

Appendix: Comparison of SFE Operating Rules and ASIC Market Integrity Rules (ASX 24 Market) 2010

Table 1: Composition of ASIC Market Integrity Rules (ASX 24 Market) 2010 (ASIC/ASX 24 MIR)

ASIC/ASX 24 MIR	SFE Operating Rule/Procedure/Appendices to Procedure	Explanation of any differences
Chapter 1: Introduction	N/A	<i>[Chapter heading]</i>
Part 1.1 Preliminary	N/A	<i>[Part heading]</i>
1.1.1 Enabling legislation	N/A	New MIR based on the equivalent rule in ASIC Market Integrity Rules (ASX Market) 2010 (ASIC/ASX MIR)
1.1.2 Title	N/A	New MIR based on the equivalent ASIC/ASX MIR
1.1.3 Commencement	N/A	New MIR based on the equivalent ASIC/ASX MIR
1.1.4 Scope of these Rules	N/A	New MIR based on the equivalent ASIC/ASX MIR
1.1.5 Entities that must comply with these Rules	N/A	New MIR based on the equivalent ASIC/ASX MIR
1.1.6 Conduct by officers, employees or agents	N/A	New MIR based on the equivalent ASIC/ASX MIR
1.1.7 State of mind of a person	N/A	New MIR based on the equivalent ASIC/ASX MIR
Part 1.2 Waiver	N/A	<i>[Part heading]</i>
1.2.1 Waiver of Rules and procedures	N/A	New MIR based on the equivalent ASIC/ASX MIR
1.2.2 Compliance with conditions	N/A	New MIR based on the equivalent ASIC/ASX MIR
1.2.3 Period during which relief applies	N/A	New MIR based on the equivalent ASIC/ASX MIR

ASIC/ASX 24 MIR	SFE Operating Rule/Procedure/Appendices to Procedure	Explanation of any differences
1.2.4 Register	N/A	New MIR based on the equivalent ASIC/ASX MIR
Part 1.3 Notice, notification and service of documents	N/A	<i>[Part heading]</i>
1.3.1 Market Participant to have email system		New MIR based on the equivalent ASIC/ASX MIR
1.3.2 Methods of giving notice in writing		New MIR based on the equivalent ASIC/ASX MIR
Part 1.4 Interpretation	N/A	<i>[Part heading]</i>
1.4.1 References to time	N/A	New MIR based on the equivalent ASIC/ASX MIR
1.4.2 Words and expressions defined in the Corporations Act	N/A	New MIR based on the equivalent ASIC/ASX MIR
1.4.3 Definitions	7.1 Definitions	ASIC has adopted a number of definitions from this SFE Operating Rule, with drafting amendments. There are new definitions for “Corporations Regulations”, “Market Operator”, “Order”, “Other Regulated Entities” and “Principal Trader”.
Chapter 2: The Market Participants	Section 2 The Participants	<i>[Chapter heading]</i>
Part 2.1 Notification	2.2.10 (c) Compliance with operating rules and notification of breaches	Part 2.1 of the Market Integrity Rules derives from SFE subrule 2.2.10 (c). Notifications regarding the investigation and/or institution of proceedings by the Market Operator or a regulatory agency must now be provided to ASIC.
Part 2.2 Risk management	2.2 Full participants	<i>[Part heading]</i>

ASIC/ASX 24 MIR	SFE Operating Rule/Procedure/Appendices to Procedure	Explanation of any differences
2.2.1 Client limits and Client connections	2.2.13 (a) Prudent risk management Procedure 2.2.13 Position limits	ASIC has adopted this SFE Operating Rule, except the provisions on position limits, which remain with the market operator, as a Market Integrity Rule, with drafting amendments. ASIC may at any time by notice to a Market Participant, require a Market Participant to terminate client connections either generally or in relation to a particular individual, Client, system or device or class of system or device.
2.2.2 Concentration of risk	2.2.20 Concentration of risk	Drafting amendments only.
2.2.3 Prohibited employment	2.2.22 Prohibited employment	Changes have been made so that the failures to comply contemplated by this rule relate to both the MIRs and the new ASX 24 Operating Rules. Drafting amendments.
2.2.4 Order records and accounting records	2.2.23 Order records and accounting records	Changes made to fit ASIC drafting requirements. Elements of procedure 2.2.23 incorporated into the Rule.
2.2.5 Client documentation	2.2.25 Client documentation Procedure 2.2.25 Client documentation	Changes made to fit ASIC drafting requirements and to ensure the rule operates as a legislative instrument. Subrule (a)(i), (a)(iii), (a)(iv), (a)(vi) and (a)(vii) not taken.
2.2.6 Clients' segregated account obligations	2.2.26 Clients' segregated account obligations Procedure 2.2.26 Clients' segregated accounts	Changes made to incorporate elements of procedure 2.2.26 (incorporated as subrules (a)(iii), (a)(iv) and (n)). Drafting amendments.
2.2.7 Mandatory recording of information by Market Participants	2.2.28 Mandatory recording of information by the exchange and its participants Procedure 2.2.28 Mandatory recording of information by the exchange and its participants	Changes made to incorporate elements of procedure 2.2.28. SFE Operating Rule 2.2.28(b) has not been adopted.
Chapter 3: Trading principles	Chapter 3 Trading principles	<i>[Chapter heading]</i>
Part 3.1 Trading principles for orders entered on the Trading Platform	SFE 3.1 Trading principles for orders entered on the trading platform	<i>[Part heading]</i>

ASIC/ASX 24 MIR	SFE Operating Rule/Procedure/Appendices to Procedure	Explanation of any differences
3.1.1 Expressions of Interest	3.1.1 (d) Expressions of interest Procedure 3.1.1 Expressions of interest	Changes made to fit ASIC drafting requirements and to ensure the rule operates as a legislative instrument
3.1.2 Market manipulation and misleading acts or practices regarding price	3.1.4 Market manipulation Procedure 3.1.4 Market manipulation 3.1.5 Misleading acts or practices regarding price Procedure 3.1.5 Misleading acts or practices regarding price	The SFE Operating Rules on market manipulation (3.1.4) and on misleading acts or practices regarding price (3.1.5) have been merged to form Market Integrity Rule 3.1.2. Changes made to fit ASIC drafting requirements and to ensure the rule operates as a legislative instrument. Elements of procedures 3.1.4 and 3.1.5 incorporated into the Rule.
3.1.3 Entering Orders without an intent to trade	3.1.6 Entering orders without an intent to trade Procedure 3.1.6 Entering orders without intent to trade	Elements of procedure 3.1.6 incorporated into the Rule. Changes made to fit ASIC drafting requirements and to ensure the rule operates as a legislative instrument
3.1.4 Orders to be transmitted as soon as received	3.1.7 Orders to be transmitted as soon as received Procedure 3.1.7 Orders to be transmitted as soon as received	Elements of procedure 3.1.7 incorporated into the Rule. Changes made to fit ASIC drafting requirements and to ensure the rule operates as a legislative instrument
3.1.5 Orders to be transmitted and executed in the sequence received	3.1.8 Orders to be transmitted and executed in the sequence received Procedure 3.1.8 Orders to be transmitted and executed in the sequence received	Elements of procedure 3.1.8 incorporated into the Rule. Changes made to fit ASIC drafting requirements and to ensure the rule operates as a legislative instrument
3.1.6 Aggregation of Orders	3.1.9 Aggregation of orders Procedure 3.1.9 Aggregation of orders	Elements of procedure 3.1.9 incorporated into the Rule. Changes made to fit ASIC drafting requirements and to ensure the rule operates as a legislative instrument

ASIC/ASX 24 MIR	SFE Operating Rule/Procedure/Appendices to Procedure	Explanation of any differences
3.1.7 Disclosure	3.1.10 Disclosure Procedure 3.1.10 Disclosure	Elements of procedure 3.1.10 incorporated into the Rule. Changes made to fit ASIC drafting requirements and to ensure the rule operates as a legislative instrument
3.1.8 Withholding Orders	3.1.11 Withholding orders Procedure 3.1.11 Withholding orders	Changes made to fit ASIC drafting requirements and to ensure the rule operates as a legislative instrument
3.1.9 Withdrawing Orders	3.1.12 Withdrawing orders Procedure 3.1.12 Withdrawing orders	Changes made to fit ASIC drafting requirements and to ensure the rule operates as a legislative instrument
3.1.10 Pre-arrangement	3.1.13 Pre- arrangement Procedure 3.1.13 Pre- arrangement	Elements of procedure 3.1.13 incorporated into the Rule. Changes made to fit ASIC drafting requirements and to ensure the rule operates as a legislative instrument
3.1.11 Trading to the exclusion of others	3.1.14 Trading to the exclusion of others Procedure 3.1.14 Trading to the exclusion of others	Drafting amendments only.
3.1.12 Wash Trades	3.1.15 Wash trades Procedure 3.1.15 Wash trades	Elements of procedure 3.1.15 incorporated into the Rule. Reporting of wash trades must be made to ASIC in accordance with rule 3.1.15 (3), subject to the exemptions in rule 3.1.12 (4) and (5).
3.1.13 Acting in accordance with Client instructions and Client's best interests	3.1.16 Acting in accordance with client instructions and client's best interests	Drafting amendments only.
3.1.14 Personal account Trading	3.1.17 Personal account trading Procedure 3.1.17 Personal account trading	Determination of what constitutes a relative has been incorporated into the rules from procedure 3.1.17. Otherwise, drafting amendments only.

ASIC/ASX 24 MIR	SFE Operating Rule/Procedure/Appendices to Procedure	Explanation of any differences
3.1.15 Dual Trading prohibition	3.1.18 Dual trading prohibition Procedure 3.1.18 Dual trading prohibition	Elements of procedure 3.1.18 incorporated into the Rule (the heading "Chinese Walls" replaced with "Conflict Management"). Definitions of "House Account", "initiate" and "similar commodity" have also been incorporated from the procedure. Other changes made to fit ASIC drafting requirements. Subrule (b) not taken.
3.1.16 Trades to be allocated in sequence of Order receipt	3.1.19 Trades to be allocated in sequence of order receipt	Elements of procedure 3.1.13 incorporated into the Rule. Changes made to fit ASIC drafting requirements and to ensure the rule operates as a legislative instrument. A Market Participant must notify ASIC in writing prior to adopting or changing its policy of allocating Orders on one of the pro rata methods.
3.1.17 Post-allocation prohibition	3.1.20 Post-allocation prohibition	Drafting amendments only.
Part 3.2 Strategy Trading	SFE 3.2 Strategy trading 3.2.2 Strategy trades Procedure 3.2 Strategy trading	Changes made to fit ASIC drafting requirements and to ensure the rule operates as a legislative instrument. Subrule (c) not taken.
Part 3.3 Pre-negotiated business orders	SFE 3.3 Pre-negotiated business orders	<i>[Part heading]</i>
3.3.1 Pre-negotiated business	3.3.3 Participant entitlements 3.3.2 Exchange to prescribe contracts Procedure 3.3 Pre negotiated business orders	Drafting amendments only.
3.3.2 Client authorisation	3.3.8 Client authorisation Procedure 3.3 Pre negotiated business orders	Drafting amendments only.
3.3.3 Definition of Client	3.3.9 Definition of client Procedure 3.3 Pre Negotiated business orders	Drafting amendments only.
Part 3.4 Trading principles for Block Trades	SFE 3.4 Trading principles for block trades	<i>[Part heading]</i>

ASIC/ASX 24 MIR	SFE Operating Rule/Procedure/Appendices to Procedure	Explanation of any differences
3.4.1 Participant entitlements	3.4.3 Participant entitlements Procedure 3.4 Block trading	Drafting amendments only.
3.4.2 Prohibitions	3.4.4 Prohibitions Procedure 3.4 Block trading	Drafting amendments only. Subrule (b) not taken.
3.4.3 Unfilled Block Trade Orders	3.4.5 Unfilled block trade orders Procedure 3.4 Block trading	Changes made to fit ASIC drafting requirements and to ensure the rule operates as a legislative instrument
3.4.4 Client authorisation	3.4.9 Client authorisation Procedure 3.4 Block trading	Drafting amendments only.
Part 3.5 Trading principles for Exchange For Physical transactions	SFE 3.5 Trading principles for exchange for physical transactions	<i>[Part heading]</i>
3.5.1 Prohibitions	3.5.2 Prohibitions Procedure 3.5 Exchange for physical	Drafting amendments only. Subrule (c) not taken.
3.5.2 Evidence of physical transaction	3.5.9 Evidence of physical transaction Procedure 3.5 Exchange for physical	Changes made to fit ASIC drafting requirements and to ensure the rule operates as a legislative instrument. Subrule (b) not taken.
Chapter 4: The Market Operator	N/A	<i>[Chapter heading]</i>
Part 4.1 Provision of surveillance and supervision data by the Market Operator	N/A	This is a new rule.
4.1.1 Data provision to assist surveillance of activities and conduct on the Market	N/A	This is a new rule.
4.1.2 Notification	N/A	This is a new rule.
Part 4.2 Provision of information about Market Participants	2.2.10 Compliance with operating rules and notification of breaches	This rule is modelled on requirements for market participants but substantially redrafted to apply to market operators.

Table 2: Tracing SFE Operating Rules to ASIC Market Integrity Rules (ASX 24 Market) 2010

SFE Operating Rule	ASIC/ASX 24 MIR
2.2.10 (c) Compliance with operating rules and notification of breaches	Part 2.1 Notification Part 4.2 Provision of information about Market Participants
2.2 Full participants 2.2.13 (a) Prudent risk management	Part 2.2 Risk management
2.2.20 Concentration of risk	2.2.2 Concentration of risk
2.2.22 Prohibited employment	2.2.3 Prohibited employment
2.2.23 Order records and accounting records	2.2.4 Order records and accounting records
2.2.25 Client documentation	2.2.5 Client documentation
2.2.26 Clients' segregated account obligations	2.2.6 Clients' segregated account obligations
2.2.28 Mandatory recording of information by the exchange and its participants	2.2.7 Mandatory recording of information by Market Participants
3.1 Trading principles for orders entered on the trading platform	Part 3.1 Trading principles for Orders entered on the Trading Platform
3.1.1 (d) Expressions of interest	3.1.1 Expressions of Interest
3.1.4 Market manipulation	3.1.2 Market manipulation and misleading acts or practices regarding price
3.1.5 Misleading acts of practices regarding price	3.1.2 Market manipulation and misleading acts or practices regarding price
3.1.6 Entering orders without an intent to trade	3.1.3 Entering Orders without an intent to Trade
3.1.7 Orders to be transmitted as soon as received	3.1.4 Orders to be transmitted as soon as received
3.1.8 Orders to be transmitted and executed in the sequence received	3.1.5 Orders to be transmitted and executed in the sequence received

SFE Operating Rule	ASIC/ASX 24 MIR
3.1.9 Aggregation of orders	3.1.6 Aggregation of Orders
3.1.10 Disclosure	3.1.7 Disclosure
3.1.11 Withholding orders	3.1.8 Withholding Orders
3.1.12 Withdrawing orders	3.1.9 Withdrawing Orders
3.1.13 Pre- arrangement	3.1.10 Pre-arrangement
3.1.14 Trading to the exclusion of others	3.1.11 Trading to the exclusion of others
3.1.15 Wash trades	3.1.12 Wash Trades
3.1.16 Acting in accordance with client instructions and client's best interests	3.1.13 Acting in accordance with Client instructions and Client's best interests
3.1.17 Personal account trading	3.1.14 Personal account Trading
3.1.18 Dual trading prohibition	3.1.15 Dual Trading prohibition
3.1.19 Trades to be allocated in sequence of order receipt	3.1.16 Trades to be allocated in sequence of Order receipt
3.1.20 Post-allocation prohibition	3.1.17 Post-allocation prohibition
3.2.2 Strategy trades	Part 3.2 Strategy Trading
3.3 Pre-negotiated business orders	Part 3.3 Pre-negotiated business orders
3.3.3 Participant entitlements	3.3.1 Pre-negotiated business
3.3.2 Exchange to prescribe contracts	3.3.1 Pre-negotiated business
3.3.8 Client authorisation	3.3.2 Client authorisation

SFE Operating Rule	ASIC/ASX 24 MIR
3.3.9 Definition of client	3.3.3 Definition of Client
3.4 Trading principles for block trades	Part 3.4 Trading principles for Block Trades
3.4.3 Participant entitlements	3.4.1 Participant entitlements
3.4.4 Prohibitions	3.4.2 Prohibitions
3.4.5 Unfilled block trade orders	3.4.3 Unfilled Block Trade Orders
3.4.9 Client authorisation	3.4.4 Client authorisation
3.5 Trading principles for exchange for physical transactions	Part 3.5 Trading principles for Exchange For Physical transactions
3.5.2 Prohibitions	3.5.1 Prohibitions
3.5.9 Evidence of physical transaction	3.5.2 Evidence of physical transaction
7.1 Definitions	1.4.3 Definitions

Table 3: Tracing SFE Procedures to ASIC Market Integrity Rules (ASX 24 Market) 2010

SFE Procedure	ASIC/ASX 24 MIR
Procedure 2.2.13 Position limits	2.2.1 Client limits and Client connections
Procedure 2.2.25 Client documentation	2.2.5 Client documentation
Procedure 2.2.26 Clients' segregated accounts	2.2.6 Clients' segregated account obligations
Procedure 2.2.28 Mandatory recording of information by the exchange and its participants	2.2.7 Mandatory recording of information by Market Participants
Procedure 3.1.1 Expressions of interest	3.1.1 Expressions of Interest
3.1.4 Market manipulation	3.1.2 Market manipulation and misleading acts or practices regarding price
Procedure 3.1.5 Misleading acts or practices regarding price	3.1.2 Market manipulation and misleading acts or practices regarding price
Procedure 3.1.6 Entering orders without intent to trade	3.1.3 Entering orders without an intent to Trade
Procedure 3.1.7 Orders to be transmitted as soon as received	3.1.4 Orders to be transmitted as soon as received
Procedure 3.1.8 Orders to be transmitted and executed in the sequence received	3.1.5 Orders to be transmitted and executed in the sequence received
Procedure 3.1.9 Aggregation of orders	3.1.6 Aggregation of Orders
Procedure 3.1.10 Disclosure	3.1.7 Disclosure
Procedure 3.1.11 Withholding orders	3.1.8 Withholding Orders
Procedure 3.1.12 Withdrawing orders	3.1.9 Withdrawing Orders
Procedure 3.1.13 Pre- arrangement	3.1.10 Pre-arrangement
Procedure 3.1.14 Trading to the exclusion of others	3.1.11 Trading to the exclusion of others

SFE Procedure	ASIC/ASX 24 MIR
Procedure 3.1.15 Wash trades	3.1.12 Wash Trades
Procedure 3.1.17 Personal account trading	3.1.14 Personal account Trading
Procedure 3.1.18 Dual trading prohibition	3.1.15 Dual Trading prohibition
Procedure 3.2 Strategy trading	Part 3.2 Strategy Trading
Procedure 3.3 Pre negotiated business orders	Part 3.3 Pre-negotiated business orders 3.3.1 Pre-negotiated business 3.3.2 Client authorisation 3.3.3 Definition of Client
Procedure 3.4 Block trading	3.4.1 Participant entitlements 3.4.2 Prohibitions 3.4.3 Unfilled Block Trade Orders 3.4.4 Client authorisation
Procedure 3.5 Exchange for physical	3.5.1 Prohibitions 3.5.2 Evidence of physical transaction