CONTENTS

CHAPTER 1		DEFINITIONS AND RELATED PROVISIONS		
	Part A	DEFINITIONS AND INTERPRETATION		
Rule	1.01	Definitions		
	1.02	Interpretation		
	Part B	APPLICATION AND EFFECT OF THESE RULES		
	1.03	Rules of the Clearing House		
	1.04	Binding Effect of the Rules		
	1.05	Covenants to Observe Rules		
	1.06	Partial Invalidity		
	1.07	Governing Law and Jurisdiction		
	1.08	Investment Banks		
	Part C	NOTICES		
	1.09	Notices		
	Part D	PERSONAL DATA NOTICE		
	1.10	Personal Data Notice		
CHAPT	ER 2	ADMINISTRATION		
	Part A	CLEARING HOUSE'S GENERAL POWERS		
Rule	2.01	Exercise of Powers		
	2.02	Disapplication of Disciplinary Proceedings in Chapter 12		
	2.03	Validity of Actions		
	2.04	Powers of the Exchange Holding Company		
	2.05	Decisions of the Clearing House and Right of Appeal		
	2.06	Parties Affected by Actions Taken by the Clearing House		
	Part B	PROTECTION OF CLIENT, PUBLIC AND CLEARING HOUSE'S INTEREST		
	2.07	Summary Powers		
	Part C	EMERGENCY SITUATIONS		

	2.08	Circumstances Upon which the Clearing House May Take Action
	2.09	Actions
	Part D	LIABILITY AND INDEMNITY
	2.10	Immunity
	2.11	Force Majeure
	2.12	Limitation of Liability
	2.13	Indemnity
	Part E	DISCLOSURE OF INFORMATION
	2.14	Disclosure of Information Regarding Clearing Participants
CHAPT	ER 3	CLEARING PARTICIPANTS AND REGISTERED PERSONS
	Part A	CLASSES AND RIGHTS OF CLEARING PARTICIPANTS
Rule	3.01	Participantship Classes
	3.02	Rights of General Clearing Participants
	3.03	Rights of Direct Clearing Participants
	Part B	ADMISSION OF CLEARING PARTICIPANTS
	3.04	Eligibility – General Clearing Participant
	3.05	Eligibility – Direct Clearing Participant
	3.06	Considerations for Suitability as a Clearing Participantt
	3.07	Application Procedure
	3.08	Admission
	3.09	Right of Appeal
	3.10	Conditions Precedent
	3.11	Investment Bank
	Part C	OBLIGATIONS OF CLEARING PARTICIPANTS
	3.12	Continuing Obligations
	3.13	Confidentiality
	3.14	Fees
	3.15	Security Deposit
	3.16	Direct Clearing Participant Deposit
	3.17	Contribution to Clearing Fund

3.18	Minimum Financial Requirements for General Clearing Participants
3.19	Minimum Financial Requirements for Direct Clearing Participants
3.20	Notice of Failure by General Clearing Participant
3.21	Notice of Failure by Direct Clearing Participant
3.22	Other Notice
3.23	Early Warning Financial Requirements
3.24	Audited Reports
3.25	Banking Arrangements
3.26	Clearing Participant to Include Other Persons
Part D	TRANSFER, SUSPENSION & CESSATION OF PARTICIPANTSHIP
3.27	Transfer of Clearing Participantship
3.28	Circumstances for Suspension
3.29	Notification of Suspension of Participantship or Participation
3.30	Continuing Liability
3.31	Resignation
3.32	Continuing Liability
Part E	REGISTERED PERSONS
3.33	Obligation to appoint and register specific persons
3.34	Registration Procedures
3.35	Right of Appeal
3.36	Prohibition on Performing Functions Until Registered
3.37	Obligations of Registered Persons
3.38	Notice of Cessation
3.39	Vacancy of Registered Person
3.40	Summary De-registration
3.41	Continuing Liability
Part F	RESPONSIBLE PERSON FOR OVERALL CLEARING BUSINESS
3.42	Requirement
3.43	Eligibility Criteria
3.44	Obligations
Part G	RESPONSIBLE PERSON FOR RISK MANAGEMENT
3.45	Requirement
3.46	Eligibility Criteria

	3.47	Obligations
	Part H	COMPLIANCE OFFICER
	3.48	Requirement
	3.49	Eligibility Criteria
	3.50	Obligations
CHAPT	ER 4	CONDUCT OF BUSINESS
	Part A	GENERAL REQUIREMENTS
Rule	4.01	Standard of Conduct
	4.02	Structures, Internal Controls, Policies and Procedures
	4.03	Records
	4.04	Communication within the Clearing Participant
	4.05	Statements, Information and Documents
	4.06	Accepting Margins During Insolvency or After Revocation of Licence
	4.07	Conflicts of Interest
	4.08	Advertising and Publicity
	Part B	RESOURCES
	4.09	Personnel
	4.10	Business Premises
	Part C	CLIENTS
	4.11	Client Information
	4.12	Agreement with Client
	4.13	Disclosure of Information by Client
	4.14	Doing Business with Clients
	4.15	Protection of Clients' Information
	4.16	Clients' Margins and Margin Payment
	4.17	Complaints by Clients
	4.18	Statement to Clients
	Part D	OUTSOURCING
	4.19	Outsourcing by General Clearing Participants

Contents – 4

4.20 Outsourcing by Direct Clearing Participants Part E **FINANCING** 4.21 Financing to Related Corporations 4.22 Non-applicability of Rule 4.21 **OFF-BALANCE SHEET TRANSACTIONS** Part F 4.23 **Investment Banks** 4.24 Records of Off-Balance Sheet Transactions 4.25 Reporting of Off-Balance Sheet Transactions **DISPUTES** Part G 4.26 **Disputes** 4.27 Arbitration and Arbitration Award Binds Clearing Participants' Clients 4.28 **Arbitration Award** ORGANISATION AND STRUCTURE OF CLEARING PARTICIPANTS **CHAPTER 5** Part A **GENERAL** Rule 5.01 Other Business Part B **BACK OFFICE SYSTEM** 5.02 **Back Office System** Part C **COMPLIANCE FUNCTION** 5.03 Compliance Function and Accountability 5.04 Reporting Part D RISK MANAGEMENT OF CLEARING PARTICIPANT Risk Management Function 5.05 5.06 Committee to Oversee Risk Management 5.07 Outsourcing of Risk Management Functions INTERNAL AUDIT OF CLEARING PARTICIPANT Part E 5.08 Internal Audit Function 5.09 **Audit Committee**

5.10 Outsourcing of Internal Audit Function 5.11 Scope of Internal Audit 5.12 Reporting PERFORMANCE OF COMMITTEE TO OVERSEE RISK Part F MANAGEMENT AND AUDIT COMMITTEE FUNCTIONS AT GROUP **LEVEL** 5.13 Committee to Oversee Risk Management and Audit Committee 5.14 Investment Bank **CHAPTER 6 CLEARING PROCEDURES** Rule 6.01 Presentation of Market Contracts for Registration 6.02 Errors in Recording 6.03 Registration 6.04 Parties to Open Contract 6.05 Accounts 6.06 **Designation Instructions** 6.07 Allocatiton and Transfers 6.08 **Open Positions** 6.09 Liquidation by Offset 6.10 Reversal of Liquidation 6.11 **Novation of Open Contracts** 6.12 **Daily Settlement Price** 6.13 **Settlement Variation** 6.14 Performance Bond 6.15 Payment to the Clearing House 6.16 Call for Additional Funds 6.17 Approved Collateral 6.18 Interest on Cash Balances 6.19 Clearing House Records 6.20 Clearing Advice, Statement or Reports 6.21 Position and Exercise Limits 6.22 Clearing Arrangements with Trading Participants 6.23 Cessation of Clearing Arrangement 6.24 Clearing Participant's Obligations in the Event of A Cessation 6.25 Give Up Upon A Client's Request

CHAPTER 7		OPTIONS
Rule	7.01	Option Registration
	7.02	Notice of Exercise
	7.03	Automatic Exercise
	7.04	Assignment of Exercised Options
	7.05	Option Expiry
	7.06	Novation of an Option
	7.07	Exercise of an Option
	7.08	Exercise/Assignment Fees
CHAPTE	ER 8	CONTRACT SETTLEMENT
Rule	8.01	General
	8.02	Parties to Delivery Under an Open Contract
	8.03	Parties to Delivery Under an Option Open Contract
	8.04	Delivery Procedures
	8.05	Forgery
	8.06	Failure to Deliver or Pay Settlement Amount
	8.07	Failure to Accept Delivery
	8.08	Duty of Clearing Participants to Mitigate Risk of Non-Delivery
	8.09	Cash Settlement
	8.10	Contract Settlement Fees
	8.11	Alternative Delivery Procedure
CHAPTE	ER 9	CLEARING FUND
Rule	9.01	Establishment of Clearing Fund
	9.02	Clearing Fund Contributions
	9.03	Clearing Fund Settlement
	9.04	Appropriations from the Clearing House's Resources
	9.05	Additional Resources to the Clearing Fund

9.06 Purpose of Clearing Fund 9.07 Application of Clearing Fund Distribution of Losses 9.08 9.09 Limitation of Clearing Participant's Liability to Clearing Fund 9.10 Notice to Clearing Participants 9.11 Power to Pledge Clearing Fund 9.12 Refund of Contributions 9.13 Recovery of Loss 9.14 Investment of Clearing Fund **CHAPTER 10 DEFAULT RULES** Rule 10.01 **Events of Default** 10.02 Powers of the Clearing House in the Event of a Default 10.03 Settlement of Obligations 10.04 Call Upon Funds 10.05 Advice to an Exchange and the Commission 10.06 Clearing Participant to Provide Assistance **CHAPTER 11** INSPECTION AND INVESTIGATION Part A **INSPECTION** Rule 11.01 Clearing House's Right to Inspection 11.02 Reporting Part B **INVESTIGATION** 11.03 Power of Investigation **CHAPTER 12 DISCIPLINARY ACTION** Part A **DISCIPLINARY POWERS** Rule 12.01 Interpretation 12.02 **Disciplinary Powers** 12.03 **Procedures** 12.04 Agreed Settlement

12.05 Request for Oral Representations 12.06 Standard of Proof 12.07 Other Rights 12.08 Acts or Omissions of a Relevant Person Part B **DISCIPLINARY PROCEEDINGS** 12.09 Requisite Notice for Disciplinary Proceedings 12.10 Responses to Requisite Notice 12.11 Notification of Decision Part C **EXPEDITED PROCEEDINGS** 12.12 Scope of Expedited Proceedings 12.13 Procedure of Expedited Proceedings 12.14 No Limitation Part D **APPEAL** 12.15 Right of Appeal 12.16 Notice of Appeal 12.17 **Deliberation of Appeal** Notification of Decision on Appeal 12.18 Part E **EFFECT ON DISCIPLINARY ACTION** 12.19 General Effect of Disciplinary Action 12.20 Period of Payment and Effect of No-Payment of Fine 12.21 Effect of Suspension or Termination

SCHEDULES

SCHEDULE 1	COMPUTATION OF NET TANGIBLE ASSETS
SCHEDULE 2	COMPUTATION OF ADJUSTED NET CAPITAL