteria are not met, the Options must be treated under one of the option methods set out in Parts A3.4, A3.5 and A3.6.

A3.2.2 Method

The position risk amount for equity positions to which the standard method is applied is the absolute sum of the product of individual Equity Net Positions at the mark to market value and the applicable Position Risk Factor specified in Table A5.1.1 in Annexure 5 to Schedule 1A.

Part A3.3 Building block method—Equity position risk

A3.3.1 Application

(1) Physical Equity and Equity Derivative positions may be included in the building block method if there are at least 5 long or 5 short Equity Net Positions in the one country and which are included in Recognised Market Indexes.

(2) Equity Derivative positions other than Options may be included in the building block method if the positions are converted to Equity Equivalents according to Part A3.8.

(3) Equity Derivative positions which are Options may be included in the building block method only if they are purchased positions or if they are written positions which are exchange traded and subject to daily margin requirements and the purchased or written positions are:

(a) In the Money by at least the relevant standard method Position Risk Factor for the underlying position specified in Table A5.1.1 in Annexure 5 to Schedule 1A; and

(b) converted to Equity Equivalents according to Part A3.8.

If the above criteria are not met, the Options must be treated under one of the option methods set out in Parts A3.4, A3.5 and A3.6.

A3.3.2 Method

(1) The position risk amount for equity positions to which the building block method is applied is the aggregate of a specific risk and a general risk amount for each Equity Net Position at the mark to market value.

(2) The specific risk amount is calculated as the aggregate of each Equity Net Position, multiplied by the relevant specific risk Position Risk Factor specified in Table A5.1.1 in Annexure 5 to Schedule 1A. The aggregate is calculated by reference to the absolute value of each Equity Net Position.

(3) The general risk amount is calculated by:

(a) multiplying each Equity Net Position by the relevant general risk Position Risk Factor specified in Table A5.1.1 in Annexure 5 to Schedule 1A; and

(b) aggregating the results of these calculations. In aggregating these calculations, positive and negative signs (that is, long and short positions respectively) may be offset in determining the aggregate number.

The absolute value of this aggregate number is the general risk amount.

Part A3.4 Contingent loss matrix method—Equity position risk

A3.4.1 Application

(1) Equity Derivative positions which are Options together with physical Equity and other Equity Derivative positions may be included in the contingent loss matrix method but only if used in conjunction with an option pricing model approved by ASIC and only if the Market Participant is able to mark to market the physical Equities and Equity Derivative positions.

(2) A Market Participant that applies to ASIC to be authorised to use the contingent loss matrix method must provide ASIC with:

(a) the technical specifications for its proposed pricing model;

(b) details concerning the parameters used in the proposed pricing model;

(c) details concerning the way in which the pricing model is integrated into the Market Participant's overall risk management systems; and

(d) details concerning the extent to which the Market Participant is able to automate the calculation of the contingent loss matrix.

(3) A Market Participant applying the contingent loss matrix method may use method 2 as set out in Rule A3.4.3 if there are 5 long or 5 short Equity Net Positions which are included in Recognised Market Indexes in any one country, otherwise it must use method 1 as set out in Rule A3.4.2.

A3.4.2 Method 1

(1) This method calculates the risk amount in one step for each underlying in a manner similar to the standard method.

(2) The position risk amount for equity positions to which this method is applied is the greatest loss arising from simultaneous prescribed movements in the closing market price of the underlying position and the option implied volatility.

(3) The prescribed movements are the Position Risk Factors for the standard method specified in Table A5.1.1 in Annexure 5 to Schedule 1A.

(4) A separate matrix must be constructed for each option portfolio and associated hedges in each country.

(5) Changes in the value of the option portfolio must be analysed over a fixed range of changes above and below the current market price of the underlying position and implied option volatility as follows:

(a) the relevant Position Risk Factor is to be divided into seven equally spaced price shift intervals (including the current market price); and

(b) the relevant implied volatility Position Risk Factor is to be divided into three equally spaced volatility shift intervals (including the current market implied volatility).

(6) Each option portfolio is to be re-priced using the adjusted underlying position and volatility price as described in subrule (5). The value in each element of the contingent loss matrix will be the difference between the revalued option portfolio and the option portfolio calculated using the closing market price.

(7) The absolute value of the aggregate of the greatest loss for each matrix is the position risk amount.

A3.4.3 Method 2

(1) This method calculates the risk amount as the aggregate of a specific risk and a general risk amount for each underlying in a manner similar to the building block method.

(2) The specific risk amount is calculated as the aggregate of the delta weighted value of the underlying instrument calculated by the option pricing model approved by ASIC, multiplied by the relevant specific risk Position Risk Factor specified in Table A5.1.1 in Annexure 5 to Schedule 1A.

(3) The general risk amount is calculated in the manner described in Rule A3.4.2 replacing subrules A3.4.2(3) and A3.4.2(7) as described below.

(4) The prescribed movements referred to in subrule A3.4.2(3) are replaced with the Position Risk Factors for the building block method specified in Table A5.1.1 in Annexure 5 to Schedule 1A.

(5) The position risk amount calculated in subrule A3.4.2(7) is replaced with the general risk amount which is the absolute value of the greatest loss in a single country matrix.

(6) A single country matrix is constructed by superimposing each separate matrix under subrule A3.4.2(4) so that the values in the corresponding matrix elements are netted to form a single value for each element.

Part A3.5 Margin method—Equity position risk

A3.5.1 Application

Equity Derivative positions which are exchange traded and have a positive Primary Margin Requirement must be included in the margin method if the Market Participant:

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(a) has not been approved by ASIC to use the contingent loss matrix method; and

(b) is not permitted to use any of the other Methods set out in Rule A3.1.2.

A3.5.2 Method

The position risk amount for Equity Derivative positions under the margin method is 100% of the Primary Margin Requirement for those Equity Derivative positions as determined by the relevant exchange or clearing house multiplied by 4.

Part A3.6 Basic method—Equity position risk

A3.6.1 Application

Equity Derivative positions which are purchased (long) or written (short) Options may be included in the basic method.

A3.6.2 Method

(1) The position risk amount for a purchased Option is the lesser of:

(a) the mark to market value of the underlying equity position multiplied by the standard method Position Risk Factor for the underlying position specified in Table A5.1.1 in Annexure 5 to Schedule 1A; and

(b) the mark to market value of the Option,

where:

(c) the market value of the Option should be calculated as the current price of the Option multiplied by the number of Options/number of shares underlying the Option; and

(d) the notional market value of the physical Equities position underlying the Option is calculated by taking the number of shares underlying the position multiplied by the current price of that stock.

(2) The position risk amount for a written Option is the mark to market value of the underlying equity position multiplied by the standard method Position Risk Factor for the underlying position specified in Table A5.1.1 in Annexure 5 to Schedule 1A reduced by:

(a) any excess of the exercise value over the current market value of the underlying position in the case of a call Option, but limited to nil if it would otherwise be negative; or

(b) any excess of the current market value of the underlying position over the exercise value in the case of a put Option, but limited to nil if it would otherwise be negative.

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Part A3.7 Arbitrage method—Equity position risk

A3.7.1 Application

Equity Derivative positions arising as a result of Futures arbitrage strategies may be included in the arbitrage method if the Market Participant has a position in:

(a) two Futures over similar indexes; or

(b) a Future over a broadly based index and a position in a matching physical basket,

and if the requirements set out below are satisfied.

A3.7.2 Method—similar indexes

(1) A Market Participant's position risk amount for a position in two Futures over similar indexes is 2% of the Equity Equivalent of one of the Futures over an index position at the mark to market value but only if the Market Participant:

(a) has an opposite position in a Future over the same index at a different date or in a different market; or

(b) has an opposite position in a Future at the same date in a different but similar index (where two indexes are similar if they contain sufficient common components that account for at least 70% of each index).

The position risk amount for the opposite Future position is nil.

(2) For the purposes of subrule (1), if the market value of each side of the arbitrage Futures position is different, the Market Participant must use the side that results in the higher position risk.

A3.7.3 Method—a broadly based index and a matching basket of the stocks from that index

(1) A Market Participant may calculate the position risk amount for a Future over an index and a position in a matching physical basket under one of two possible methodologies:

(a) the position in the Future over an index may be disaggregated into the notional physical positions and the position risk amount for these notional positions and the physical basket may then be calculated in accordance with the standard method or building block method for equity positions; or

(b) 2% of the mark to market value of the Future over the index if:

(i) the arbitrage trades have been specifically entered into and are separately monitored over the life of the arbitrage;

(ii) the mark to market value of the physical basket is greater than 80% and less than 120% of the mark to market value of the notional position in the Future over the index; and

(iii) the sum of the index weights of the individual positions in the required physical basket is greater than 70% of the Future over the index, where the required physical basket is calculated by:

(A) ranking all mark to market positions in the physical basket in ascending dollar value;

(B) converting each dollar value position to a percentage of the total dollar value of the physical basket; and

(C) adding the percentages in ascending order until the total of these percentages exceeds 70%.

(2) For the purposes of paragraph (1)(a):

(a) notional positions will equal the market value of the index Futures position multiplied by the weight of each stock in the index;

(b) the sum of all notional stock positions will then equal the market value of the Futures position; and

(c) each stock in the physical basket can be offset against the corresponding notional position in the corresponding stock.

Part A3.8 Calculation of Equity Equivalent positions—Equity position risk

A3.8.1 Swaps

(1) The Equity Equivalent for a Swap is two notional positions, one for each leg of the Swap under which:

(a) there is a notional long position in an Equity or Equity Derivative on the leg of the Swap on which an amount is received; and

(b) there is a notional short position in an Equity or Equity Derivative on the leg of the Swap on which an amount is paid.

If one of the legs of the Swap provides for payment or receipt based on some reference to a Debt Instrument or Debt Derivative, the position risk amount for that leg of the Swap should be assessed in accordance with Parts A3.10 to A3.17.

(2) For the purposes of subrule (1), the notional position is the mark to market value of the Equity positions underlying the Swap (that is, the number of shares underlying the Swap multiplied by the current market price of those shares).

A3.8.2 Options

The Equity Equivalent for an Option is:

(a) for purchased call Options and written put Options, a long position at the mark to market value of the underlying equity position, or in the case of an Option on an index or physical basket the mark to market value of either the index, basket, or the notional position in the underlying; or

(b) for purchased put Options and written call Options, a short position at the mark to market value of the underlying equity position, or in the case of an Option on an index or physical basket, the mark to market value of either the index, basket, or the notional position in the underlying.

A3.8.3 Futures and forward contracts

The Equity Equivalent:

(a) for a Future and forward contract over a single Equity, is the mark to market value of the underlying; or

(b) for a Future and a forward contract over an index or a physical basket, is the mark to market value of either the index, basket, or the notional position in the underlying.

A3.8.4 Convertible notes

(1) The Equity Equivalent of a convertible note, is either:

(a) if the Market Participant:

 (i) does not use the contingent loss matrix method;

 (ii) the premium is In the Money by less than 10%, where premium in this context means the mark to market value of the convertible note less the mark to market value of the underlying Equity, expressed as a percentage of the mark to market value of the underlying Equity; and

 (iii) there are less than 30 days to the conversion date,

 the mark to market value of the underlying Equity; or

(b) if the Market Participant uses the contingent loss matrix method, as calculated according to that method,

but otherwise the convertible note (or, in the case of a convertible note which is evaluated in accordance with the procedure stated in paragraph (b) the debt component of the convertible note) must be treated as a debt position in accordance with Debt Equivalent requirements.

(2) For the purposes of subrule (1), the market value of the Equity is the value of the note if it is immediately converted to Equity at current market prices (that is, the conversion ratio times the number of notes times the current price of the issuer’s Equity per share).

A3.8.5 Other positions—Classical ETFs

The Equity Equivalent of a Classical ETF is:

(a) the mark to market value of the classical ETF; or

(b) the mark to market value of the notional position in the underlying, and any cash component of the Classical ETF should be treated as if it was a position in an Equity.

A3.8.5A Other positions—Exchange traded CFDs

(1) The Equity Equivalent for an exchange traded CFD over a single Equity, is the mark to market value of the underlying.

(2) The Equity Equivalent for an exchange traded CFD over an index or a physical basket, is the mark to market value of either the index, basket or the notional position in the underlying.

Part A3.9 Calculation of equity net positions—Equity position risk

A3.9.1 Equity net positions

(1) The equity net positions are either the long or short positions resulting from offsetting equity positions and Equity Equivalents calculated in the following way:

(a) A Market Participant may net a long position against a short position only where the positions are in the same actual instrument. This includes Equity Equivalent positions calculated in accordance with Part A3.8. For the purposes of this paragraph:

(i) depository receipts may be treated as if they are the same positions in the corresponding instrument and at the same value if:

(A) the positions in the depository receipt and underlying have been entered into as a specific arbitrage and have the certainty of a locked-in profit (or loss);

(B) the profit (or loss) in sub-subparagraph (A) is Liquid; and

(C) all conversion costs and foreign exchange costs are immediately provided and are separately monitored over the life of the arbitrage,

but otherwise must be valued at the current exchange rate; and

(ii) instalment receipts may be treated as if they are positions in the corresponding instrument.

(b) If the contingent loss matrix method is not used for Options, then an Option position can only be offset if it is In the Money by at least the standard method Position Risk Factor specified in Table A5.1.1 in Annexure 5 to Schedule 1A applicable to the underlying position.

(2) For the purposes of subrule (1), a Market Participant:

(a) must not offset Securities Lending and Borrowing transactions against underlying long and short Equity net positions; and

(b) must treat any securities that have been lent out under a Securities Lending and Borrowing arrangement or that have been sold under a repurchase agreement as a principal position of the Market Participant and must calculate a position risk amount on that position, notwithstanding that a counterparty risk amount must also be calculated under the Securities Lending and Borrowing method in Rule A1.2.4;

(c) may only offset positions in quoted securities issued by a listed entity and quoted on multiple exchanges where the securities quoted on multiple exchanges are identical;

(d) may only offset positions in listed stocks that are subject to a merger and which involve the conversion/exchange of scrip once it is legally certain the conversion/exchange will proceed.

Part A3.10 Debt position risk amount

A3.10.1 Nature of debt position risk amount

The debt position risk amount in relation to a Market Participant's debt positions is the absolute sum of the individual position risk amounts calculated for debt positions for each currency using the methods of calculation set out in this Annexure 3.

A3.10.2 Overview of methods

(1) The standard method and building block method are the two main methods for measuring the debt position risk amount. They are supplemented by other methods, the use of which largely depends on the Financial Instruments in which principal positions are taken.

(2) In calculating the debt position risk amount, the following methods must be used:

Table A3.2: Overview of methods

Nature of Positions	Standard Method	Building Block Method	Contingent Loss Matrix Method	Margin Method	Basic Method
Physical (not equity derivative)	Yes	Yes	Yes, in conjunction with positions in options	No	No
Non-option equity derivatives	No	Yes, if converted to equity equivalent positions	Yes, in conjunction with positions in options	Yes, if exchange traded and margined and not calculated under any other method	No
Equity options	No	Yes, if satisfy relevant criteria and not permitted to use contingent loss matrix method	Yes. Pricing model must be approved by ASIC	Yes, if exchange traded and margined and not calculated under any other method	Yes, if not permitted to use contingent loss matrix method

A3.10.2A Treatment—Hybrid ETFs

A Market Participant must take the following into account when calculating a position risk amount for a principal position in units in Hybrid ETFs classified as Debt Instruments:

(a) there is no difference between the primary market and secondary market for the purposes of calculating position risk amounts;

(b) principal positions in Hybrid ETFs commence at T_0 and the underlying risk variable is the market price of the Hybrid ETF unit;

(c) a Hybrid ETF cannot be broken down into any notional positions in the underlying; and

(a) the Position Risk Factors to be applied are set out in Rule A5.1.2A; and

(b) if the Market Participant is unlikely to be able to liquidate its position in a Hybrid ETF within 30 days, taking into account factors including the size of its position and the volume of that Hybrid ETF traded in the market, it must treat the position as an Excluded Asset and exclude the market value of that position from Liquid Capital.

A3.10.2B Treatment—Other Managed Funds

A Market Participant must take the following into account when calculating a position risk amount for a principal position in units in Other Managed Funds classified as Debt Instruments:

(a) principal positions in Other Managed Funds commence at T_0 and the underlying risk variable is the market price of the Other Managed Fund unit;

(b) the Other Managed Fund cannot be broken down into any notional positions in the underlying;

(c) the Position Risk Factors to be applied are set out in Rule A5.1.2B;

(d) if the Market Participant is unlikely to be able to liquidate its position in an Other Managed Fund within 30 days, taking into account factors including the size of its position relative to the size of the fund, it must treat the position as an Excluded Asset and exclude the market value of that position from Liquid Capital; and

(e) if a daily price cannot be obtained and/or if the number of units on issue cannot be determined on a daily basis, the position must be treated as an Excluded Asset on the basis that it would not be possible to value the investment in accordance with the requirements of Rule S1A.2.8.

A3.10.2C Treatment—Cash management trusts

For the purposes of the calculation of a position risk amount, an investment in a cash management trust, even if offered by an Approved Deposit Taking Institution or its subsidiary:

(a) is not a deposit with the Approved Deposit Taking Institution where it is not capital guaranteed and is subject to investment risk;

(b) where the cash management trust meets the definition of a Hybrid ETF or Other Managed Fund, may be treated accordingly; and

(c) where the cash management trust does not meet the definition of a Hybrid ETF or Other Managed Fund, must be treated as an Excluded Asset.

A3.10.2D Treatment—Securities subject to trading halt or suspension

Where a Market Participant holds a principal position in a listed debt security that is subject to:

(a) a trading halt, the position does not have to be treated as an Excluded Asset (where the position otherwise meets the definition of Liquid) and a debt position risk amount must be calculated;

(b) suspension, the position must be treated as an Excluded Asset on the basis that the security is not Liquid.

A3.10.2E Treatment—Underwriting

Where a Market Participant Underwrites an issue of debt securities, the Market Participant:

(a) is not required to calculate a position risk amount on its exposure until the closing date for applications is reached; and

(b) must treat any shortfall in applications as at the closing date as a principal position and calculate a position risk amount on its exposure will need to be calculated from this time;

(c) for the purposes of calculating a position risk amount under paragraph (b), must use the “cost” or “subscription” price as the market value of the securities prior to their issue.

Part A3.11 Standard method—Debt position risk

A3.11.1 Application

Only physical Debt Instrument positions may be included in the standard method.

A3.11.2 Method

(1) Subject to subrule (3), the position risk amount for debt positions to which the standard method is applied is the absolute sum of the product of individual Debt Net Positions at the mark to market value and the applicable Position Risk Factor specified in Table A5.1.2 in Annexure 5 to Schedule 1A.

(2) In determining the applicable Position Risk Factor for the purposes of subrule (1):

(a) the coupon applicable to the Debt Net Position will determine the time band and Position Risk Factor;

(b) the Position Risk Factors and time bands for any Debt Instrument that does not have a coupon (for example, zero coupon bonds and bank bills) will generally be the same as for bonds with a coupon of less than 3%;

(c) fixed rate instruments should be allocated to a time band on the basis of the residual term to maturity; and

(d) floating rate instruments should be allocated to a time band on the basis of the residual term to the next repricing date.

(3) Where a Market Participant:

(a) is not an active trader in bank bills; and

(b) holds bank bills as a passive investment, with the intention that the bank bills be held to maturity,

the Market Participant may calculate the position risk amount under this method as the face value of the bills multiplied by the applicable Position Risk Factor specified in Table A5.1.2 in Annexure 5 to Schedule 1A.

PartA3.12 Building block method—Debt position risk

A3.12.1 Application

(1) Physical Debt Instrument positions may be included in the building block method.

(2) Debt Derivative positions other than Options may be included in the building block method if the positions are converted to Debt Equivalents according to Part A3.16.

(3) Debt Derivative positions which are Options may be included in the building block method only if they are purchased positions or if they are written positions which are exchange traded and subject to daily margin requirements and the purchased or written positions are:

(a) In the Money by at least the relevant standard method Position Risk Factor for the underlying position specified in Table A5.1.2 in Annexure 5 to Schedule 1A; and

(b) converted to Debt Equivalents according to Part A3.16.

If the above criteria are not met, the Options must be treated under one of the option methods referred to in Parts A3.13, A3.14 and A3.15.

(4) In determining the applicable Position Risk Factor for the purposes of this method:

(a) the coupon applicable to the Debt Net Position will determine the time band and Position Risk Factor;

(b) the Position Risk Factors and time bands for any Debt Instrument that does not have a coupon (for example, zero coupon bonds and bank bills) will generally be the same as for bonds with a coupon of less than 3%;

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(c) fixed rate instruments should be allocated to a time band on the basis of the residual term to maturity; and

(d) floating rate instruments should be allocated to a time band on the basis of the residual term to the next repricing date.

A3.12.2 Method

(1) The position risk amount for debt positions to which the building block method is applied is the aggregate of a specific risk and a general risk amount for the Debt Net Position at the mark to market value.

(2) The specific risk amount is calculated as the aggregate of each Debt Net Position, multiplied by the relevant specific risk Position Risk Factor specified in Table A5.1.3 in Annexure 5 to Schedule 1A. The aggregate is calculated by reference to the absolute value of each Debt Net Position.

(3) The general risk amount is calculated in accordance with:

(a) the maturity method under Rule A3.12.3; or

(b) the duration method under Rule A3.12.4.

The absolute value of this aggregate number is the general risk amount.

(4) For the purposes of subrule (2):

(a) subject to paragraph (b), where Futures or forwards comprise a range of deliverable instruments with different issuers, a Market Participant is only required to calculate a specific risk amount under this method on long positions in the Futures or forward contract; and

(b) a Market Participant is not required to calculate a specific risk amount under this method on its long positions in Futures on 90 day bank bills traded on Australian Securities Exchange Limited.

A3.12.3 General risk amount—maturity method

(1) To calculate the general risk amount based on the maturity method:

(a) allocate each Debt Net Position to the appropriate time band specified in Table A5.1.2 in Annexure 5 to Schedule 1A. Fixed rate instruments should be allocated according to the residual term to maturity and floating rate instruments according to the residual term to the next repricing date;

(b) aggregate the total long and total short Debt Net Positions in each time band;

(c) calculate a risk weighted long and short position by multiplying the gross long and gross short position in each time band by the relevant general risk Position Risk Factor for that band as specified in Table A5.1.2 in Annexure 5 to Schedule 1A. The sum of these, taking into account the sign, is the net position amount (NPA);

(d) in each time band, multiply the lesser of the risk weighted long and short positions as calculated in paragraph (1)(c) by the relevant time band matching factor (TBMF) as specified in Table A5.1.4 in Annexure 5 to Schedule 1A. The absolute sum of these is the time band amount (TBA);

(e) net the risk weighted long and short positions within each time band so that each time band has either a net long position or a net short position. Within each zone, as defined in Table A5.1.2 in Annexure 5 to Schedule 1A, aggregate the net long time band positions and the net short time band positions. Multiply the lesser of the resulting two totals in each of the zones by the relevant zone matching factor (ZMF) as specified in Table A5.1.4 in Annexure 5 to Schedule 1A. The absolute sum of these is the zone amount (ZA);

(f) net the aggregate risk weighted long and short positions in each time zone as calculated in paragraph (e). To the extent that an offset can be made between adjacent zones, multiply the lesser of the values by the adjacent zone matching factor (AZMF) as specified in Table A5.1.4 in Annexure 5 to Schedule 1A. The absolute sum of these is the adjacent zone amount (AZA);

(g) to the extent that an offset can be made between non-adjacent zones, multiply the lesser of the non-adjacent zone risk weighted Debt Net Positions by the non-adjacent zone matching factor (NAZMF) as specified in Table A5.1.4 in Annexure 5 to Schedule 1A. This is the non-adjacent zone amount (NAZA); and

(h) any residual position remaining following the calculation in paragraph (f) can be used to reduce the non-adjacent zone Debt Net Positions in paragraph (g).

(2) The overall general risk amount under the maturity method is then the absolute sum of the individual steps as follows:

(a) the net position amount (NPA);

(b) the time band amount (TBA);

(c) the zone amount (ZA);

(d) the adjacent zone amount (AZA); and

(e) the non-adjacent zone amount (NAZA).

A3.12.4 General risk amount—duration method

(1) The calculation of the general risk amount under the duration method is identical to that for the maturity method except that:

(a) instead of calculating positions under paragraph A3.12.3(1)(c), calculate the duration weight of each position by multiplying the market value of each position by the modified duration of the position and by the assumed yield change for the appropriate time band specified in Table A5.1.2 in Annexure 5 to Schedule 1A (the duration method building block method general risk Position Risk Factor);

(b) any reference in subrule A3.12.3(1) to Table A5.1.4 in Annexure 5 to Schedule 1A is to the relevant timeband matching factor (TBMF) for the duration method; and

(c) ASIC must first approve a Market Participant's use of this method.

(2) For the purposes of calculating the general risk amount under the duration method, where a particular Debt Instrument has a coupon that is identical to the discount rate, the Market Participant may use the annuity factor of the instrument as an accurate proxy for the full duration calculation.

Part A3.13 Contingent loss matrix method—Debt position risk

A3.13.1Application

(1) Debt Derivative positions which are Options together with physical Debt Instruments and other Debt Derivatives may be included in the contingent loss matrix method but only if used in conjunction with an option pricing model approved by ASIC and only if the Market Participant is able to mark to market the physical Debt Instruments and Debt Derivative positions.

(2) A Market Participant that applies to ASIC to be authorised to use the contingent loss matrix method must provide ASIC with:

(a) the technical specifications for its proposed pricing model;

(b) details concerning the parameters used in the proposed pricing model;

(c) details concerning the way in which the pricing model is integrated into the Market Participant's overall risk management systems; and

(d) details concerning the extent to which the Market Participant is able to automate the calculation of the contingent loss matrix.

(3) For the purposes of subrule (1), Physical Debt Instruments and other Debt Derivatives may only be included in the contingent loss matrix method if they are part of a portfolio that contains the Option position and are hedged by, or are hedging the Option position.

(4) For the purposes of subrule A3.13.3(5):

(a) Physical positions should be included in a matrix based on the time to maturity for a fixed rate instrument or based on the time to the next repricing date for a floating rate instrument and the specific risk calculation will be based on the residual term to final maturity, regardless of whether it is a fixed or floating rate instrument;

(b) Futures/forwards should be included in a matrix based on the time between the Futures/forward expiry and the maturity of the underlying instrument and the specific risk calculation will be based on the residual term of the Futures/forward contract plus the term of the underlying instrument;

(c) Options on Futures should be included in a matrix based on the time between the Futures expiry and the maturity of the underlying instrument and the specific risk calculation will be based on the residual term of the Option plus the term of the Futures contract plus the term of the underlying instrument;

(d) Options on an interest rate should be included in a matrix based on the term of the underlying interest rate and there is no specific risk charge on these instruments;

(e) Bond Options should be included in a matrix based on the time between the Option expiry and the maturity of the underlying bond, regardless of whether the bond is already in existence before the Option expires or whether the bond comes into existence when the Option expires and the specific risk calculation will be based on the residual term of the Option plus the residual term of the underlying bond from the time the Option expires;

(f) caps should be treated as a series of call Options (Caplets) on an interest rate (with the rate based on the Reset Period) where:

(i) the number of Caplets depends on the term of the cap; and

(ii) each Caplet should be included in a matrix based on the term of the interest rate (the Reset Period),

and there is no specific risk charge on these instruments;

(g) floors should be treated as a series of put Options (Floorlets) on an interest rate (with the rate based on the Reset Period) where:

(i) the number of Floorlets depends on the term of the floor; and

(ii) each Floorlet should be included in a matrix based on the term of the interest rate (the Reset Period),

and there is no specific risk charge on these instruments;

(h) Forward Rate Agreements should be included in a matrix based on the time between the settlement date and the maturity date of the Forward Rate Agreement or, in other words, the term of the agreed interest rate, and there is no specific risk charge on these instruments;

(i) Interest rate Swaps should be included in a matrix based on the residual term to maturity of the Swap and there is no specific risk charge on these instruments;

(j) Swaptions should be included in a matrix based on the time between the swaption expiry and the maturity of the Swap (that is, the term of the Swap) and there is no specific risk charge on these instruments.

(5) For the purposes of subrule A3.13.3(2):

(a) subject to paragraph (b) where Futures or forwards comprise a range of deliverable instruments with different issuers, a Market Participant is only required to calculate a specific risk amount under this method on long positions in the Futures or forward contract; and

(b) a Market Participant is not required to calculate a specific risk amount under this method on its long positions in Futures on 90 day bank bills traded on Australian Securities Exchange Limited.

(6) A Market Participant applying the contingent loss matrix method must use method 2 as set out in Rule A3.13.3.

A3.13.3 Method 2—maturity method

(1) This method calculates the risk amount as the aggregate of a specific risk, a general risk and a volatility risk amount for each underlying in a manner similar to the building block method—maturity method.

(2) The specific risk amount is calculated as the aggregate of each Debt Net Position or the delta weighted value of the underlying instrument calculated by the option pricing model approved by ASIC, multiplied by the relevant specific risk Position Risk Factor specified in Table A5.1.3 in Annexure 5 to Schedule 1A.

(3) The general risk and volatility risk amounts are calculated as described below.

(4) The prescribed movements are the Position Risk Factors for the maturity building block method specified in Table A5.1.2 in Annexure 5 to Schedule 1A.

(5) A separate matrix must be constructed for each individual time band as specified in Table A5.1.2 in Annexure 5 to Schedule 1A.

(6) Changes in the value of the option portfolio must be analysed over a fixed range of changes above and below the current market rate or price of the underlying position and option implied volatility as follows:

(a) the relevant Position Risk Factor is to be divided into seven equally spaced rate or price shift intervals (including the current market rate or price); and

(b) the relevant implied volatility Position Risk Factor is to be divided into three equally spaced volatility shift intervals (including the current market implied volatility).

(7) Each option portfolio is to be re-priced using the adjusted underlying price and volatility as described in subrule (6). The value in each element of the contingent loss matrix will be the difference between the revalued option portfolio and the option portfolio calculated using the closing market prices.

(8) The general risk amount is calculated by:

(a) identifying from each matrix the greatest loss along the directional axis;

(b) creating an equivalent notional position for each greatest loss which is:

(i) a long position, if the greatest loss occurs for a decrease in the value of the underlying; and

(ii) a short position otherwise;

(c) allocating each long and short position into the appropriate time band specified in Table A5.1.2 in Annexure 5 to Schedule 1A to form the risk weighted values;

(d) aggregating these long and short positions in each time band, taking into account the sign, to form the net position amount (NPA) referred to in paragraph A3.12.3(1)(c); and

(e) applying the principles referred to in paragraph A3.12.3(1)(d) to (h) and subrule A3.12.3(2).

(9) The volatility risk amount is calculated by:

(a) identifying from each matrix the greatest loss along the volatility axis; and

(b) taking the absolute value of the aggregate of the greatest loss for each matrix.

Part A3.14 Margin method—Debt position risk

A3.14.1 Application

Debt Derivative positions which are exchange traded and have a positive Primary Margin Requirement must be included in the margin method if the Market Participant:

(a) has not been approved by ASIC to use the contingent loss matrix method; and

(b) is not permitted to use any of the other methods referred to in Rule A3.10.2.

A3.14.2Method

The position risk amount for Debt Derivative positions under the margin method is 100% of the Primary Margin Requirement for those Debt Derivative positions as determined by the relevant exchange or clearing house in respect of each position multiplied by 4.

Part A3.15 Basic method—Debt position risk

A3.15.1 Application

Debt Derivative positions which are purchased (long) or written (short) Options may be included in the basic method.

A3.15.2 Method

(1) The position risk amount for a purchased Option is the lesser of:

(a) the mark to market value of the underlying debt position multiplied by the standard method Position Risk Factor for the underlying position specified in Table A5.1.2 in Annexure 5 to Schedule 1A; and

(b) the mark to market value of the Option,

where:

(c) subject to paragraph (d), the notional market value of the physical position underlying the Option is the price the Market Participant would have to pay for the Debt Instrument underlying the Option if it were to take a long position in that instrument at current interest rates;

(d) where the Option is over a Futures contract over a physical Debt Instrument, the notional position should be in the physical Debt Instrument.

(2) The position risk amount for a written Option is the mark to market value of the underlying debt position multiplied by the standard method Position Risk Factor for the underlying position specified in Table A5.1.2 in Annexure 5 to Schedule 1A reduced by:

(a) any excess of the exercise value over the current market value of the underlying position in the case of a call Option, but limited to nil if it would otherwise be negative; or

(b) any excess of the current market value of the underlying position over the exercise value in the case of a put Option, but limited to nil if it would otherwise be negative.

Part A3.16 Calculation of Debt Equivalent positions—Debt position risk

A3.16.1 Swaps

The Debt Equivalent for a Swap is two notional positions, one for each leg of the Swap under which:

(a) there is a notional long position in a Debt Instrument or Debt Derivative on the leg of the Swap on which interest is received with a maturity equal to either the next interest reset date for a floating rate payment or the maturity of the Swap for a fixed rate payment; and

(b) there is a notional short position in a Debt Instrument or Debt Derivative on the leg of the Swap on which interest is paid with a maturity equal to either the next interest reset date for a floating rate payment or the maturity of the Swap for a fixed rate payment.

If one of the legs of the Swap provides for payment or receipt based on some reference to an Equity or Equity Derivative, the position risk amount for that leg of the Swap should be assessed in accordance with Parts A3.1 to A3.9.

A3.16.2 Options

(1) The Debt Equivalent for an Option is:

(a) for purchased call Options or written put Options, a long notional position:

(i) in the underlying Debt Instrument, in the case of an Option over a single Debt Instrument, and at the mark to market value of the Debt Instrument and its residual maturity; or

(ii) in the Debt Instrument with the longest residual maturity, in the case of an Option over Debt Instruments or interest rate index, and at the mark to market value;

(b) for purchased put Options or written call Options, a short notional position:

(i) in the underlying Debt Instrument, in the case of an Option over a single Debt Instrument, and at the mark to market value of the Debt Instrument and its residual maturity; or

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(ii) in the case of an Option over a debt or interest rate index, in the Debt Instrument with the longest residual maturity in the index, at the mark to market value of the index; and

(c) for purchased call Options or written put Options on a Future, a long notional position calculated under paragraph A3.16.3(1)(a) and for purchased put Options or written call Options on a Future, a short notional position calculated under paragraph A3.16.3(1)(b).

(2) For the purposes of subrule (1):

(a) the notional debt position in the case of an Option over a Swap is:

(i) long if exercise of the Option leads to the Market Participant receiving fixed rate payments under the Swap; and

(ii) short if exercise of the Option leads to the Market Participant paying fixed rate payments under the Swap; and

(b) the value of the notional position in the Debt Instrument will be:

(i) for an Option over a Debt Instrument, the current market value of that Debt Instrument and the maturity of the notional position in the Debt Instrument will be the term to maturity of the underlying Debt Instrument (and not the term to expiry of the Option);

(ii) for an Option over an interest rate, the current market value of a zero coupon Government Debt Instrument yielding the interest rate underlying the Option and the maturity of the notional position in the Debt Instrument will be the combined period of the term to expiry of the Option plus the term of the interest rate underlying the Option; and

(iii) for an Option over a Swap, the principal amount of the underlying Swap, the maturity of the notional position in the Debt Instrument will be the term to maturity of the underlying Swap and the notional position will have a coupon rate equal to the fixed rate of the underlying Swap.

A3.16.3 Futures, forwards and forward rate agreements and options on futures

(1) The Debt Equivalent for a Future, forward contract or Forward Rate Agreement is:

(a) if purchased, a combination of a long position in a notional Debt Instrument with a maturity equal to the combined term of the contract plus the term of the underlying Debt Instrument, and a short position in the notional Debt Instrument with a maturity equal to the term of the contract;

(b) if sold, a combination of a short position in a notional Debt Instrument with a maturity equal to the combined term of the contract plus the term of the underlying Debt Instrument, and a long position in the notional Debt Instrument with a maturity equal to the term of the contract;

(c) if over an index, a combination of a notional position in the instrument with the longest term, with a maturity equal to the combined term of the contract plus the term of that

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Debt Instrument, and an opposite position in that Debt Instrument with a maturity equal to the term of the contract; and

(d) if a range of deliverable instruments can be delivered to fulfil the contract the Market Participant may elect which Debt Instrument goes into the time band in Table A5.1.2 in Annexure 5 to Schedule 1A, but should take account of any conversion factor for the purposes of calculating the position risk.

(2) For the purposes of subrule (1):

(a) a “purchased” position should be interpreted as meaning that the holder of the position is an investor and has bought a Futures or forward contract or has sold a Forward Rate Agreement; and

(b) a “sold” position should be interpreted as meaning that the holder of the position is a borrower and has bought a Forward Rate Agreement or sold a Futures or forward contract.

A3.16.4 Convertible Notes

The Debt Equivalent for a convertible note which is not within paragraphs A3.8.4(1)(a) or (b), is a position in a Debt Instrument.

A3.16.5 Basket or index products

The Debt Equivalent for a basket or index product, where there is a known weight for each component Debt Instrument, is a position in a portfolio of Debt Instruments with corresponding weights and if the basket or index is based on:

(a) Government Debt Instruments, then a zero specific risk Position Risk Factor should be used; and

(b) Qualifying Debt Instruments or other Debt Instruments, then the appropriate specific risk Position Risk Factor should be used.

A3.16.6 Income securities

Income securities should be treated as debt positions, not Equity positions, based on their market value. The Position Risk Factors to be applied under the standard method or the building block method will be based on the time until the next repricing date. The second column of time bands in Table A5.1.2 in Annexure 5 to Schedule 1A should be used.

Part A3.17 Calculation of debt net positions—Debt position risk

A3.17.1 Debt net position

(1) The debt net position is either the long or short position resulting from offsetting positions in Debt Instruments and Debt Derivatives in the following way:

(a) subject to paragraphs (c) and (d), short Debt Instrument and Debt Equivalent positions may be directly offset against long Debt Instrument and Debt Equivalent positions provided that the issuer, coupon, maturity are identical;

(b) if the contingent loss matrix method is not used for Options, then an Option position can only be offset if it is In the Money by at least the standard method Position Risk Factor specified in Table A5.1.2 in Annexure 5 to Schedule 1A applicable to the underlying position;

(c) a matched position in a Future or forward contract and its underlying may be offset provided that:

(i) the term to maturity of the Future or forward contract is included in the relevant time band specified in Table A5.1.2 in Annexure 5 to Schedule 1A;

(ii) where the Future or the forward contract comprises a range of deliverable instruments, offsetting of positions in the Future or forward contract and the underlying is only permissible when there is a readily identifiable underlying which is profitable for the short position holder to deliver; and

(iii) for a Future or forward contract where a Market Participant has a right to substitute cash settlement for physical delivery and the price at settlement is calculated with reference to a general market price indicator then no offset is allowed against the underlying; and

(d) to qualify for offsets across product groups, the positions must relate to the same underlying instrument type, be of the same nominal value, and:

(i) in relation to Futures, the offsetting positions and the notional or underlying instruments to which the Futures relate must be identical products and mature within 7 days of each other;

(ii) in relation to Swaps and Forward Rate Agreements the reference rate (for floating rate positions) must be identical and the coupon closely matched (within 15 basis points); and

(iii) in relation to Swaps, Forward Rate Agreements and forward contracts, the next interest fixing date, or, for fixed coupon positions or forward contracts, the residual maturity (or, where there is a call or put option in the relevant instrument, the effective maturity of the instrument) must correspond within the following limits:

(A) less than 1 month hence, same day;

(B) between one month and one year hence, within 7 days; and

(C) over one year hence, within 30 days.

(2) For the purposes of subrule (1), a Market Participant:

(a) must not offset Securities Lending and Borrowing transactions against underlying long and short Debt net positions; and

(b) must treat any securities that have been lent out under a Securities Lending and Borrowing arrangement or that have been sold under a repurchase agreement as a principal position of the Market Participant and calculate a position risk amount on that position, notwithstanding that counterparty risk amount must also be calculated under the Securities Lending and Borrowing method in Rule A1.2.4.

A3.18 Foreign exchange position risk amount

A3.18.1 Nature of foreign exchange position risk amount

The foreign exchange position risk amount in relation to a Market Participant's foreign exchange positions is the absolute sum of the individual position risk amounts for foreign exchange positions calculated using the methods of calculation set out in this Annexure 3.

A3.18.2 Overview of Methods

(1) The standard method is the main method for measuring the foreign exchange position risk amount. The method is supplemented by other methods, the use of which largely depends on the Financial Instruments in which principal positions are taken.

(2) In calculating foreign exchange position risk amounts, the following methods must be used:

Table A3.1: Overview of Methods

Nature of Positions	Standard Method	Contingent Loss Matrix Method
Physical* (not foreign exchange derivatives)	Yes	Yes. In conjunction with positions in options
Non-option foreign exchange derivatives	Yes, if converted to foreign exchange equivalent positions	Yes. In conjunction with positions in options
Foreign Exchange Options	Yes, if satisfy relevant criteria and not permitted to use contingent loss matrix method	Yes, must be used for all written options. Pricing model must be approved by ASIC

* A physical position in Part A3.3 includes foreign currency assets and liabilities and Equity and Debt Instruments denominated in a foreign currency.

Part A3.19 Standard method—Foreign exchange position risk

A3.19.1 Application

(1) Foreign currency physical positions may be included in standard method.

(2) Foreign Exchange Derivative positions other than Options may be included in the standard method if the positions are converted to Foreign Exchange Equivalents according to Part A3.21.

(3) Foreign Exchange Derivative positions which are Options may be included in the standard method only if they are purchased positions and the purchased positions are converted to a Foreign Exchange Equivalent according to Part A3.21.

(4) If the above criteria are not met, the Options must be treated under the contingent loss matrix method set out in Part A3.20.

A3.19.2 Method

(1) The position risk amount for foreign exchange positions to which the standard method is applied is the greater of the absolute value of the aggregate of the converted:

(a) net open long position in foreign currencies; and

(b) net open short position in foreign currencies,

multiplied by the Position Risk Factor specified in Table A5.1.7 in Annexure 5 to Schedule 1A.

(2) Foreign Exchange Derivative positions which are purchased Options and are In the Money by at least the standard method Position Risk Factor specified in Table A5.1.7 in Annexure 5 to Schedule 1A, are to be converted to a Foreign Exchange Equivalent in accordance with Part A3.21 and included in the net open position in accordance with Part A3.22.

(3) Foreign Exchange Derivative positions which are purchased Options and are not In the Money by at least the standard method Position Risk Factor specified in Table A5.1.7 in Annexure 5 to Schedule 1A, are to be converted to a Foreign Exchange Equivalent in accordance with Part A3.21 and:

(a) where the resulting currency positions from the option increases the net open position in the currency if included, the position must be included in the net open position; and

(b) where the resulting currency positions from the option decreases the net open position in the currency if included, the position must be excluded in the net open position.

Part A3.20 Contingent loss matrix method—Foreign exchange position risk

A3.20.1 Application

(1) Foreign Exchange Derivative positions which are Options together with physical foreign exchange and other Foreign Exchange Derivative positions may be included in the contingent loss matrix method but only if used in conjunction with an option pricing model approved by ASIC and only if the Market Participant is able to mark to market the foreign exchange and Foreign Exchange Derivative positions.

(2) A Market Participant that applies to ASIC to be authorised to use the contingent loss matrix method must provide ASIC with:

(a) the technical specifications for its proposed pricing model;

(b) details concerning the parameters used in the proposed pricing model;

(c) details concerning the way in which the pricing model is integrated into the Market Participant's overall risk management systems; and

(d) details concerning the extent to which the Market Participant is able to automate the calculation of the contingent loss matrix.

(3) Foreign Exchange Derivative positions which are written Options must be included in the contingent loss matrix method.

(4) Physical foreign exchange contracts and other Foreign Exchange Derivatives may only be included in the contingent loss matrix method where they are part of the portfolio that contains the Option position (that is, are either a hedge of the Options or where the Options are hedging the underlying physical position).

A3.20.2 Method

(1) The position risk amount for foreign exchange positions to which the contingent loss matrix method is applied is the greatest loss arising from simultaneous prescribed movements in the closing market rate of the underlying currency pairing and the option implied volatility.

(2) The prescribed movements are the Position Risk Factors for the standard method that are specified in Table A5.1.7 in Annexure 5 to Schedule 1A.

(3) A separate matrix must be constructed for each option portfolio and associated hedges in an individual currency pairing.

(4) Changes in the value of the option portfolio must be analysed over a fixed range of changes above and below the current market exchange rate and option implied volatility as follows:

(a) the relevant Position Risk Factor is to be divided into seven equally spaced rate shift intervals (including the current market rate); and

(b) the implied volatility Position Risk Factor is to be divided into three equally spaced volatility shift intervals (including the current market implied volatility).

(5) Each option portfolio is to be re-priced using the adjusted underlying and volatility price as described in subrule (4). The value in each element of the contingent loss matrix will be the difference between the revalued option portfolio and the option portfolio measured using the closing market rates.

Part A3.21 Calculation of Foreign Exchange Equivalent positions—Foreign exchange position risk

A3.21.1 Options

The Foreign Exchange Equivalent for an Option is:

(a) for purchased call Options and written put Options, a long position at the notional face value of the underlying contract; and

(b) for purchased put Options and written call Options, a short position at the notional face value of the underlying contract.

A3.21.2 Futures

The Foreign Exchange Equivalent for a currency Future is the notional face value of the underlying contract.

A3.21.3 Forward contracts

The Foreign Exchange Equivalent for a forward contract including a future exchange associated with a cross currency Swap is at the discretion of the Market Participant either the:

(a) face value of the contract; or

(b) net present value of the contract.

A3.21.4 Other positions—Exchange traded CFDs

The Foreign Exchange Equivalent for an exchange traded CFD over an exchange rate or foreign currency is the notional face value of the underlying contract.

Part A3.22 Calculation of a converted net open position—Foreign exchange position risk

A3.22.1 Calculation of a converted net open position

(1) To calculate a net open position in a foreign currency, a Market Participant must aggregate in each currency all:

(a) Financial Instruments; and

(b) other assets and liabilities,

other than Excluded Assets and foreign exchange contracts hedging Excluded Assets.

(2) To convert a net open position to an equivalent Australian dollar amount a Market Participant must use:

(a) the Market Spot Exchange Rate; or

(b) in the case where a foreign currency asset or liability is specifically matched or hedged by a forward currency contract, the rate of exchange stated in the forward currency contract.

Annexure 4 to Schedule 1A: Underwriting Risk Requirement

The Underwriting Risk Requirement is zero.

Annexure 5 to Schedule 1A: Tables

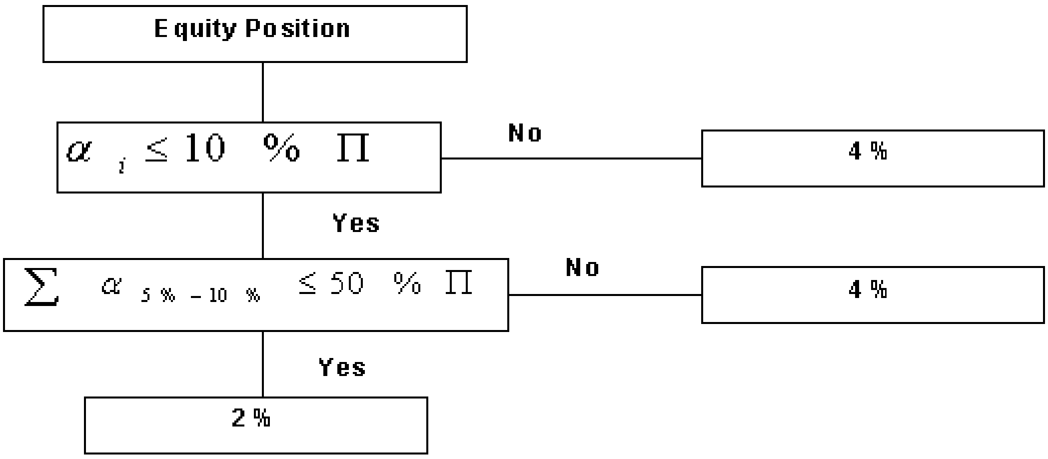
Part A5.1 Position Risk

Table A5.1.1: Equity Position Risk Factors—Recognised Market Index and Non Recognised Market Index

Position In:	Underlying						Option
	Recognised Market Index (see Table 1.6)			Non Recognised Market Index			Implied Volatility
	Standard Method	Building Block Method		Standard Method	Building Block Method		
		General Risk	Specific Risk		General Risk	Specific Risk	
Single Equity	12%	8%	4% [1]	16%	8%	8%	25%
Index	8% [2]	8%	0% [2]	16% [2]	8%	8%	25%

Notes:

1 The specific risk Position Risk Factor for a single Equity may be reduced to 2% if the variables in Rule A5.1.1A apply, where:



Π = gross value of each country portfolio

α_i = Net Position in equity *i*

$\alpha_{5\%\text{-}10\%}$ = Positions in individual equities that represent more than 5% and up to 10% of the gross value of the portfolio

Both of the “tests” noted in Rule A5.1.1A must be satisfied in order for the Position Risk Factors to be reduced to 2% for any equity position held. Hence if any one net position is greater than 10% of the gross value of each country portfolio then NO net position can have a position risk factor of 2%.

2 For positions not broken down into constituent Equities, otherwise the single Equity percentages apply.

A5.1.1A Reduction of specific risk Position Risk Factor

The specific risk Position Risk Factor for a single Equity in a Recognised Market Index can be reduced from 4% to 2% if:

(a) all Equity Net Positions in that country are less than or equal to 10% of the aggregate of the absolute values of all Equity Net Positions in that country portfolio, and

(b) the aggregate of the absolute values of all Equity Net Positions in that country that are individually more than 5% and up to and including 10% of the aggregate of the absolute values of all Equity Net Positions in that country portfolio is less than or equal to 50% of that aggregate.

Table A5.1.2: Debt Position Risk Factors (see also Table A5.1.3 below)

Time Band		Position Risk Factors—%					
Coupons		Standard Method			Building Block Method (General Risk)		
≥ 3%	< 3% (or Duration Method)	Gov't	Qualifying	Other	Zone	Maturity Method	Duration Method (assumed yield change)
0–1 mth	0–1 mth	0.00	0.25	8.00	1	0.00	1.00
1–3 mths	> 1–3 mths	0.20	0.45	8.20		0.20	1.00
> 3–6 mths	> 3–6 mths	0.40	0.65	8.40		0.40	1.00
> 6–12 mths	> 6–12 mths	0.70	1.70	8.70		0.70	1.00
- 2 yrs	> 1–1.9 yrs	1.25	2.25	9.25	2	1.25	0.90
> 2–3 yrs	> 1.9–2.8 yrs	1.75	3.35	9.75		1.75	0.80
> 3–4 yrs	> 2.8–3.6 yrs	2.25	3.85	10.25		2.25	0.75
> 4–5 yrs	> 3.6–4.3 yrs	2.75	4.35	10.75	3	2.75	0.75
> 5–7 yrs	> 4.3–5.7 yrs	3.25	4.85	11.25		3.25	0.70
> 7–10 yrs	> 5.7–7.3 yrs	3.75	5.35	11.75		3.75	0.65
> 10–15 years	> 7.3–9.3 yrs	4.50	6.10	12.50		4.50	0.60
> 15–20 years	> 9.3–10.6 yrs	5.25	6.85	13.25		5.25	0.60
20+ years	> 10.6–12 yrs	6.00	7.60	14.00		6.00	0.60
	12–20 yrs	8.00	9.60	16.00		8.00	0.60
	20+ yrs	12.50	14.10	20.50		12.50	0.60
Option Implied Volatility— All Debt Positions			25%				

Notes:

1 In using Table A5.1.2 for any Debt Derivative, a Market Participant must use the Position Risk Factors specified in the 'government' column unless the value of the Debt Derivative is derived from:

(a) a Qualifying Debt Instrument, in which case the Market Participant must use the Position Risk Factors specified in the 'qualifying' column; or

(b) a non-Government Debt Instrument, in which case the Market Participant must use the Position Risk Factors specified in 'other' column.

2 For calculation purposes, where a time band refers to the period "1.9 years" for example, this may be interpreted as being equal to 1.9 x 365 days.

A5.1.2A Position Risk Factors: Hybrid ETFs that are classified as Debt

The Position Risk Factors to be applied to a principal position in units in Hybrid ETFs classified as Debt Instruments are:

(a) as specified in Table A5.1.2 where the assets underlying the Hybrid ETF can be specifically identified, up to a maximum of 16% (standard method) or 8% for general risk and 8% for specific risk (building block method—maturity method). The Position Risk Factor is to be selected from Table A5.1.2 based on the following:

(i) the time bands for coupon < 3% must be used;

(ii) the time band chosen should be based on the average investment term and if it can be identified that more than 80% of the assets underlying the Hybrid ETF by value fall in a particular time band, the Position Risk Factor for that time band may be applied to the entire position;

(iii) subject to subparagraph (iv), the standard method 'other' column (or the 'other' column in Table A5.1.3 for specific risk if the building block method is used) should generally be used; and

(iv) if the Market Participant can identify that any assets underlying the Hybrid ETF satisfy the definition of Qualifying Debt Instrument, the 'qualifying' column can be used for that portion of the fund on a proportional basis to the individual holding and the 'other' column must be used for the remainder of the position; and

(b) in all other instances, where the assets underlying the Hybrid ETF cannot be specifically identified, 16% (standard method) or 8% for general risk and 8% for specific risk (building block method—maturity method).

A5.1.2B Position Risk Factors: Other Managed Funds that are classified as Debt

The Position Risk Factors to be applied to a principal position in units in Other Managed Funds classified as Debt Instruments are:

(a) as specified in Table A5.1.2 where the assets underlying the Other Managed Funds can be specifically identified, up to a maximum of 16% (standard method) or 8% for general risk and 8% for specific risk (building block method—maturity method). The Position Risk Factor is to be selected from Table A5.1.2 based on the following:

(i) the time bands for coupon < 3% must be used;

(ii) the time band chosen should be based on the average investment term. If it can be identified that more than 80% of the assets underlying the Other Managed Fund by value fall in a particular time band, the Position Risk Factor for that time band may be applied to the entire position;

(iii) subject to paragraph (iv), the standard method 'other' column (or the 'other' column in Table A5.1.3 for specific risk if the building block method is used) should generally be used; and

(iv) if the Market Participant can identify that any assets underlying the other managed fund satisfy the definition of Qualifying Debt Instrument, the 'qualifying' column can be used for that portion of the fund on a proportional basis to the individual holding and the 'other' column must be used for the remainder of the position; and

(b) in all other instances, where the assets underlying the Other Managed Fund cannot be specifically identified, 16% (standard method) or 8% for general risk and 8% for specific risk (building block method—maturity method).

Table A5.1.3: Debt Building Block Method—Specific Risk Position Risk Factors

Government		Qualifying			Other
0–12 mths	over 12 mths	0–6 mths	6–24 mths	over 24 mths	
0.00%	0.00%	0.25%	1.00%	1.60%	8.00%

Table A5.1.4: Debt Building Block Method—General Risk Time Band Matching Factors (TBMF)

	Matching Factor	
	Maturity Method	Duration Method
Same time band (TBMF)	10%	5%
Zone 1 (ZMF)	40%	40%
Zone 2 (ZMF)	30%	30%
Zone 3 (ZMF)	30%	30%
Positions in adjacent zones (AZMF)	40%	40%
Positions spanning Zone 1 and Zone 3 (NAZMF)	100%	100%

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Table A5.1.5: Rated Investment Grades

	Minimum Ratings	
	Securities	**Money Market Obligations**
For all issuers		
Moody's Investor Services	Baa3	P3
Standard & Poors Corporation	BBB-	A3
Fitch IBCA Ltd	BBB-	F-3
For all banks, building societies and subsidiaries of banks (not otherwise eligible as Qualifying Debt Instruments)		
Thomson Financial Bank Watch	BBB-	TBW-3
For Canadian Issuers		
Canadian Bond Rating Service	B++low	A-3
Dominion Bond Rating Service	BBB low	R-2
For Japanese Issuers		
Japan Credit Rating Agency Ltd	BBB-	J-2
Nippon Investor Services Inc	BBB-	a-3
The Japan Bond Research Institute	BBB-	A-2
Mikuni & Co	BBB	M-3
Fitch Investors Services Inc	BBB-	F-3
For United States Issuers		
Duff & Phelps Inc	BBB-	3
Fitch Investors Services Inc	BBB-	F-3

Table A5.1.6: Recognised Market Indexes

Country	Index	Country	Index
Australia	S&P/ASX 200	Netherlands	EOE 25
Austria	ATX	Spain	IBEX 35
Belgium	BEL 20	Sweden	OMX
Canada	TSE 35	Switzerland	SMI

Country	Index	Country	Index
France	CAC 40	UK	FTSE 100
Germany	DAX	UK	FTSE mid-250
Hong Kong	Hang Seng	USA	S&P 500
Italy	MIB 30		
Japan	Nikkei 225		

Table A5.1.7: Foreign Exchange Position Risk Factors

	Standard Method
Foreign Exchange Spot and Forward—All Currencies	8%
Options Implied Volatility—All Currencies	25%

Part A5.2 Counterparty Risk

Table A5.2.1: Risk Weightings

Counterparty	Counterparty Risk Weighting
Central Banks in countries that are members of the OECD	0%
Central and State Governments in countries that are members of the OECD where the Central or State Government Counterparty is guaranteed by the Government or receives appropriations from government revenue	10%
Banks Local Governments in countries that are members of the OECD Approved Deposit Taking Institutions (other than Banks) ASX Market Participants that comply with the Risk Based Capital Requirements ASX Clear Participants that comply with the equivalent requirements under the Clearing Rules	20%
Approved Institutions ASX Market Participants that comply with the NTA Requirements ASX Clear Participants that comply with the equivalent requirements under the Clearing Rules	50%

Counterparty	Counterparty Risk Weighting
Other, including: • Central Banks, Central, State and Local Governments in countries that are not members of the OECD • all public trading enterprises in Australia which have corporate status, operate on a commercial basis or operate on a not-for-profit basis	100%

Table A5.2.2: Potential Credit Exposure Factors

Remaining Time to Maturity	Equity	Debt	Foreign Exchange
One year or less	6.0%	0.0%	1.0%
Over one year to 5 years	8.0%	0.5%	5.0%
Over 5 years	10.0%	1.5%	7.5%

Part A5.3 Other

Table A5.3.1: Recognised Non European Regulator

Country	Regulator
Australia	Australian Securities Exchange Limited
Canada	Alberta Stock Exchange Montreal Exchange Toronto Stock Exchange Vancouver Stock Exchange Investment Dealers Association of Canada
Hong Kong	Hong Kong Monetary Authority Hong Kong Securities and Futures Commission
Japan	Financial Services Agency
Singapore	Monetary Authority of Singapore Stock Exchange of Singapore
South Africa	Bond Exchange of South Africa Johannesburg Stock Exchange South African Futures Exchange

Country	Regulator
United States	Securities and Exchange Commission Commodity and Futures Trading Commission

Table A5.3.2: Recognised European Regulator

Country	Regulator
Austria	Bundesministerium für Finanzen (Federal Ministry of Finance, Banking, Stock Exchange and Capital Market Supervision) Bundes-Wertpapieraufsicht (Austrian Securities Authority)
Belgium	Commission Bancaire et Financière
Finland	Financial Supervision Authority
France	Comité des établissements de crédit et des enterprises d'investissements
Germany	Bundesanstalt für Finanzdienstleistungsaufsicht (Federal Financial Supervisory Authority)
Greece	The Bank of Greece The Capital Market Commission
Iceland	Central Bank of Iceland
Ireland	Central Bank of Ireland
Italy	Banca d'Italia
Liechtenstein	Dienstelle für Bankennaufsicht
Luxembourg	Institute Monetaire Luxemborgeois
Netherlands	Securities Board of the Netherlands
Norway	Kredittilsynet (the Banking, Insurance and Securities Commission of Norway
Portugal	Banco de Portugal (Central Bank)
Spain	Banco de Espana (for Banks and Credit Institutions) Comision Nacional del Mercado de Valores
United Kingdom	Financial Services Authority

Schedule 1C: Forms

Sch 1C Form 1 Pt 1 Ad Hoc Risk-Based Return

Ad Hoc Return

Market Participant Name

Return Date

Return Details

Participant Type

Participant Sub-Type

Return Status:

Version: Lodgement Date:

Original Lodgement Date:

Ad Hoc Return

Return Date:

Ad hoc Capital Return

ACR

Statement of Net Tangible Assets

Core Liquid Capital	
Approved Subordinated Debt	
Cumulative Preference Shares / Revaluation Reserve	
Less Excluded Assets	
Less Excluded Liabilities	
Liquid Capital	
Operational Risk Requirement	
Counterparty Risk Requirement	
Large Exposure Risk Requirement	
Position Risk Requirement	
Underwriting Risk Requirement	
Non Standard Risk Requirement	
Secondary Risk Requirement	
Total Risk Requirement	
Liquid Margin	
Ratio of Liquid Capital to Total Risk Requirement	
Component of the CRR that is the NMFIM amount greater than 10 business days	

Financial Return Authorisation

Sole Director Company:	
Board Resolution Date	
Authorisation 1	
Authorisation Date 1	
Authorisation 2	
Authorisation Date 2	

Schedule 1C Form 2 Part 2: Risk Based Capital Requirements – Risk-Based Return Declaration

Return Date:

Director's Declaration

DIRECTORS STATEMENT RELATING TO THE ACCOUNTS OF A PARTICIPANT

…………………
(the Participant)

(a) This return is for the ………………… month(s) ended …………………
(b) The Participant is incorporated in ………………… (the Place of Incorporation).
(c) The assets and liabilities of each company controlled by the Participant, or any other venture in which the Participant has a financial interest <are/are not> in my/our opinion such as to affect adversely to a material extent the Participant's financial position.
(d) In my/our opinion, the Participant's systems, controls and accounting records have been properly and accurately maintained and form an appropriate basis upon which to assess and regularly review the financial stability of the Participant.
(e) No events have occurred or are anticipated up to the date of this statement which in my/our opinion may result in a significant deterioration in the financial stability of the Participant and there are reasonable grounds to believe the Participant will be able to meet its obligations as and when they fall due.
(f) The return associated with this statement as identified in (a) above is a true extract from the Participant's financial statements.
(g) I/we certify that the Income Statement and Balance Sheet have, to the best of my/our knowledge and belief, been drawn to comply with
(i) the requirements of sections 988A and 988B of the Corporations Act 2001 or equivalent legislation in the Place of Incorporation (as applicable); and
(ii) the accounting standards generally accepted in …………………; and
(iii) the ASIC Market Integrity Rules (ASX Market) 2010* or ASX Clear Operating Rules (each, the Rules) (as applicable).
(h) I/we certify that the core capital, liquid capital calculation and the calculation of the total risk requirement have to the best of my/our knowledge and belief, been drawn to comply with the requirements of the Rules.
(i) Since the date of the last reporting statement the Participant <has/has not> been in compliance with the capital requirements.** /For the period covering the Annual Audited Return the Participant <has/has not> been in compliance with the capital requirements.***
(j) I/we are aware that a false declaration may result in disciplinary action being taken against the Participant and should the return be submitted after the due date, the Participant may be liable to a fee or penalty.

Notes:
*Where a Risk-Based Return Declaration is submitted to the electronic return lodgement and monitoring system maintained by the Market Operator, each reference in that Risk-Based Return Declaration to the ASIC Market Integrity Rules (ASX Market) 2010 is taken to be a reference to the ASIC Market Integrity Rules (ASX Market-Capital) 2014 (see Rule 9.4.2(2)).
** This statement to be included in Risk-Based Return Declarations related to the Summary Risk-Based Return and Monthly Risk-Based Return.
*** This statement to be included in the Risk-Based Return Declarations related to the Annual Audited Risk-Based Return.

Return Date:

Financial Return Authorisation

Sole Director Company:	
Board Resolution Date	
Authorisation 1	
Authorisation Date 1	
Authorisation 2	
Authorisation Date 2	

Sch 1C Form 3A Pt 1 Risk-Based Return (Summary, Monthly and Annual)

Capital Liquidity Return

Return Date:

Return Details

Participant Type

Participant Sub-Type

Return Status:

Version:

Lodgement Date:

Original Lodgement Date:

Capital Liquidity Return

Return Date:

Return Profile **PRO**

Counterparty Risk Requirement

Have any of the following transaction types generated a counterparty risk amount/requirement?

- ☐ Non-margined financial instruments?
- ☐ Free deliveries?
- ☐ Securities lending or borrowing agreements?
- ☐ Margined financial instruments?
- ☐ OTC derivatives and warrants as principal?
- ☐ Sub underwritings?

Position Risk Requirement

Part 1 - Equity Position Risk

- ☐ Are any equity principal positions held which require a position risk requirement to be entered?
  - ☐ Standard Method
  - ☐ Building Block Method
  - ☐ Contingent Loss Matrix Method - Method 1
  - ☐ Contingent Loss Matrix Method - Method 2
  - ☐ Margin Method
  - ☐ Basic Method
  - ☐ Arbitrage Method

Part 2 - Debt Position Risk

- ☐ Are any debt principal positions held which require a position risk requirement to be entered?

Capital Liquidity Return

Return Date:

☐ Standard Method
☐ Building Block Method - Maturity Method
☐ Building Block Method - Duration Method
☐ Contingent Loss Matrix Method (Maturity Method)
☐ Margin Method
☐ Basic Method

Part 3 - Foreign Exchange Position Risk

☐ Does a foreign exchange position risk requirement need to be entered?
☐ Standard Method
☐ Contingent Loss Matrix Method

Part 4 - The Internals Models Approach

☐ Does the Participant have an Authorised VAR Model?
☐ Equities
☐ Debt
☐ Foreign Exchange
☐ Commodities

Large Exposure Risk Requirement

Part 1 - Counterparty Large Exposure

☐ Is more than 10% of Liquid Capital exposed to a single counterparty?

Indicate type of exposure:

☐ Non-margined financial instruments?
☐ Securities lending or borrowing agreements?
☐ Margined financial instruments?

Capital Liquidity Return

Return Date:

☐ OTC derivatives and warrants as principal?

Part 2 - Issuer Large Exposure

☐ Does an Issuer Large Exposure Risk Requirement need to be entered?

Equity Method

☐ Does any individual equity net position exceed 25% of Liquid Capital?

☐ Does any individual equity net position exceed 5% of shares on issue?

Debt Method

☐ Does any individual debt net position exceed 25% of Liquid Capital?

☐ Does any individual debt net position exceed 10% of the debt series on issue?

Equity and Debt Method

☐ Does the sum of equity and debt positions to an individual issuer exceed 25% of Liquid Capital?

Underwriting Risk Requirement

☐ Does an underwriting risk requirement need to be entered?

Non-Standard Risk Requirement

☐ Are there any unusual or non-standard exposures?

Secondary Requirement

☐ Has a secondary requirement been imposed on the Participant?

Capital Liquidity Return

Return Date:

Counterparty Risk Requirement

CRR

Counterparty Risk Amounts (after Counterparty Risk Weightings)

Summary	0%	10%	20%	50%	100%	Total
Non-Margined Financial Instruments Method						
Free Delivery Method						
Securities Lending and Borrowing Method						
Margined Financial Instruments Method						
OTC Derivatives And Warrants as Principal Method						
Sub-underwritten Positions Method						
SUB Total						
less Provision for Doubtful Debts:						
TOTAL COUNTERPARTY RISK REQUIREMENT:						

Capital Liquidity Return

Return Date:

Non-Margined Financial Instruments Method

CRR-NMI

Risk Amounts By Counterparty Risk Weighting (CRW) Category

Transaction Type	0%	10%	20%	50%	100%	Total
≤ 10 Business Days: Aggregate of Net Client Balances @ 3%						
> 10 Bus' Days: Transaction @ 3%						
> 10 Business Days: Excess of market value over contract value in case of a sale / Excess of contract value over market value in case of a purchase						
100% of Contract value/100% of Market value						
Sub Total - Unweighted Amounts						
Total Risk Amounts - Weighted by CRW						
Amount Of Collateral Utilised To Reduce The Above Amounts.						

Capital Liquidity Return

Return Date:

Free Delivery Method

CRR-FDL

Risk Amounts By Counterparty Risk Weighting (CRW) Category

Transaction Type	0%	10%	20%	50%	100%	Total
< 2 Business Days @8%						
≥ 2 Business Days @100%						
Sub Total - Unweighted Amounts						
Total Risk Amounts - Weighted by CRW						
Amount of Collateral Utilised to Reduce the Above Amounts						

Capital Liquidity Return

Return Date:

Securities Lending and Borrowing Method

CRR-SLB

Risk Amounts By Counterparty Risk Weighting (CRW) Category

Transaction Type	0%	10%	20%	50%	100%	Total
Option 1: > $10,000 and counterparty exposure ≤ 15% of value received: 8% of counterparty exposure						
> $10,000 and counterparty exposure > 15% of value received : 8% of 15% of value received						
> $10,000 and counterparty exposure > 15% of value received : 100% of counterparty exposure over 15% of value received						
Option 2: > $10,000 : 100% of counterparty exposure						
Sub Total - Unweighted Amounts						
Total Risk Amounts - Weighted by CRW						

Capital Liquidity Return

Return Date:

Margined Financial Instruments Method

CRR-MFI

Risk Amounts By Counterparty Risk Weighting (CRW) Category

Transaction Type	0%	10%	20%	50%	100%	Total
Settlement Amount, Premium, Deposit or Margin owed by Counterparty @ 100%						
Total Risk Amounts Weighted by CRW						
Amount of Collateral Utilised To Reduce The Above Amounts						

Capital Liquidity Return

Return Date:

OTC Derivatives and Warrants Executed as Principal Method

CRR-ODW

Risk Amounts By Counterparty Risk Weighting (CRW) Category

Transaction Type	0%	10%	20%	50%	100%	Total
Written Premium Not Received @ 100%						
Current Credit Exposure : Equity @ 8%						
Potential Credit Exposure : Equity @ 8%						
Current Credit Exposure : Debt @ 8%						
Potential Credit Exposure : Debt @ 8%						
Current Credit Exposure : Fx @ 8%						
Potential Credit Exposure : Fx @ 8%						
Sub Total - Unweighted Amounts						
Total Risk Amounts - Weighted by CRW						
Amount Of Collateral Utilised To Reduce The Above Amounts.						

Capital Liquidity Return

Return Date:

Sub-Underwritten Positions Method

CRR-SUP

Risk Amounts By Counterparty Risk Weighting (CRW) Category

Transaction Type	0%	10%	20%	50%	100%	Total
Unweighted Amount						
Total Risk Amounts - Weighted by CRW						
Amount of Collateral Utilised To Reduce The Above Amounts						

Capital Liquidity Return

Return Date:

Currency Exposure

CRR-CUR

Currency	% of Total
TOTAL	

Capital Liquidity Return

Return Date:

Counterparty Concentration

CRR-CCN

	Counterparty Name	Counterparty Type	Gross 'Unweighted Value'	Counterparty Risk Weighting %	Counterparty Risk Amount (Risk Weighted)
1					

Capital Liquidity Return

Return Date:

Position Risk Requirement

PRR

Summary	Total
Part 1 - Equity Position Risk	
Part 2 - Debt Position Risk	
Part 3 - Foreign Exchange Position Risk	
Part 4 - VaR	
TOTAL POSITION RISK REQUIREMENT	

Capital Liquidity Return

Return Date:

Equity Position Risk

PRR-EPR

Summary	Total AUD
Standard Method	
Building Block Method	
Contingent Loss Matrix Method - Method 1	
Contingent Loss Matrix Method - Method 2	
Margin Method	
Basic Method	
Arbitrage Method - Similar Indexes	
Arbitrage Method - Matching Basket - 2nd Method	
EQUITY POSITION RISK AMOUNT	

Capital Liquidity Return

Return Date:

Standard Method

PRR-EPR-STD

Country	Equity Net Positions @ 8%	Equity Net Positions @ 12%	Equity Net Positions @ 16%	Total Position Risk Amount $
TOTAL				
			TOTAL STANDARD METHOD POSITION RISK AMOUNT	

Capital Liquidity Return

Return Date:

Building Block Method

PRR-EPR-BBL

	Number of Positions		Specific Risk				General Risk	
Country	**Long**	**Short**	**Equity Net Position 2%**	**Equity Net Position 4%**	**Equity Net Position 8%**	**Specific Risk Total $**	**Aggregate Equity Net 8%**	**Total Position Risk Amount $**
TOTAL								
TOTAL BUILDING BLOCK METHOD POSITION RISK AMOUNT								

Capital Liquidity Return

Return Date:

Contingent Loss Matrix Method 1

PRR-EPR-CM1

Country	Total Position Risk Amount (Aggregate Of Greatest Losses)
Total	

Capital Liquidity Return

Return Date:

Contingent Loss Matrix – Method 2

PRR-EPR-CM2

	Number of Positions		Specific Risk				General Risk	
Country	Long	Short	Equity Net Positions	Equity Net Positions	Equity Net Positions	Total Specific Risk Amount	Amount Aggregate Of Greatest Losses	Total Position Risk Amount
			@ 2 %	@ 4 %	@ 8 %	$	$	$
TOTAL								
TOTAL METHOD 2 POSITION RISK AMOUNT								

Capital Liquidity Return

Return Date:

Margin Method

PRR-EPR-MRG

Country	Primary Margin Requirement	Position Risk Amount $ (4 x Primary Margin Requirement)
TOTAL		
	TOTAL POSITION RISK AMOUNT	

Capital Liquidity Return

Return Date:

Basic Method

PRR-EPR-BSC

	Purchased Options			Written Options
Country	**Aggregate Mark To Market Value of Underlying**	**Mark To Market Value of Options**	**Position Risk Amount**	**Position Risk Amount**
TOTAL				
			TOTAL POSITION RISK AMOUNT	

Capital Liquidity Return

Return Date:

Arbitrage Method

PRR-EPR-ARB

	Similar Indexes		Broadly based Index and a matching basket					
	Mark To Market Value of Futures	Position Risk Amount @ 2%	No. of Separately Managed Arbitrage Positions	Beta		Min Index Weight	Mark To Market Value of Futures	Position Risk Amount @ 2%
Country	$	$		Min %	Max %	%	$	$
TOTAL								
TOTAL POSITION RISK							TOTAL POSITION RISK	

Capital Liquidity Return

Return Date:

Equity Principal Concentration

PRR-EPR-PRC

Security Code (or description if code not applicable)	Country	Equity Net Position (Liquid)	Equity Net Position (Illiquid)	Total Position

Capital Liquidity Return

Return Date:

Debt Position Risk

PRR-DPR

Summary		**Position Risk Amounts Total**
Standard Method		
Building Block Method	- Maturity Method	
	- Duration Method	
	- Specific Risk	
Contingent Loss Matrix Method 2 - Maturity Method	- General risk	
	- Specific risk	
	- Volatility risk	
Margin Method		
Basic Method		
DEBT POSITION RISK AMOUNT		

Capital Liquidity Return

Return Date:

Standard Method

PRR-DPR-STD

Total Position Risk Amount	

Capital Liquidity Return

Return Date:

Building Block Method

PRR-DPR-BBL

Building Block Method - Specific Risk

	Aggregate Debt Net Positions Absolute Value			(input GROSS numbers)		
	Government	Qualifying 0-6 Months Residual Maturity	Qualifying 6-24 Months Residual Maturity	Qualifying >24 Months Residual Maturity	Other	Specific Risk Position Risk Amount
Underlying Currency	@ 0%	@ 0.25%	@ 1.00%	@ 1.60%%	@ 8%	$
TOTAL						
TOTAL SPECIFIC RISK POSITION RISK AMOUNT						

Capital Liquidity Return

Return Date:

Duration Method

PRR-DPR-BBL-DUR

	Weighted Debt Net Positions											
	Zone 1		Zone 2		Zone 3		Net	Time	Zone Amount	Adjacent Zone	Non Adjacent	General Risk
Underlying Currency	Long	Short	Long	Short	Long	Short	Position Amount	Band Amount		Amount	Zone Amount	Amount
TOTAL												
TOTAL GENERAL RISK POSITION RISK AMOUNT												

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Capital Liquidity Return

Return Date:

Maturity Method

PRR-DPR-BBL-MAT

	Weighted Debt Net Positions											
	Zone 1		Zone 2		Zone 3		Net	Time	Zone Amount	Adjacent Zone	Non Adjacent	General Risk
Underlying Currency	Long	Short	Long	Short	Long	Short	Position Amount	Band Amount		Amount	Zone Amount	Amount
TOTAL												
TOTAL GENERAL RISK POSITION RISK AMOUNT												

Capital Liquidity Return

Return Date:

Contingent Loss Matrix Method – General Risk

PRR-DPR-CM2-GEN

Underlying Currency	Notional Weighted Debt Net Positions						Net Position Amount	Time Band Amount	Zone Amount	Adjacent Zone Amount	Non Adjacent Zone Amount	General Risk Amount
	Zone 1		Zone 2		Zone 3							
	Long	Short	Long	Short	Long	Short						
	$	$	$	$	$	$	$	$	$	$	$	$
TOTAL												
TOTAL GENERAL RISK POSITION RISK AMOUNT												

Capital Liquidity Return

Return Date:

Contingent Loss Matrix Method 2 – Specific Risk

PRR-DPR-CM2-SPE

Aggregate Delta weighted value of Underlying Instrument (input GROSS numbers)						
	Government	Qualifying 0-6 Residual Maturity	Qualifying 6-24 Residual Maturity	Qualifying > 24 Residual Maturity	Other	Specific Risk Position Risk Amount
Underlying Currency	@ 0%	@ 0.25%	@ 1.00%	@ 1.6%	@ 8%	$
TOTAL						
TOTAL SPECIFIC RISK POSITION RISK AMOUNT						

Capital Liquidity Return

Return Date:

Contingent Loss Matrix Method 2 – Volatility Risk

PRR-DPR-CM2-VOL

Underlying Currency	Absolute Value of the aggregate of the greatest loss for each currency
TOTAL	

Capital Liquidity Return

Return Date:

Margin Method

PRR-DPR-MRG

Underlying Currency	Primary Margin Requirement	Position Risk Amount $ (4 x Primary Margin Requirement)
TOTAL		
	TOTAL POSITION RISK AMOUNT	

Capital Liquidity Return

Return Date:

Basic Method

PRR-DPR-BSC

	Purchased Options			Written Options
Underlying Currency	**Aggregate Mark To Market Value of Underlying**	**Mark To Market Value of Options**	**Position Risk Amount**	**Position Risk Amount**
TOTAL				
			TOTAL POSITION RISK AMOUNT	

Capital Liquidity Return

Return Date:

Debt Principal Concentration

PRR-DPR-PRC

Security Code (or description if code not applicable)	Underlying Currency	Debt Net Position (Liquid)	Debt Net Position (Illiquid)	Total Position

Capital Liquidity Return

Return Date:

Foreign Exchange Position Risk

PRR-FPR

Summary	Position Risk Amounts Total
Standard Method	
Contingent Loss Matrix Method	
FOREIGN EXCHANGE POSITION RISK AMOUNT	

Capital Liquidity Return

Return Date:

Standard Method

PRR-FPR-STD

Underlying Currency	Net Open Long Position	Net Open Short Position
TOTAL		
POSITION RISK AMOUNT – 8% OF MAX OF LONG OR SHORT		

Capital Liquidity Return

Return Date:

Contingent Loss Matrix Method

PRR-FPR-CM1

	Commodity Currency						
Terms Currency						**Other**	**Total**
Other							
Total							
						TOTAL POSITION RISK AMOUNT	

Capital Liquidity Return

Return Date:

Largest Daily Losses

PRR-VAR-LDL

Loss	Date

Capital Liquidity Return

Return Date:

Equity Stress Testing

PRR-VAR-EST

National Market	Change in Implied Volatility	Change in Price (%)				
	(%)	-50	-25	0	+10	+20
	+200					
	0					
	- 75					

Capital Liquidity Return

Return Date:

Debt Stress Testing

PRR-VAR-DST

	Change in Yield (%)							
	Cash	**90 days**	**180 days**	**1 year**	**3 years**	**5 years**	**10 years**	**15 years**
Yield curve scenario 1	+20	+20	+20	+20	+20	+20	+20	+20
Yield curve scenario 2	-20	-20	-20	-20	-20	-20	-20	-20

Yield curve scenarios

	Yield curve scenario 1	Yield curve scenario 2

Interest rate volatility scenarios

	Volatility scenario 1	Volatility scenario 2
Change in Implied Volatility (%)	**+250**	**-75**

Capital Liquidity Return

Return Date:

Foreign Exchange Stress Testing

PRR-VAR-FST

Exchange Rate Scenarios

	Change in Price (%)				
Change in Implied Volatility (%)	**-20**	**-10**	**0**	**+10**	**+20**
+100					
0					
-50					

Capital Liquidity Return

Return Date:

Large Exposure Risk Requirement

LRR

Summary	Total
Part 1 - Counterparty Large Exposure Amount	
Part 2 - Issuer Large Exposure - Equity Method	
Part 3 - Issuer Large Exposure - Debt Method	
Part 4 - Issuer Large Exposure - Equity & Debt Method	
Total Large Exposure Risk Requirement	

Capital Liquidity Return

Return Date:

Counterparty Large Exposure Amount

LRR-CLE

Counterparty Large Exposure

Summary	Total
Total Counterparty Large Exposure Risk Requirement	
Total number of counterparties	

Capital Liquidity Return

Return Date:

Non Margined Financial Instruments Method

LRR-CLE-NMI

Transaction Type	Risk Amounts
> 10 Business Days : Transactions @ 3% of contract value or excess, whichever is greater	
> 10 Business Days : 100% of contract value / 100% of market value	
Sub TOTAL RISK AMOUNT	
Total Number of Counterparties	

Capital Liquidity Return

Return Date:

Securities Lending and Borrowing Method

LRR-CLE-SLB

Transaction Type	Risk Amounts
Option 1	
> $10,000 and counterparty exposure ≤15% of value received : 8% of counterparty exposure	
> $10,000 and counterparty exposure > 15% of value received : 8% of 15% of value received	
> $10,000 and counterparty exposure > 15% of value received : 100% of counterparty exposure over 15% of the value received	
Option 2	
> $10,000 : 100% of counterparty exposure	
Sub TOTAL RISK AMOUNT	
Total Number of Counterparties	

Capital Liquidity Return

Return Date:

Margined Financial Instruments Method

LRR-CLE-MFI

Transaction Type	Risk Amounts
Settlement Amount, Premium, Deposit or Margin owed by Counterparty @ 100%	
Sub TOTAL RISK AMOUNT	
Total Number of Counterparties	

Capital Liquidity Return

Return Date:

OTC Derivatives and Warrants Executed as Principal Method

LRR-CLE-ODW

Transaction Type	Risk Amount
Written Premium Not Received @ 100%	
Current Credit Exposure : Equity @ 8%	
Potential Credit Exposure : Equity @ 8%	
Current Credit Exposure : Debt @ 8%	
Potential Credit Exposure : Debt @ 8%	
Current Credit Exposure : Fx @ 8%	
Potential Credit Exposure : Fx @ 8%	
Sub TOTAL RISK AMOUNT	
Total Number of Counterparties	

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Capital Liquidity Return

Return Date:

Issuer Large Exposure – Equity Method

LRR-ISE

Country	Number of Equity Issuers	Equity Net Position	> 25% Of Liquid Capital @ 12%	> 25% Of Liquid Capital @ 16%	> 5% Of Issue @ 12%	> 5% Of Issue @ 16%	Total Risk Amount $
TOTAL							

Capital Liquidity Return

Return Date:

Issuer Large Exposure – Debt Method

LRR-ISD

Underlying Currency	Number of Debt Issuers	Debt Net Position	> 25% Of Liquid Capital	> 10% Of Issue	Total Risk Amount $
TOTAL					

Capital Liquidity Return

Return Date:

Issuer Large Exposure – Equity & Debt Method

LRR-IED

Underlying Currency	Number of Equity/Debt Issuers	Equity Net Position Plus Debt Net Position	> 25% Of Liquid Capital @ 12%	> 25% Of Liquid Capital @ 16%	> 25% Of Liquid Capital @ applicable debt position risk factor	Total Risk Amount $
TOTAL						

Capital Liquidity Return

Return Date:

Underwriting Risk Requirement

URR

	Equity	**Debt Instrument**	**Total**
Underwriting Risk Amount			

Capital Liquidity Return

Return Date:

Non Standard Risk Requirement

NRR

Detail the nature of the exposure						Other	Amount - Total
Total							

Capital Liquidity Return

Return Date:

Operational Risk Requirement

ORR

	Minimum Amount				$100,000
add	Variable amount				
	Counterparty risk requirement	(a)			
	Position Risk Requirement	(b)			
	Underwriting Risk Requirement	(c)			
	Sum (a) + (b) + (c)			*** 8% =**	
add	Secondary Requirement				
	Total Operational Risk				

Capital Liquidity Return

Return Date:

Income Statement

ICS

Revenue

	Current		Prior	
Profits (Losses) from trading in securities / derivatives: Realised				
Unrealised				
Brokerage: Equities				
Warrants				
Futures / Exchange Traded Options				
Debt				
Other				
Underwriting commission (less sub-underwriting commission paid)				
Sub-underwriting commission				
Dividends				
Interest				
Bad debts recovered and provision for doubtful debts no longer required				
Directors' fees				
Handling fees				
Corporate Advisory Fees				
Financial planning / Portfolio Management Fees				
Management fees				
Other fee received from associated entities				
Other Revenue				

Capital Liquidity Return

Return Date:

Additional Total			
TOTAL REVENUE			

Capital Liquidity Return

Return Date:

Expenses

	Current		**Prior**	
Salaries (excluding partners, directors and research salaries)				
Directors' / Partners' salaries				
Commissions paid to Traders / Consultants				
Other salary costs				
Occupancy costs				
Interest paid				
Travel, Public Relations and Advertising				
Research (including research salaries)				
Bad and doubtful debts written off / provided for				
Audit fees				
Admin costs (postage, fax, phone etc)				
Professional indemnity insurance				
Other insurance costs				
All management / service fees paid to associated entities				
Depreciation / Amortisation of fixed and intangible assets				
Finance lease payments				
Operating lease payments (other than occupancy)				
Other Expenses				
TOTAL EXPENSES				

Capital Liquidity Return

Return Date:

Net Profit / (loss)

	Current		Prior	
PROFIT before income TAX				
Income Tax - Expense				
If a profit has been made but no tax provision raised, the reason for NOT providing for tax must be recorded in this comment field				
Profit / (loss) after TAX from discontinued operations (detail below)				
NET PROFIT / (LOSS) for the period				

Capital Liquidity Return

Return Date:

Retained Earnings

	Current		Prior
Opening Retained Earnings			
Adjustments TO retained earnings (detail) - increases			
TOTAL			
Dividends			
Adjustments from retained earnings (detail) - decreases			
TOTAL			
Other adjustments to / (from) retained earnings (detail)			
TOTAL			
Closing Retained Earnings			

Capital Liquidity Return

Return Date:

BAL

Balance Sheet

Assets				
	Current Assets (current)		**Current Assets (prior)**	
Trade Receivables				
Less Provision for doubtful debts				
	Securities Borrowings			
	Financial Assets			
	Cash and Cash Equivalents			
	Related/ Associated Persons			
	Client segregated/ Trust Accounts			
	Deposits at Clearing Houses			
	Other Current Assets			
	TOTAL CURRENT ASSETS			
	Non Current Assets (current)		**Non Current Assets (prior)**	
	Trade Receivables			
	Financial Assets			
	Loans and Deposits			
	Related/ Associated Persons			
	Property, Plant & Equipment			
	Intangible Assets			
	Deferred Tax Assets			
	Other Non Current Assets			
	TOTAL NON CURRENT ASSETS			
	Total Assets			

Capital Liquidity Return

Return Date:

Liabilities

	Current Liabilities (current)	Current Liabilities (prior)
Trade Payables		
Securities Lending		
Financial Liabilities		
Short Term Borrowings		
Income Tax Payable		
Approved Subordinated Debt		
Other Current Liabilities		
TOTAL CURRENT LIABILITIES		
	Non Current Liabilities (current)	**Non Current Liabilities (prior)**
Long Term Borrowings		
Deferred Income Tax		
Approved Subordinated Debt		
Other Non Current Liabilities		
TOTAL NON CURRENT LIABILITIES		
Total Liabilities		
Net Assets		

Capital Liquidity Return

Return Date:

Equity				
	Equity (current)		Equity (prior)	
Ordinary Issued and Paid Up Shares				
Non Cumulative Preference Shares				
Cumulative Preference Shares				
Other				
	Total Equity			
	Reserves (current)		Reserves (prior)	
Revaluation reserves				
Other reserves				
	TOTAL RESERVES			
	Retained Earnings / (Accumulated Losses)			
	Total Equity			

Capital Liquidity Return

Return Date:

Balance Sheet Details

BSD

Total Contingent Liabilities	

Capital Liquidity Return

Return Date:

Cash & Cash Equivalents

BSD-CCE

Detail FUNDS lodged with:	**CURRENT**		**NON CURRENT**	
Approved Deposit Taking Institution (ADTI)	**SECURED**	**UNSECURED**	**SECURED**	**UNSECURED**
Total ADTI				
Petty Cash				
Non ADTI and Other				
Total NON ADTI and Other				
Total Secured / Unsecured				
Total Current / Non Current:				

Capital Liquidity Return

Return Date:

Related/ Associated Persons

BSD-RAP

Cash & Cash Equivalents - Detail	CURRENT		NON CURRENT	
-Approved Deposit Taking Institution (ADTI)	SECURED	UNSECURED	SECURED	UNSECURED
ADTI Total				
Cash & Cash Equivalents - Detail				
- Non ADTI and Other				
Non ADTI Total				
Total Secured/ Unsecured				
Total Current/ Non Current				

Capital Liquidity Return

Return Date:

Underwriting/ Guarantees

BSD-UWG

Underwriting and Sub Underwriting:			
Gross Underwriting Commitments			
Gross Sub Underwriting Commitments			
Gross Underwriting and Sub Underwriting Commitments			
Reduce underwriting and sub underwriting commitments by sub underwritten amounts and/or amounts received from client placement			
NET UNDERWRITING COMMITMENTS			
Guarantees:			
For the purpose of the Rules			
Ordinary course of business			
To settle legal proceedings			
SUB TOTAL			
Related/Associated persons			
Other			
Other Guarantee Sub Total			
TOTAL UNDERWRITING / GUARANTEES			

Capital Liquidity Return

Return Date:

Legal / Insurance / Encumbrances

BSD-LIE

Contingent Liabilities

Are there any actual / potential legal proceedings and Insurance Claims?	
Is there any charge, pledge, or other encumbrance over any of the assets of the Participant?	
Has the Participant granted any Credit Facilities to other persons or entities?	

Capital Liquidity Return

Return Date:

Other Contingent Liabilities and Lease Commitments

BSD-LSO

Lease Commitments: (including property commitments)		
Detail Operating Leases		
Other Leases:		
TOTAL LEASE COMMITMENTS:		
Other Contingent Liabilities:		
TOTAL OTHER:		
Total Lease Commitments / Other Contingent Liabilities:		

Capital Liquidity Return

Return Date:

Other Assets

BSD-OTA

Current Asset Description	Current Asset Amount
Current Asset Amount Total	
NON Current Asset Description	**NON Current Asset Amount**
NON Current Asset Amount Total	
Other Assets Total	

Capital Liquidity Return

Return Date:

Core Capital

CAP – CC, LQC, LM

	Current Return	**Prior Return**
Ordinary Issued and Paid-Up Shares		
Non-Cumulative Preference Shares		
All Reserves Excluding Revaluation Reserves other than Financial Asset Revaluation Reserves		
Opening Retained Earnings/Accumulated Losses Adjusted for all Current Year Movements		
Core Capital		

Capital Liquidity Return

Return Date:

CAP- CC, LQC, LM

Liquid Capital Calculation

	Current Return		**Prior Return**	
Core Capital				
Cumulative Preference Shares				
Approved Subordinated Debt				
Revaluation Reserves other than Financial Asset Revaluation Reserves				
less Excluded Assets				
Property, Plant and Equipment				
Intangible Assets				
Deferred Tax Assets				
Other Non-Current Assets				
Unsecured deposits/loans with non approved deposit taking instit's				
Unsecured non ADTI related / associated person balances				
Other trade receivables realisable after 30 days				
Prepayments realisable after 30 days				
Other Illiquid Assets				
Other charged assets				
Other prescribed assets				
less Excluded Liabilities				
Guarantees and Indemnities				
Other prescribed liabilities				

Liquid Capital				

Capital Liquidity Return

Return Date:

Liquid Margin Calculation

CAO – CC, LQC, LM

	Current Return		Prior Return	
Liquid Capital				
Operational Risk Requirement				
Counterparty Risk Requirement				
Large Exposure Risk Requirement				
Position Risk Requirement				
Underwriting Risk Requirement				
Non Standard Risk Requirement				
Liquid Margin				

.Ratio of Liquid Capital to Total Risk Requirement

						Current Return	Prior Return
Ratio of Liquid Capital to Total Risk Requirement	=	Liquid Capital / Total Risk Requirement	=		=		

Capital Liquidity Return

Return Date:

Additional Comments

ADD

Capital Liquidity Return

Return Date:

Credit Facilities & Overdraft

CFO

STANDBY CREDIT facilities granted in favour of the Participant			
Type	**Full Name of Provider**	**Terms And Availability**	**Amount of Limit**
		TOTAL STANDBY CREDIT FACILITIES	

Schedule 1C Form 5: Risk Based Capital Requirements and NTA Requirements – Auditor's Report

PRO FORMA AUDITOR'S REPORT ON FINANCIAL INFORMATION

Pro Forma Auditor's Report on Financial Information

KEY
The following key applies throughout this document.
* Where the Participant is a body corporate incorporated or resident outside Australia operating a branch in Australia, the following words may be inserted – "Australian branch".
** Delete as applicable.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS/PARTNERS OF [PARTICIPANT_NAME]**

To: The **Directors/Partners****, **[Participant_name]**;

AUDITOR'S REPORT ON THE RETURN

We have audited the financial information set out in the attached.

Instruction: Only one of the following two paragraphs in bold will apply. Hence the paragraph that does not apply should be deleted.

Annual Audited Return, excluding the Directors' / Partners' ** Statement Relating to Accounts of a Participant and "Prior Period" balances as shown in the Audited Return, (the "Return") of [Participant_name]* ("the Participant") for the [period] ended [date].

**
or

Audited NTA Return, excluding the Directors' Statement Relating to Accounts of a Participant and "Prior Period" balances as shown in the Audited NTA Return, (the "Return") of [Participant_name]* ("the Participant") for the [period] ended [date]. **

*The Responsibility of the Directors/Partners ** for the Return*

The **directors/partners **** of the Participant are responsible for the preparation and fair presentation of the financial information set out in the Return in accordance with the requirements of the ASIC Market Integrity Rules (ASX Market-Capital) 2014. This responsibility includes: establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial information set out in the Return to ensure that the Return is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial information set out in the Return based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These

Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial information set out in the attached Return is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures of the financial information set out in the Return. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial information set out in the Return whether due to fraud or error.

In making those risk assessments, the auditor considers internal controls relevant to the Participant's preparation and fair presentation of the financial information set out in the Return in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Participant's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the **directors/partners****of the Participant, as well as evaluating the overall presentation of the financial information set out in the Return.

The Return has been:

Instruction: Only one of the following two paragraphs in bold will apply. Hence the paragraph that does not apply should be deleted.

prepared in accordance with Rule 9.2.4 of the ASIC Market Integrity Rules (ASX Market-Capital) 2014 as the Participant is complying with the Risk Based Capital Requirements, **
or

prepared in accordance with Rule 9.3.6 of the ASIC Market Integrity Rules (ASX Market-Capital) 2014 as the Participant is complying with the NTA Requirements, **

The Return may not be suitable for another purpose. Our report is intended solely for the Participant and ASIC and should not be distributed to or used by parties other than the Participant and ASIC.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENCE
In conducting our audit, we have complied with the independence requirements of APES 110: Code of Ethics for Professional Accountants.

[QUALIFIED] AUDITOR'S OPINION

In our opinion, **[except for the matters referred to in the qualification below],** the Return of **[Participant_name]** for the **[period]** ended **[date]** presents fairly, in all material respects, the financial information of the Participant for the **[period]** ended **[date]** as required by **ASIC in accordance with the ASIC Market Integrity Rules (ASX Market-Capital) 2014** that are relevant to the preparation and presentation of the Return.

QUALIFICATION (IF APPLICABLE)

Dated this .... day of ....

Audit Firm "Signature" ....

Name of Audit Firm ....

Address of Audit Firm ....

Partner's Signature ....

Name of Partner ....

If an auditor is not satisfied as to any matter a qualified audit opinion should be expressed.

Schedule 1C Form 6: Risk Based Capital Requirements and NTA Requirements – Key Risks and Internal Systems Statement

ATTESTATION BY DIRECTORS/PARTNERS TO ASIC KEY RISKS AND INTERNAL SYSTEMS

Participant:..
Year Ended:..

PARTICIPANTS KEY RISKS AND INTERNAL SYSTEMS STATEMENT

We hereby certify and represent that:

The Participant has developed and implemented adequate systems, procedures and controls reasonably designed to achieve compliance, at all times, with the requirements of the **ASIC Market Integrity Rules (ASX Market) 2010 and ASIC Market Integrity Rules (ASX Market-Capital) 2014**, and which are appropriate for the nature and extent of the **trading activities** being conducted.

This includes review of the obligations under the **ASIC Market Integrity Rules (ASX Market) 2010 and ASIC Market Integrity Rules (ASX Market-Capital) 2014**, the identification of the key risks facing the Participant and the establishment of systems, procedures and controls to monitor and manage those risks including the establishment of policies and procedures to ensure the accurate calculation of the capital requirements.

The systems, procedures and controls are operating effectively and are adequate having regard to the nature and extent of the Participant's **trading activities** to ensure compliance with **ASIC Market Integrity Rules (ASX Market) 2010 and ASIC Market Integrity Rules (ASX Market-Capital) 2014**.

We have retained copies of the relevant documentation on which this representation is based and this is available for inspection by **ASIC.**

Name ....Name..

Director / Partner ....Director / Partner...

Dated this .... day of...

Date of Board Resolution (if applicable)...

Note: If a Participant considers it necessary to qualify this standard statement, the reasons should be explained in full in an accompanying statement

Schedule 1C Form 7: Risk Based Capital Requirements – Partnership Statutory Declaration

Market Participants – Partner Statutory Declaration

Basis of preparation

In completing this statutory declaration ALL liabilities, actual or contingent must be declared. Sufficient assets should be declared to demonstrate an excess of assets over liabilities of not less than $50,000. If net assets are less than $50,000 then (i) all assets must be declared as well as all liabilities (actual or contingent) and (ii) a statement must be provided explaining the source of funds required to meet liabilities.

The declaration is required to be made in accordance with the law of the place where the declaration is executed. The table below sets out the persons who may witness a declaration.

State	Persons who may witness declaration
Victoria	Among others, any justice of the peace, notary public, barrister or solicitor of the Supreme Court, a member of the police force or Parliament, a legally qualified medical practitioner, a bank manager, a dentist or pharmacist, or a public service officer authorised to do so.
New South Wales	Among others, any justice of the peace, notary public, commissioner of the court for taking affidavits, other person authorised by law to administer an oath, or a solicitor holding a current practising certificate.
Queensland	Among others, any commissioner for declarations, justice of the peace, notary public or other officer authorised by law to administer an oath, barrister, solicitor or conveyancer.
Western Australia	Among others, any justice of the peace or other person authorised by law to administer an oath.
South Australia	Among others, any justice, notary public or any officer authorised by law to administer an oath or affirmation.
Tasmania	Among others, any justice, person authorised by law to administer an oath or a commissioner for declarations.

Each page of the notes attached to the statutory declaration must be signed and dated by the partner for identification purposes.

Treatment of property and mortgages

It is intended that the following guidelines be observed in the treatment of property and mortgages:

- only the partner's proportion of the property value may be included as an asset in note 5;
- the partner's proportion of the mortgage debt to be shown as a liability in note 8;
- the proportion of the mortgage debt relating to other owners to be shown as contingent liability in note 9; and
- no proportion of the property owned by the other parties may be included as an asset, contingent or otherwise.

Summary (note 1)

As note 1 is a summary of the totals of other notes, this note must be completed in full.

Treatment of assets (notes 2 to 7)

Accounts as at 30 June last should be attached to this Statutory Declaration in respect of any borrower who is not a recognised borrowing institution.

Assets are to be separately listed in these notes. Where such assets are not registered in the sole name of the partner, particulars must be given. Where assets included in these notes have been offered as security, full particulars must be given.

Treatment of assets pledged for liability of a Participant (note 10)

If any personal assets are pledged as security for a liability of a Participant, those assets should be listed in note 10. They must not be listed in any other notes.

Treatment of assets pledged for other debts not included in note 10 (note 11)

If any of the assets listed are pledged as security for any debt of either the person making this declaration, or a third party, details should be listed in note 11.

Statutory Declaration*

I, *[insert full name]*

of *[insert address]*

, *[insert occupation]*

do solemnly and sincerely declare that:

1. My actual and contingent liabilities of any nature did not exceed the sum of $_____ and are detailed on notes 8 and 9;

2. The information stated in notes 1 to 11 inclusive is true and correct;

3. The realisable value of my assets (excluding my interest in the Participant of ________) exceeded the liabilities referred to in clause 1 by at least $ ____; and

4. All insurable assets described in the notes are, at all times, held insured to a value not less than that shown in the attached notes.

Victoria* - Declaration complying with the Evidence Act 1958

And I acknowledge that this declaration is true and correct, and I make it in the belief that a person making a false declaration is liable to the penalties for perjury.

Declared at ________________________)

this ________ day of ________ 20 ______) ________________________

[Signature of declarant]

Before me: ________________________

[Signature of person before whom the declaration is made]

____

[Title of person before whom the declaration is made]

---

* Each partner is required to execute the statutory declaration in accordance with the law of the jurisdiction where the declaration is made. Accordingly, please select the appropriate format and delete or cross out those formats which are not relevant.

This page forms part of Statutory Declaration dated: ___/___/20___

Signed by partner: ________________________

New South Wales* - Declaration under the Oaths Act 1990

And I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Oaths Act 1990.

Declared at ______________________________)
)
this ________ day of ________ 20 ______) ________________________
[Signature of declarant]

Before me: ______________________________
[Signature of person before whom the declaration is made]

____
[Title of person before whom the declaration is made]

Queensland* **- Declaration under The Oaths Acts, 1867 to 1988 -**

And I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of The Oaths Act of 1867.

Signed and declared by the above-named declarant

at ________________ in the State of _____________)
)
this ________ day of ________ 20 ______) ________________________
[Signature of declarant]

Before me: ______________________________
[Signature of person before whom the declaration is made]

____
A Justice of the Peace *[or as the case may be]*.

---

* Each partner is required to execute the statutory declaration in accordance with the law of the jurisdiction where the declaration is made. Accordingly, please select the appropriate format and delete or cross out those formats which are not relevant.

This page forms part of Statutory Declaration dated: ___/___/20___

Signed by partner: ______________________________

Western Australia* - Declaration under the Evidence Act 1906

And I make this solemn declaration by virtue of section 106 of the Evidence Act 1906.

Declared at ______________________)
)
this ________ day of ________ 20 ______) ______________________
[Signature of declarant]

Before me: ______________________
[Signature of person before whom the declaration is made]

____
[Title of person before whom the declaration is made]

South Australia* - Declaration under the Oaths Act 1936

And I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Oaths Act 1936.

Declared at ______________________)
)
this ________ day of ________ 20 ______) ______________________
[Signature of declarant]

Before me: ______________________
[Signature of person before whom the declaration is made]

____
[Title of person before whom the declaration is made]

---

* Each partner is required to execute the statutory declaration in accordance with the law of the jurisdiction where the declaration is made. Accordingly, please select the appropriate format and delete or cross out those formats which are not relevant.

This page forms part of Statutory Declaration dated: ___/___/20___

Signed by partner: ______________________

Tasmania* - Declaration under the Evidence Act 1910

And I make this solemn declaration by virtue of section 132 of the Evidence Act 1910.

Declared at ______________________________)
)
this ________ day of ________ 20 ______) ______________________________
[Signature of declarant]

Before me: ______________________________
[Signature of person before whom the declaration is made]

____
[Title of person before whom the declaration is made]

---

* Each Partner is required to execute the statutory declaration in accordance with the law of the jurisdiction where the declaration is made. Accordingly, please select the appropriate format and delete or cross out those formats which are not relevant.

This page forms part of Statutory Declaration dated:

___/___/20___

Signed by partner:

____

Note 1 Summary as at ___/___/20___

	Note	Due not later than 1 year	Due later than 1 year but not later than 3 years	Due later than 3 years
Assets				
Cash in Bank	2			
Marketable Securities	3			
Other Debtors	4			
Property	5			
Investments	6			
Other Assets	7			
Total Assets				
Liabilities				
Actual Liabilities	8			
Contingent Liabilities	9			
Total Liabilities				
Net Assets (Total Assets less Total Liabilities)				

This page forms part of Statutory Declaration dated: ___/___/20___

Signed by partner: ______________________________

Note 2 Cash in bank or on deposit

ASSETS AS AT ___/___/20___

Financial institution	Nature of account	Amount ($)
	Total cash in bank or on deposit	

Note 3 Marketable/liquid securities

Company	Number of securities	Type of security	Market value at ___/___/20___	Total Value
			Total market value of liquid securities	

This page forms part of Statutory Declaration dated: ___/___/20___

Signed by partner: ______________________________

Note 4 Other debtors

Borrower	Interest rate	Term of deposit	Secured/unsecured (if secured, provide details)	Amount ($)
			Total other debtors	

Note 5 Property

Address & description	Unimproved capital value as set by valuing authority	Method of valuation	Estimated realisable value	Proportion owned (%)	Value
				Total property value	

This page forms part of Statutory Declaration dated: ___/___/20___

Signed by partner: ______________________________

Note 6 Investments

Name of business owned	Total net assets	Proportion owned (%)	Value
		Total investment value	

Note 7 Other assets

Description of Assets	Method of valuation	Estimated realisable value	Proportion owned (%)	Value
			Total other assets	

This page forms part of Statutory Declaration dated: ___/___/20___

Signed by partner: ______________________________

Note 8 Existing liabilities

Description	Due within 1 year	Due between 1 year and 3 years	Due after 3 years	Total
Outstanding tax assessments				
Excess of estimated tax payable over provisional tax paid*				
Estimate of tax applicable to income for financial year to date				
Bank Overdrafts				
Property Mortgages (show address and partner's share of mortgage)				
Other Loans				
*Other Liabilities (details required)				
Total existing liabilities				

* Calculate excess of estimated tax payable over provisional tax paid as per below:

Estimated tax payable for the year to 30th June	$ x
less Provisional tax paid	$ y
Amount to be declared	$

This page forms part of Statutory Declaration dated: ___/___/20___

Signed by partner: ______________________________

Note 9 Contingent liabilities*

	Due within 1 year	Due between 1 year and 3 years	Due after 3 years	Total
Description Debt on residence (show address) Debt on all jointly owned properties (show address) Debt on other properties Other contingent liabilities				
Total contingent liabilities				

* Show that part of contingent liabilities which relates to debt of parties other than the partner.

Note 10 Assets pledged for liability of a Participant

Description of assets	Pledged to	Maximum liability	Value of assets pledged
		Total assets pledged	$

This page forms part of Statutory Declaration dated: ___/___/20___

Signed by partner: ______________________

Note 11 Assets pledged for other debts not included in note 10

Description of assets	Pledged to	Maximum liability	Value of assets pledged
		Total assets pledged	$

This page forms part of Statutory Declaration dated: ___/___/20___

Signed by partner: ______________________________

Sch 1C Form 8 Pt 1 NTA Return (Ad Hoc, Monthly and Annual)

Return Date:

Return Details

Participant Type:

Participant Sub-Type:

Return Status:

Version:

Lodgement Date:

Original Lodgement Date:

NTA Return

Return Date:

NTA Return Details

NTA

Statement of Net Tangible Assets

	Note	Current Period	Prior Period	Movement $	Movement %
Current Assets	1				
less Current Liabilities	2				
Net Current Assets (working capital)					
Non Current Assets	3				
less Non Current Liabilities	4				
Net Assets					
Shareholder's Equity funded by:					
Equity	5				
Reserves & Retained earnings	6				
Approved Subordinated Debt	7				
Total Shareholder's Equity					
less Excluded/Intangible Assets	3f				
Net Tangible Assets					
Contingent Liabilities	8				
Lease Commitments	9				
Capital Commitments	10				
Net Standby Credit Facilities	11				
Foreign Exchange Exposure	12				

NTA Return

Return Date:

Current Assets

CAS

Current Assets - Note 1

	Current Period	Prior Period	Movement $	Movement %
Total Current Assets				

Federal Register of Legislative Instruments F2014L00598

NTA Return

Return Date:

Receivables

CAS-REC

Current Assets: Receivables- Note 1(a)

	Current Period			**Prior Period**			**Movement $**	**Movement %**
Futures Clients								
less provision for doubtful debts		=			=			
Other Clients								
less provision for doubtful debts		=			=			
Dealers								
less provision for doubtful debts		=			=			
Other Receivables								
less provision for doubtful debts		=			=			
Sub Total								

NTA Return

Return Date:

Cash

CAS-CSH

Current Assets: Cash - Note 1(b)

	Current Period	Prior Period	Movement $	Movement %
Cash at Bank (general accounts)				
Clients' Segregated Account at Bank				
Trust Account at Bank				
Cash on Hand				
Sub Total				

NTA Return

Return Date:

Deposits

CAS-DEP

Current Assets: Deposits - Note 1(c)				
	Current Period	**Prior Period**	**Movement $**	**Movement %**
Deposits with ASX Clear - Client Account				
Deposits with ASX Clear - House Account				
Deposits with ASX Clear (Futures) - Client Account				
Deposits with ASX Clear (Futures) - House Account				
Deposits with ASX Clear Participant				
Deposits with ASX Clear (Futures) Participant(s) - Client				
Deposits with ASX Clear (Futures) Participant(s) - House				
Deposits with ASX Participant				
Deposits with ASX 24 Participant(s) - Client				
Deposits with ASX 24 Participant(s) - House				
Deposits with Overseas Brokers - Client				
Deposits with Overseas Brokers - House				
Client funds invested in accordance with legislation				
Deposits with a stock exchange				
Other (provide details)				
Sub Total				

NTA Return

Return Date:

Company Related

CAS-REL

Current Assets: Related/Associated Company Receivables - Note 1(d)

	Current Period	Prior Period	Movement $	Movement %
Deposits (provide names of related parties)				
Loans (maturing within 12 months) (provide names of related parties)				
Receivables (provide names of related parties)				
Other (provide details)				
Sub Total				

NTA Return

Return Date:

Other Current Assets

CAS-OTH

Current Assets: Other - Note 1(e)

	Current Period	**Prior Period**	**Movement $**	**Movement %**
Listed Securities (at stated value)				
At market value				
At cost value				
At other value (provide details)				
Investment in subsidiaries				
Investment in associated Companies				
Bills of Exchange				
Government & semi-Government Securities				
Prepayments				
Loans to Directors				
Other (provide details)				
Sub Total				

NTA Return

Return Date:

Current Liabilities

CLB

Current Liabilities: Total - Note 2

	Current Period	Prior Period	Movement $	Movement %
Total Current Liabilities				

NTA Return

Return Date:

Section Name

CLB-TOP

Current Liabilities: Trade & other Payables - Note 2(a)

	Current Period	**Prior Period**	**Movement $**	**Movement %**
Futures Clients - External				
Futures Clients - Related/Associated				
Other Clients				
Dealers				
Lease Liability				
Sundry Payables				
Other (provide details)				
Sub Total				

NTA Return

Return Date:

Short Term Borrowings

CLB-STB

Current Liabilities: Short Term Borrowings - Note 2(b)

	Current Period	**Prior Period**	**Movement $**	**Movement %**
Bank Overdraft (provide lender names)				
Bank Loans (provide lender names)				
At call (provide lender names)				
Other (provide details)				
Sub Total				

NTA Return

Return Date:

Related / Associated Company Payables

CLB-REL

Current Liabilities: Related/Associated Company Payables - Note 2(c)

	Current Period	**Prior Period**	**Movement $**	**Movement %**
Loans (due within 12 months) (provide names of related parties)				
Payables (provide names of related parties)				
Other (provide details)				
Sub Total				

NTA Return

Return Date:

Other Current Liabilities

CLB-OTH

Current Liabilities: Other - Note 2(d)

	Current Period	**Prior Period**	**Movement $**	**Movement %**
Provision for Income Tax				
Provision for Dividend				
Provision for Annual Leave				
Provision for long Service Leave				
Sundry Provisions				
Sundry Accruals				
Other (provide details)				
Sub Total				

NTA Return

Return Date:

Non Current Assets

NCA

Non-Current Assets: Total - Note 3

	Current Period	Prior Period	Movement $	Movement %
Total Non-Current Assets				

NTA Return

Return Date:

Property, Plant & Equipment

NCA-PPE

Non-Current Assets: Property, Plant & Equipment - Note 3(a)

	Current Period			**Prior Period**			**Movement $**	**Movement %**
Land & Buildings - at fair value / cost								
less accumulated depreciation		=			=			
Leasehold Improvement - at fair value / cost								
less accumulated depreciation		=			=			
Plant, vehicles, fixtures & fittings								
less accumulated depreciation		=			=			
Other (provide details)								
Sub Total								

NTA Return

Return Date:

Financial Assets

NCA-FAS

Non-Current Assets: Financial Assets - Note 3(b)

	Current Period	Prior Period	Movement $	Movement %
Government & semi-Government Securities				
Listed Securities (at stated value)				
At market value				
At cost value				
At other value (provide details)				
Investment in subsidiaries				
Investment in associated Companies				
Other (provide details)				
Sub Total				

NTA Return

Return Date:

Loans & Deposits

NCA-LAD

Non-Current Assets: Loans & Deposits - Note 3(c)

	Current Period	Prior Period	Movement $	Movement %
Due between 1-2 years (provide names of parties loan/deposit held with)				
Due after 2 years (provide names of parties loan/deposit held with)				
Sub Total				

NTA Return

Return Date:

Related / Associated company Receivables

NCA-REL

Non-Current Assets: Related/Associated Company Receivables - Note 3(d)

	Current Period	**Prior Period**	**Movement $**	**Movement %**
Deposits (provide names of related parties)				
Loans (provide names of related parties)				
Receivables (provide names of related parties)				
Other (provide details)				
Sub Total				

NTA Return

Return Date:

Other Non Current Assets

NCA-OTH

Non-Current Assets: Other - Note 3(e)

	Current Period	Prior Period	Movement $	Movement %
Prepayments				
Loans to Directors				
Other (provide details)				
Sub Total				

NTA Return

Return Date:

Excluded / Intangible Assets

NCA-EIA

Non-Current Assets: Excluded/Intangible Assets - Note 3(f)

	Current Period	**Prior Period**	**Movement $**	**Movement %**
Formation Costs				
Goodwill				
Patents, Trademarks & Preliminary Expenses				
Deferred Tax Assets				
Participant Rights / Access Membership to:				
ASX 24				
ASX				
ASX Clear (Futures)				
ASX Clear				
Other Exchanges / Clearing Houses (provide details)				
Unlisted Securities (provide details)				
ASX Clear Participant commitment				
ASX Clear (Futures) Participant commitment (cash only)				
Other commitments (provide details)				
Sub Total				

Federal Register of Legislative Instruments F2014L00598

NTA Return

Return Date:

Non Current Liabilities **NCL**

Non-Current Liabilities - Note 4

	Current Period	Prior Period	Movement $	Movement %
Total Non-Current Liabilities				

NTA Return

Return Date:

Long Term Borrowings

NCL-LTB

Non-Current Liabilities: Long Term Borrowings - Note 4(a)

	Current Period	Prior Period	Movement $	Movement %
Bank Loans (provide names of lenders)				
Other Loans (provide names of lenders)				
Subordinated Loans (provide names of lenders)				
Sub Total				

NTA Return

Return Date:

Related/Associated Company Payables

NCA-REL

Non-Current Liabilities: Related/Associated Company Payables - Note 4(b)

	Current Period	**Prior Period**	**Movement $**	**Movement %**
Loans (provide names of related parties)				
Payables (provide names of related parties)				
Other (provide details)				
Sub Total				

NTA Return

Return Date:

Other Non Current Liabilities

NCL-OTH

Non-Current Liabilities: Other - Note 4(c)

	Current Period	**Prior Period**	**Movement $**	**Movement %**
Provision for Income Tax				
Provision for Long Service Leave				
Provision for Dividend				
Deferred Taxation Liability				
Lease Liability				
Other Payables				
Other Accruals & Sundry Provisions				
Other (provide details)				
Sub Total				

NTA Return

Return Date:

Equity

EQY

Equity - Note 5

	Current Period	**Prior Period**	**Movement $**	**Movement %**
Voting Shares				
Non-Voting Shares				
Other (provide details)				
TOTAL				

NTA Return

Return Date:

Reserves & Retained Earnings

RRE

Reserves & Retained Earnings - Note 6

	Current Period	**Prior Period**	**Movement $**	**Movement %**
Accumulated Profits / (Losses) at beginning of month				
Profit / (Loss) from Futures Operations for the month				
Profit / (Loss) from Rest of Operations for the month				
Accumulated Profits / (Losses) at end of month				
Adjustment to Retained Earnings - Increases (provide details)				
Adjustment to Retained Earnings - Decreases (provide details)				
Other Revenue Reserves				
Capital Reserves				
Dividend				
Other (provide details)				
Total				

NTA Return

Return Date:

Approved Subordinated Debt

ASO

Approved Subordinated Debt - Note 7

Lender	Maturity	Facility Limit	Current Period	Prior Period	Movement $	Movement %
		Total				

NTA Return

Return Date:

Contingent Liabilities

CGL

Contingent Liabilities - Note 8

	Current Period	Prior Period	Movement $	Movement %
Guarantees (provide details)				
Other (provide details)				
TOTAL				

NTA Return

Return Date:

Lease Commitments

LCM

Lease Commitments - Note 9

	Current Period	**Prior Period**	**Movement $**	**Movement %**
Operating Leases (provide details)				
TOTAL				

NTA Return

Return Date:

CEC – Capital Expenditure Commitments

CEC

Capital Expenditure Commitments - Note 10

	Current Period	Prior Period	Movement $	Movement %
TOTAL				

NTA Return

Return Date:

Standby Credit Facilities

SCF

Standby Credit Facilities - Note 11

			Limit Amount	
Type	**Provider/Participant Name**	**Terms & Availability**	**Current Period**	**Prior Period**
Granted in favour of the Participant:				
		Sub Total		
Granted by the Participant in favour of other:				
		Sub Total		
		Total		

NTA Return

Return Date:

Foreign Exchange Exposure

FEE

Foreign Exchange Exposure - Note 12

	Current Period	Prior Period	Movement $	Movement %
Net Gain/Loss				

NTA Return

Return Date:

Receivables Analysis

RAS

Receivables Analysis - Attachment A

Amounts Owed by	Current	30 Days	60 Days	90 Days+	Total Outstanding
Future Clients					
Other Clients					
Dealers					
Other Receivables					
Less Provision for Doubtful Debt					
Sub Total					
Ageing Analysis %					

NTA Return

Return Date:

Directors

DIR

Directors - Attachment B

Current Period	Prior Period
Board Directors (Full Name)	
Company Secretary (Full Name)	
CEO (Full Name)	

NTA Return

Return Date:

Shareholders

SHA

Shareholders - Attachment C

Voting					
Class of Shares	**Value per Share**	**Shareholder Name**	**Number of Shares**	**Current Period**	**Prior Period**
		Voting Total			

Non-Voting					
Class of Shares	**Value per Share**	**Shareholder Name**	**Number of Shares**	**Current Period**	**Prior Period**
		Non-Voting Total			
		Total Contributed Equity			

NTA Return

Return Date:

Related/Associated Company Receivables

REL

Related/Associated Company Receivables - Attachment D

Current Assets			
Name of Related/Associated Company	**Evidence Provided**	**Current Period**	**Prior Period**
	Sub Total		
Non - Current Assets			
	Sub Total		
	Total		

NTA Return

Return Date:

NLA

Net Liquid Assets

Statement of Net Liquid Assets - Attachment E

	Note	Current Period	Prior Period	Movement $	Movement %
Liquid Assets					
Cash at Bank and on Hand					
Deposits with ASX Clear (Futures)					
Deposits with ASX Clear					
Deposits with other Participants					
Investments with authorised Institutions (24 hour call or better)					
Other Investments (24 hour call or better)					
Deposits with a Stock Exchange					
Government & Semi-Government Securities					
Bank Accepted Bills					
Listed Securities					
Other (provide details)					
Total Liquid Assets					
Liquid Liability					
Other Clients					
Other Creditors - at call					

Client Credit Margins (if mark to market not used)					
Loans & Deposits - at call					

NTA Return

Return Date:

Bank Overdraft					
Other (provide details)					
Total Liquid Liabilities					
Current Net Liquid Assets					

NTA Return

Return Date:

Secured Creditors **SEC**

Statement of Secured Creditors - Attachment F

	Note	Nature & Extent of Security	Terms	Granted in favour of	Current Period	Prior Period
Current Liabilities						
Bank Overdraft						
Bank Loans						
Loans & Deposits						
Related/Associated Company Payables						
Other (provide details)						
				Total Current Liabilities		
Non-Current Liabilities						
Bank Overdraft						
Bank Loans						
Loans & Deposits						
Related/Associated Company Payables						
Other (provide details)						
				Total Non-Current Liabilities		
				Total Secured Creditors		

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Schedule 1C Form 8 Part 2: NTA Return Declaration

Return Date:

Director's Declaration

DIRECTORS STATEMENT RELATING TO THE ACCOUNTS OF A PARTICIPANT

Participant : …………………

(a) This return is for the …………………

(b) The Participant is incorporated in ………………… (the Place of Incorporation).

(c) The assets and liabilities of each company controlled by the Participant, or any other venture in which the Participant has a financial interest <are/are not> in our opinion such as to affect adversely to a material extent the Participant's financial position.

(d) In my/our opinion, the Participant's systems, controls and accounting records have been properly and accurately maintained and form an appropriate basis upon which to assess and regularly review the financial stability of the Participant.

(e) No events have occurred or are anticipated up to the date of this statement which in my/our opinion may result in a significant deterioration in the financial stability of the Participant and there are reasonable grounds to believe the Participant will be able to meet its obligations as and when they fall due.

(f) The return associated with this statement as identified in (a) above is a true extract from our financial statement / and the attached Auditor's Report is a true copy of the Auditor's Report thereon*.

(g) I/we certify that the Balance Sheet has, to the best of my/our knowledge and belief, been drawn to comply with:

(i) the requirements of sections 988A and 988B of the Corporations Act 2001 or equivalent legislation in the Place of Incorporation (as applicable); and

(ii) the accounting standards generally accepted in …………………; and

(iii) the ASX Clear Operating Rules or ASIC Market Integrity Rules (ASX Market) 2010** (each, the Rules) (as applicable).

(h) I/we certify that the net tangible assets calculation has to the best of my/our knowledge and belief, been drawn to comply with the requirements of the Rules.

(i) Since the date of the last reporting statement the Participant <has/has not> been in compliance with the minimum net tangible assets requirements for ASX Market Participants or ASX Clear Direct or General Participants (as applicable).***/ For the period covering the Annual Audited NTA Return the Participant <has/has not> been in compliance with the minimum net tangible assets requirements for ASX Market Participants or ASX Clear Direct or General Participants (as applicable).****

(j) I/we are aware that a false declaration may result in disciplinary action being taken against the Participant and should the return be submitted after the due date, the Participant may be liable to a fee or penalty.

I/We certify that the above information is to the best of my/our knowledge and belief true and correct.

Notes:
*This additional statement ("and the attached Auditor's Report is a true copy of the Auditor's Report thereon") to be included in the NTA Return Declarations related to the Annual Audited NTA Return.
**Where an NTA Return Declaration is submitted to the electronic return lodgement and monitoring system maintained by the Market Operator, each reference in that NTA Return Declaration to the ASIC Market Integrity Rules (ASX Market) 2010 is taken to be a reference to the ASIC Market Integrity Rules (ASX Market-Capital) 2014 (see Rule 9.4.2(2)).
*** This statement to be included in NTA Return Declarations related to the Ad Hoc NTA Return, Monthly NTA Return and Summary NTA Return.
**** This statement to be included in the NTA Return Declarations related to the Annual Audited NTA Return.

Return Date:

Financial Return Authorisation

Sole Director Company:	
Board Resolution Date	
Authorisation 1	
Authorisation Date 1	
Authorisation 2	
Authorisation Date 2	

Sch 1C Form 9 Pt 1 Summary NTA Return

Return Date:

Return Details

Participant Type:

Participant Sub-Type:

Return Status:

Version:

Lodgement Date:

Original Lodgement Date:

Summary NTA Return

Return Date:

NTA Return Details

NTA

Statement of Net Tangible Assets

	Note	Current Period	Prior Period	Movement $	Movement %
Current Assets	1				
less Current Liabilities	2				
Net Current Assets (working capital)					
Non Current Assets	3				
less Non Current Liabilities	4				
Net Assets					
Shareholder's Equity funded by:					
Equity	5				
Reserves & Retained earnings	6				
Approved Subordinated Debt	7				
Total Shareholder's Equity					
less Excluded/Intangible Assets	3f				
Net Tangible Assets					
Contingent Liabilities	8				
Lease Commitments	9				
Capital Commitments	10				
Net Standby Credit Facilities	11				
Foreign Exchange Exposure	12				

Summary NTA Return

Return Date:

Non Current Assets

NCA

Non-Current Assets: Total - Note 3

	Current Period	Prior Period	Movement $	Movement %
Total Non-Current Assets				

Summary NTA Return

Return Date:

Excluded / Intangible Assets

NCA-EIA

Non-Current Assets: Excluded/Intangible Assets - Note 3(f)

	Current Period	Prior Period	Movement $	Movement %
Formation Costs				
Goodwill				
Patents, Trademarks & Preliminary Expenses				
Deferred Tax Assets				
Participant Rights / Access Membership to:				
ASX 24				
ASX				
ASX Clear (Futures)				
ASX Clear				
Other Exchanges / Clearing Houses (provide details)				
Unlisted Securities (provide details)				
ASX Clear Participant commitment				
ASX Clear (Futures) Participant commitment (cash only)				
Other commitments (provide details)				
Sub Total				

Summary NTA Return

Return Date:

Reserves & Retained Earnings

RRE

Reserves & Retained Earnings - Note 6

	Current Period	**Prior Period**	**Movement $**	**Movement %**
Accumulated Profits / (Losses) at beginning of month				
Profit / (Loss) from Futures Operations for the month				
Profit / (Loss) from Rest of Operations for the month				
Accumulated Profits / (Losses) at end of month				
Adjustment to Retained Earnings - Increases (provide details)				
Adjustment to Retained Earnings - Decreases (provide details)				
Other Revenue Reserves				
Capital Reserves				
Dividend				
Other (provide details)				
Total				