

***ASIC Market Integrity Rules  
(Competition in Exchange Markets) 2011***

I, Mark Adams, acting with the written consent of the Minister, make the following market integrity rules under subsection 798G(1) of the *Corporations Act 2001*.

Dated this 29<sup>th</sup> day of April 2011

Signed by Mark Adams  
as delegate of the Australian Securities and Investments Commission



**ASIC**

Australian Securities & Investments Commission

# **ASIC Market Integrity Rules (Competition in Exchange Markets) 2011**

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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 Act.

Note: There is no penalty for this Rule.

### 1.1.2 Title

This instrument is *ASIC Market Integrity Rules (Competition in Exchange Markets) 2011*.

Note: There is no penalty for this Rule.

### 1.1.3 Commencement

The provisions of this instrument commence as follows:

- (a) Chapter 1, Rules 2.1.1(2), 2.1.4(2), 3.3.2, 4.1.3, 5.1.5 and 6.2.1 and Part 4.3 commence on the day after the instrument is registered under the *Legislative Instruments Act 2003*; and
- (b) Chapters 2 to 7 (excluding Rules 2.1.1(2), 2.1.4(2), 3.3.2, 4.1.3, 5.1.5 and 6.2.1 and Part 4.3) commence on 31 October 2011.

Note: There is no penalty for this Rule.

### 1.1.4 Scope of these Rules

These Rules apply to:

- (a) the activities or conduct of a Market;
- (b) the activities or conduct of persons in relation to a Market; and
- (c) the activities or conduct of persons in relation to Equity Market Products.

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) Market Operators; and
- (b) Participants,

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 Participant to have email

A 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; or
- (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, unless the contrary intention appears, 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 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

In these Rules:

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

**Anomalous Order** means an Order for which the price is above the maximum or below the minimum Anomalous Order Threshold for the relevant Equity Market Product.

**Anomalous Order Threshold** means a threshold for an Equity Market Product determined under subrule 2.1.1(1).

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

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

**Best Available Bid**, in relation to a Transaction, means the highest Pre-Trade Transparent Bid, for Equity Market Products in the same class as the Equity Market Products the subject of the Transaction, available across all Order Books at the time the Transaction is executed.

**Best Available Offer**, in relation to a Transaction, means the lowest Pre-Trade Transparent Offer, for Equity Market Products in the same class as the Equity Market Products the subject of the Transaction, available across all Order Books at the time the Transaction is executed.

**Best Mid-Point** means:

$$(\text{Best Available Bid} + \text{Best Available Offer}) \div 2.$$

**Bid**, in relation to an Equity Market Product, means a price or quantity of the Equity Market Product to be purchased.

**Block Trade** has the meaning given by Rule 4.2.1.

**Buy Order** means an Order to buy Equity Market Products.

**Category A Equity Market Product** has the meaning given by paragraph 5.2.1(3)(a).

**Category B Equity Market Product** has the meaning given by paragraph 5.2.1(3)(b).

**Category C Equity Market Product** has the meaning given by paragraph 5.2.1(3)(c).

**Category D Equity Market Product** has the meaning given by paragraph 5.2.1(3)(d).

**CHESSE Depository Interest** has the meaning given to the term “CDI” by Rule 2.13.1 of the Operating Rules of ASX Settlement Pty Limited (ACN 008 504 532).

**Client Order** means an instruction, provided by a client to a Participant, to enter into a Transaction or Transactions.

**Confirmation** has the meaning given by Rule 7.3.1.

**Continuously and in Real-Time**, in relation to Pre-Trade Information or Post-Trade Information, means that the information is:

- (a) made available through an electronic data feed and in a machine-readable format; and
- (b) updated immediately as:
  - (i) new Orders are received and existing Orders are amended, matched, executed or cancelled; or
  - (ii) Transactions are executed, reported or cancelled, as applicable.

**Crossing System** means any automated service provided by a Participant to its clients which matches or executes Client Orders with Orders of:

- (a) the Participant; or
- (b) other clients of the Participant, otherwise than on an Order Book.

**Crossing System Initial Report** has the meaning given by Rule 4.3.1.

***Crossing System Monthly Report*** has the meaning given by Rule 4.3.2.

***Crossing System Reporting Information*** has the meaning given by Rule 4.3.3.

***Disclosed***, in relation to an Order on an Order Book, means the Pre-Trade Information referred to in both items 4 (*volume*) and 6 (*price*) in the Table in Rule 4.1.4 is made available for the Order.

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

***Equity Market Product*** means:

- (a) a share in a body;
- (b) a financial product referred to in subparagraph 764A(1)(b)(i) or subparagraph 764A(1)(ba)(i) of the Act;
- (c) a right (whether existing or future and whether contingent or not) to acquire, by way of issue, the following under a rights issue:
  - (i) a share covered by paragraph (a); or
  - (ii) a financial product covered by paragraph (b); or
- (d) a CHESS Depository Interest,  
admitted to quotation on the Listing Market.

***Exchange-Traded Fund Special Trade*** has the meaning given to the term “ETF Special Trade” by the Operating Rules of the Listing Market.

***Executing Participant*** has the meaning given by Rule 5.1.2.

***Extreme Cancellation Range*** has the meaning given by Rule 2.2.1.

***Family Company***, in the definition of “Principal”, means a corporation:

- (a) controlled by the person or the Immediate Family of the person; or
- (b) in respect of which the person is beneficially entitled to more than 50% of the issued capital.

***Family Trust***, in the definition of “Principal”, 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 Market*** has the meaning given by section 767A of the Act.

***Funds Manager*** means an entity whose primary business is to invest moneys and manage assets and other investments allocated to it by clients for that purpose.

**Hidden**, in relation to an Order on an Order Book, means the Pre-Trade Information referred to in both items 4 (*volume*) and 6 (*price*) in the Table in Rule 4.1.4 is not made available for the Order.

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

**In Writing**, in Chapters 2, 3 and 5 of these Rules, means in printed or electronic form.

**Large Portfolio Trade** has the meaning given by Rule 4.2.2.

**Large Principal Transaction** has the meaning given by Rule 5.2.1.

**Listing Market** means the Financial Market operated by ASX.

**Listing Market Operator** means ASX.

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

**Market** means a Financial Market, on or through which offers to acquire or dispose of Equity Market Products are made or accepted, the operator of which is licensed under subsection 795B(1) of the Act.

**Market Operator** means an entity that is licensed under subsection 795B(1) of the Act to operate a Market.

**Market Operator's Trading System** means the technical infrastructure used by the Market Operator for the purposes of receiving Trading Messages, matching and executing Orders and reporting Transactions.

**NMI** means the National Measurement Institute division of the Commonwealth Department of Innovation, Industry, Science and Research.

**Normal Trading Hours**, in relation to a Participant and a Transaction, means Trading Hours for all Markets:

- (a) on which the Equity Market Products the subject of the Transaction are quoted; and
- (b) to which the Participant has access, either directly or indirectly through another Participant.

**Offer**, in relation to an Equity Market Product, means a price or quantity of the Equity Market Product to be sold.

**Off-Market Bid** has the meaning given by section 9 of the Act and in respect of an issuer incorporated or established outside Australia, means any similar form of bid.

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

**Order** means an instruction to purchase or sell Equity Market Products, or an instruction to amend or cancel a prior instruction to purchase or sell Equity Market Products.

**Order Book** means an electronic list of Buy Orders and Sell Orders, maintained by or on behalf of a Market Operator, on which those Orders are matched with other Orders in the same list.

**Out of Hours Trade** has the meaning given by Rule 4.2.6.

**Participant** means a person that is a participant, within the meaning of section 761A of the Act, of a Market.

**Partly Disclosed**, in relation to an Order on an Order Book, has the meaning given by Rule 4.1.5.

**Permitted Trade during the Post-Trading Hours Period** has the meaning given by Rule 4.2.4.

**Permitted Trade during the Pre-Trading Hours Period** has the meaning given by Rule 4.2.5.

**Post-Trade Information** has the meaning given by Rule 5.1.7.

**Post-Trading Hours Period** means:

- (a) where all Markets have the same Trading Hours, the 30-minute period following the end of Trading Hours; or
- (b) where any Market has different Trading Hours to any other Market, the period from the earliest time on a Trading Day that Trading Hours end on any Market, until 30 minutes after the latest time on a Trading Day that Trading Hours end on any Market.

**Pre-Trade Information** has the meaning given by Rule 4.1.4.

**Pre-Trade Transparent:**

- (a) in relation to an Order, means Pre-Trade Information is made available for the Order by a Market Operator;
- (b) in relation to a Bid or Offer, means the Bid or Offer is part of an Order for which the Pre-Trade Information referred to in item 6 (*price*) of the Table in Rule 4.1.4 is made available by a Market Operator.

**Pre-Trading Hours Period** means the period on a Trading Day from three hours before the start of Trading Hours for the Listing Market to 15 minutes before the start of Trading Hours for the Listing Market.

**Price Step** means a difference in price of one Tick Size.

**Principal**, in the context of a Participant acting or trading on its own behalf “as Principal”, includes a reference to a Participant acting or trading on its own behalf or on behalf of any of the following persons:

- (a) a partner of the Participant;
- (b) a director, company secretary or Substantial Holder of the Participant;

- (c) the Immediate Family, Family Company or Family Trust of a partner, director, company secretary or Substantial Holder of the Participant;
- (d) a body corporate in which the interests of one or more of the partners singly or together constitute a controlling interest;
- (e) any Related Body Corporate of the Participant,

but does not include where a Participant is acting or trading as a trustee of a trust in which the Participant has no direct or indirect beneficial interest.

**Recognised Stock Exchange** has the meaning given by the Operating Rules of the Listing Market.

**Reference Bid**, in relation to a Transaction, means the highest Bid, for Equity Market Products in the same class as the Equity Market Products the subject of the Transaction, available at the time the Transaction is executed, where that Bid is referenced from a reliable, widely available source specified in the Operating Rules (including written procedures made under the Operating Rules) of the relevant Market.

**Reference Mid-Point** means:

$$(\text{Reference Bid} + \text{Reference Offer}) \div 2.$$

**Reference Offer**, in relation to a Transaction, means the lowest Offer, for Equity Market Products in the same class as the Equity Market Products the subject of the Transaction, available at the time the Transaction is executed, where that Offer is referenced from a reliable, widely available source specified in the Operating Rules (including written procedures made under the Operating Rules) of the relevant Market.

**Reference Price** has the meaning given by subrule 2.2.2(4).

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

**Reporting Participant** has the meaning given by Rule 5.1.2.

**Retail Client** means a person who is a retail client within the meaning of subsection 761G(1) of the Act in relation to the handling and execution by the Participant of that person's Order or Orders.

**Retail Client's Instructions** has the meaning given by subrule 3.1.1(3).

**Rules** mean these market integrity rules.

**Securities Lending Arrangement** has the meaning given by subsection 1020AA(1) of the Act.

**Sell Order** means an Order to sell Equity Market Products.

**Substantial Holder** in the definition of "Principal", when used to refer to a substantial holder in a corporation, means a person who has or would have a substantial holding if Part 6C of the Act applied to that corporation.

**Tick Size** means the minimum increment by which the price for an Equity Market Product may increase or decrease, in accordance with Rule 6.4.1.

**Time Priority**, in relation to an Order Book, means that Orders to buy or sell Equity Market Products in the same class for the same price are queued in the Order Book for matching and execution, with priority in the queue being given to the Order that was entered into the Order Book at the earlier time.

**Total Consideration** means:

- (a) for a Buy Order, the purchase price paid by a client in respect of performance of a Client Order, plus Transaction Costs; or
- (b) for a Sell Order, the sale price received by a client in respect of performance of a Client Order less Transaction Costs.

**Trade At or Within the Spread** has the meaning given by Rule 4.2.3.

**Trading Day**, in relation to a Market, means a day on which Equity Market Products may be traded on that Market.

**Trading Hours**, in relation to a Market, means the times on a Trading Day during which:

- (a) Orders may be entered, amended or cancelled on the Order Books of the Market; and
- (b) Orders are matched and Transactions are executed on a continuous basis on the Market, and includes a time during which an auction is conducted on the Market.

**Trading Information** has the meaning given by Rule 5.1.6.

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

**Trading Suspension** means a halt or suspension in trading on a Market pursuant to the exercise of a power by a Market Operator under its Operating Rules during which Orders may not be matched or executed on the relevant Market, but does not include a halt or suspension caused by a technical problem (including a power outage) affecting a Market Operator's Trading System.

**Transaction** means a transaction in an Equity Market Product.

**Transaction Costs** means all costs paid by a client that are directly related to a particular Transaction including, without limitation, any trade execution costs imposed by a Market, Crossing System or Participant, clearing and settlement costs and commissions paid to the Participant by a client.

**Under the Rules of a Market** means executed on an Order Book or reported to a Market Operator in accordance with these Rules and the Operating Rules (including written procedures made under the Operating Rules) of the relevant Market.

***UTC(AUS)*** means the output of the caesium atomic clock designated by the NMI as UTC(AUS).

***Wholesale Client*** means a person who is a wholesale client within the meaning of subsection 761G(4) of the Act in relation to the handling and execution by the Participant of that person's Order or Orders.

***Wholesale Client's Instructions*** has the meaning given by subrule 3.1.1(4).

Note: There is no penalty for this Rule.

## Chapter 2: Extreme price movements

### Part 2.1 Order entry controls for Anomalous Orders

#### 2.1.1 Requirement to have Anomalous Order Thresholds

- (1) A Market Operator must determine an Anomalous Order Threshold for each Equity Market Product that is quoted on its Market.
- (2) A Market Operator must notify ASIC In Writing of the Anomalous Order Threshold for each Equity Market Product that is quoted on its Market, not less than 45 days before first adopting the Anomalous Order Threshold for the purposes of Rule 2.1.3.
- (3) ASIC may notify a Market Operator that an Anomalous Order Threshold the Market Operator has notified to ASIC or adopted for the purposes of Rule 2.1.3 is not appropriate to promote market integrity or a fair, orderly or transparent market.
- (4) If ASIC notifies a Market Operator under subrule (3), the Market Operator must, as soon as practicable, determine a new Anomalous Order Threshold for the relevant Equity Market Product and notify ASIC In Writing of the new Anomalous Order Threshold before adopting the Anomalous Order Threshold for the purposes of Rule 2.1.3.
- (5) In determining an Anomalous Order Threshold for an Equity Market Product a Market Operator must take into account, at a minimum:
  - (a) the price at which a single Order deviates substantially from:
    - (i) prevailing market conditions for the relevant Equity Market Product;
    - (ii) historical trading patterns; and
  - (b) the Tick Size for the relevant Equity Market Product.

Maximum penalty: \$1,000,000

#### 2.1.2 Requirement to make Anomalous Order Thresholds publicly available

A Market Operator must make an Anomalous Order Threshold determined under Rule 2.1.1 publicly available before adopting the Anomalous Order Threshold for the purposes of Rule 2.1.3.

Maximum penalty: \$100,000

#### 2.1.3 Requirement to prevent Anomalous Orders from entering Markets

A Market Operator must have in place adequate controls to prevent Anomalous Orders from entering its Market.

Maximum penalty: \$1,000,000

## 2.1.4 Requirement to have adequate arrangements in relation to Anomalous Order Thresholds

- (1) A Market Operator must have in place adequate arrangements for:
- (a) determining Anomalous Order Thresholds in accordance with Rule 2.1.1;
  - (b) regularly reviewing, and if necessary, amending, the Anomalous Order Threshold for each Equity Market Product quoted on its Market, to take into account changes to the matters set out in subrule 2.1.1(5); and
  - (c) monitoring, and if necessary, adjusting, the controls referred to in Rule 2.1.3 to ensure that the controls are adequate to prevent Anomalous Orders from entering its Market.
- (2) A Market Operator must notify ASIC In Writing:
- (a) of the arrangements that the Market Operator has in place under paragraph (1)(a), not less than 45 days before first adopting an Anomalous Order Threshold for the purposes of Rule 2.1.3 in accordance with those arrangements; and
  - (b) each time the Market Operator revises the arrangements it has in place under paragraph (1)(a).
- (3) ASIC may notify a Market Operator that its arrangements for determining Anomalous Order Thresholds under paragraph (1)(a) are not appropriate to promote market integrity or a fair, orderly or transparent market.
- (4) If ASIC notifies a Market Operator under subrule (3), the Market Operator must, as soon as practicable, revise its arrangements and notify ASIC In Writing of the new arrangements before adopting them for the purposes of paragraph (1)(a).
- (5) A Market Operator must record In Writing the arrangements required by subrule (1).

Maximum penalty: \$1,000,000

## Part 2.2 Extreme Cancellation Range

### 2.2.1 Extreme Cancellation Range for Equity Market Products

The *Extreme Cancellation Range* for an Equity Market Product means all prices which are greater than or equal to:

- (a) the number of Price Steps set out in the following Table; or
- (b) the percentage amount set out in the following Table,

as the case may be, away from the Reference Price for the Equity Market Product.

Where Reference Price for Equity Market Product is in the following price range:	Tick	Extreme Cancellation Range (Price Steps or percentage away from Reference Price)
0.1–9.9 cents	0.1 cent	≥21 Price Steps

Where Reference Price for Equity Market Product is in the following price range:	Tick	Extreme Cancellation Range (Price Steps or percentage away from Reference Price)
10–99.5 cents	0.5 cent	≥61 Price Steps
100–199.5 cents	0.5 cent	≥101 Price Steps
200–499 cents	1 cent	≥50.1%
500–699 cents	1 cent	≥40.1%
700–999 cents	1 cent	≥35.1%
1000–1999 cents	1 cent	≥30.1%
2000–4999 cents	1 cent	≥25.1%
5000 cents	1 cent	≥20.1%

Note: There is no penalty for this Rule.

## 2.2.2 Obligation on Listing Market to notify Reference Price

(1) The Listing Market Operator must determine the Reference Price for each Equity Market Product, for each Trading Day.

(2) Subject to Rule 6.2.1, the Listing Market Operator must notify ASIC and each other Market Operator of the Reference Price for each Equity Market Product, for each Trading Day, as soon as practicable after:

- (a) first determining the Reference Price for that Trading Day; and
- (b) a change to the Reference Price during that Trading Day.

(3) Where Trading Hours for a Market other than the Listing Market (*other Market*) commence before the Listing Market notifies the Reference Prices for that Trading Day, the Market Operator of the other Market must determine the Reference Prices for its Market in accordance with paragraph (4)(c), until such time as the Listing Market Operator notifies the Reference Price for the Trading Day in accordance with paragraph (2)(a).

(4) In these Rules, **Reference Price** means:

- (a) the price established by the opening auction, any subsequent auction, or after a Trading Suspension on the Listing Market for that Equity Market Product for that Trading Day; or
- (b) if there is no opening auction for the Equity Market Product, the price of the first Transaction executed on the Listing Market for that Equity Market Product for that Trading Day; or
- (c) where a Market Operator other than the Listing Market Operator is required to determine a Reference Price in accordance with subrule (3), the price of the first

Transaction executed on its Market for that Equity Market Product for that Trading Day.

Maximum penalty: \$100,000

### **2.2.3 Notification of Transactions in Extreme Cancellation Range**

If a Transaction is executed on a Market within the Extreme Cancellation Range for an Equity Market Product, the relevant Market Operator must, as soon as practicable after becoming aware that the Transaction was executed:

- (a) notify ASIC and the Market Operators of all other Markets on which that Equity Market Product is quoted, of the price and time at which the relevant Transaction was executed;
- (b) notify the Participants that executed the relevant Transaction, that the Transaction was executed in the Extreme Cancellation Range; and
- (c) make publicly available the price and time of the relevant Transaction, or, where more than one Transaction in the same Equity Market Product was executed in the Extreme Cancellation Range on the Market of the relevant Market Operator at or around the same time, the range of prices and times at which such Transactions were executed, and the total number of such Transactions.

Maximum penalty: \$100,000

### **2.2.4 Market Operator arrangements in relation to Extreme Cancellation Range**

(1) The Listing Market Operator must have in place adequate arrangements for notifying ASIC and other Market Operators of Reference Prices in accordance with subrule 2.2.2(2).

(2) A Market Operator must have in place adequate arrangements for:

- (a) identifying when a Transaction is executed on its Market in the Extreme Cancellation Range;
- (b) notifying ASIC, other Market Operators and the relevant Participants once the Market Operator has become aware that a Transaction was executed on its Market in the Extreme Cancellation Range, in accordance with Rule 2.2.3; and
- (c) making publicly available the price and time of a Transaction executed in the Extreme Cancellation Range, and, where applicable, the range of prices and times, and total number, of Transactions executed in the Extreme Cancellation Range at or around the same time, in accordance with Rule 2.2.3.

Maximum penalty: \$1,000,000

## Part 2.3 Transparent cancellation policies

### 2.3.1 Market Operator to have transparent cancellation policies

- (1) A Market Operator must have adequate policies and procedures for the cancellation of Transactions entered into on its Market.
- (2) A Market Operator's policies and procedures under subrule (1) must:
- (a) include a policy that all Transactions executed on its Market within the Extreme Cancellation Range and identified by or to the Market Operator within 30 minutes from the time of execution will be cancelled, subject to the Transaction being identified by or to the Market Operator no later than 10 minutes after the end of Trading Hours for the Market;
  - (b) set out the circumstances, if any, in which Transactions other than Transactions referred to in paragraph (a):
    - (i) will be cancelled;
    - (ii) may be cancelled subject to a discretion; or
    - (iii) will not be cancelled;
  - (c) provide for the timely cancellation of Transactions; and
  - (d) describe how the Market Operator will communicate with Participants about the cancellation of Transactions.
- (3) A Market Operator must comply with its policies and procedures required under subrule (1).
- (4) A Market Operator must ensure that the policies and procedures it has in place to comply with subrule (1), and any changes to those policies and procedures, are made available to its Participants before those policies and procedures, or those changes, take effect.

Maximum penalty: \$1,000,000

## Chapter 3: Best execution

### Part 3.1 Best execution obligation

#### 3.1.1 Best execution obligation—Best outcome

(1) Subject to subrules (3), (4) and (6), when handling and executing an Order for a client a Participant must take reasonable steps to obtain the best outcome for that client.

(2) For the purposes of subrule (1), when handling and executing an Order for:

- (a) a Retail Client who has not given an instruction under subrule (3), the best outcome means the best Total Consideration; and
- (b) a Wholesale Client who has not given an instruction under subrule (4), the best outcome may be price, costs, Total Consideration, speed, likelihood of execution or any other relevant outcome, or any combination of those outcomes.

(3) If a Retail Client provides a Participant with instructions (*Retail Client's Instructions*) in relation to handling and executing that Retail Client's Order that are inconsistent with the Participant obtaining the best Total Consideration under subrule (1) for the Retail Client and that are:

- (a) clear and unambiguous;
- (b) In Writing, or if provided to the Participant verbally, recorded by the Participant and retained by the Participant for a period of seven years; and
- (c) specific to an Order, and not contained within the terms and conditions of a client agreement or any other standard form agreement provided by the Participant to the client,

the Participant must take reasonable steps to handle and execute the Order in a way which satisfies the Retail Client's Instructions.

(4) If a Wholesale Client provides a Participant with instructions (*Wholesale Client's Instructions*) that are inconsistent with the Participant obtaining the best outcome under subrule (1) for the Wholesale Client and that are:

- (a) clear and unambiguous;
- (b) In Writing, or if provided to the Participant verbally, recorded by the Participant and retained by the Participant for a period of seven years; and
- (c) not contained within the standard terms and conditions of a client agreement provided by the Participant to the client, but which may be standing instructions or specific Order by Order instructions,

the Participant must take reasonable steps to handle and execute the Order or Orders in a way which satisfies the Wholesale Client's Instructions.

(5) If a standing instruction is given to a Participant under paragraph (4)(c), that instruction must be:

- (a) periodically reviewed to ensure it remains possible for the Participant to satisfactorily perform the instruction; and
- (b) if the instruction provides that the Participant is not required to comply with subrule (1), only acted on by the Participant for a period of 12 months.

(6) For the period from commencement of this Rule to 31 October 2012, a Participant may decide to transmit Orders only to the Listing Market, notwithstanding that the Participant may have been able to obtain the best outcome required by this Rule by transmitting Orders to another Market.

Maximum penalty: \$1,000,000

### **3.1.2 No inducement**

(1) Subject to subrule (3), a Participant must not take steps to encourage or induce a client to provide the instructions referred to in subrules 3.1.1(3) or (4).

(2) A Participant must not take steps to encourage or induce a client to agree that the Participant is not required to disclose the matters referred to in subrules 3.3.1(1) and (2).

(3) A Participant who takes steps to inform a Wholesale Client that its standing instructions provided under paragraph 3.1.1(4)(c) are due to expire, does not contravene this Rule.

Maximum penalty: \$1,000,000

### **3.1.3 Prohibition on discriminatory commission structure**

A Participant must not charge a client, or propose to charge a client, brokerage, commission or other fees for executing an Order on a Market that differs from the brokerage, commission or other fees the Participant would charge if the Order was executed on another Market, unless the difference is related to the actual cost of executing Orders on a Market.

Maximum penalty: \$1,000,000

## **Part 3.2 Policies and procedures**

### **3.2.1 Participant must have adequate policies and procedures in place**

(1) A Participant must establish, document and implement adequate policies and procedures to ensure that it complies with Rule 3.1.1.

(2) A Participant's policies and procedures under subrule (1) must, without limitation, set out a description of:

- (a) the Order Books, and (in reliance on an exception to subrule 4.1.1(1)) any place other than an Order Book, to which the Participant may transmit Client Orders;
- (b) how Client Orders will be handled and executed, including the circumstances in which Client Orders will be transmitted for matching or execution to an Order Book or elsewhere (in reliance on an exception to subrule 4.1.1(1)) and the circumstances in which that transmission will be automatic and the circumstances in which that transmission will be manual; and
- (c) arrangements to monitor the policies, procedures and implementation required by subrule (1) to ensure they continue to be adequate to ensure compliance with subrule 3.1.1(1).

Maximum penalty: \$1,000,000

### **3.2.2 Participant must comply with its policies and procedures**

A Participant must comply with the policies and procedures required under Rule 3.2.1.

Maximum penalty: \$1,000,000

### **3.2.3 Best execution arrangements—Review**

(1) A Participant must review the policies and procedures and implementation of them required by Rule 3.2.1 each time:

- (a) there is a material change in circumstances that affects where the Participant may transmit Client Orders; and
- (b) the results of monitoring undertaken under paragraph 3.2.1(2)(c) suggest the policies and procedures under subrule 3.2.1(1) are not adequate to ensure compliance with Rule 3.1.1,

for the purposes of ensuring the policies and procedures and implementation of them continue to be adequate to ensure compliance with subrule 3.1.1(1).

(2) A Participant who relies on subrule 3.1.1(6) to transmit Orders to the Listing Market only for the period until 31 October 2012 must, prior to 31 October 2012:

- (a) review the policies and procedures and implementation of them required by Rule 3.2.1 for the purposes of ensuring they will continue to be adequate to ensure compliance with subrule 3.1.1(1) in the period after 31 October 2012; and
- (b) disclose In Writing to its clients any changes to its policies and procedures arising from the review it undertakes under paragraph (a).

Maximum penalty: \$1,000,000

## Part 3.3 Disclosure to clients of best execution obligation

### 3.3.1 Disclosure of best execution obligation

(1) Before accepting a Client Order from a client for the first time, a Participant must disclose to the client:

- (a) that the Participant is required to handle and execute Client Orders in accordance with Part 3.1;
- (b) how, in general terms, the requirements of Part 3.1 may affect the handling and execution of the Client Orders;
- (c) the Order Books, and (in reliance on an exception to subrule 4.1.1(1)) any place other than an Order Book, to which the Participant may transmit Client Orders;
- (d) the circumstances in which Client Orders may be transmitted to each Order Book and (in reliance on an exception to subrule 4.1.1(1)) to places other than Order Books; and
- (e) that where a client provides a Participant with instructions that are inconsistent with the Participant obtaining the best outcome for the client, the Participant must take reasonable steps to handle and execute the Order or Orders in a way which satisfies those instructions and, as a result, may not achieve the best outcome for the client.

(2) Each time there is a material change that affects any of the matters referred to at paragraph (1)(c) or (d), a Participant must disclose a summary of those changes to clients as soon as practicable after the change occurs.

(3) A Participant must disclose the matters referred to in paragraphs (1)(a) to (e) upon receipt of a request from a client, within a reasonable time of receiving the request.

(4) The disclosure required by subrules (1) and (2) must be In Writing, and be retained by a Participant for a period of seven years.

(5) The disclosure required by subrule (1) must include the level of detail of information about a Participant's handling and execution arrangements that a client would reasonably require to enable the client to make an informed decision about whether to instruct the Participant to handle and execute Orders on its behalf.

(6) A Participant is not required to disclose the matters referred to in subrule (1) and (2) to a Wholesale Client if the Wholesale Client and the Participant agree that disclosure is not required, and the terms of that agreement are:

- (a) clear and unambiguous;
- (b) In Writing and retained by the Participant for a period of seven years; and
- (c) not part of a standard client agreement or any other standard form agreement provided by the Participant to all its Wholesale Clients or to a class of its Wholesale Clients.

Maximum penalty: \$100,000

### **3.3.2 Disclosure of best execution obligation—Existing clients**

(1) A Participant must disclose the matters referred to in paragraphs 3.3.1(1)(a) to (e) to all its existing clients by 31 October 2011.

(2) The disclosure required by subrule (1) must be In Writing, and be retained by a Participant for a period of seven years.

Maximum penalty: \$100,000

## **Part 3.4 Evidencing execution performance**

### **3.4.1 Demonstrating execution performance and Order transmission by Participants—On request by a client**

(1) Subject to Rule 3.4.2, a Participant must, if it receives a reasonable request from a client to do so, demonstrate to the client that the Client's Orders have been executed in accordance with the Participant's policies and procedures required under Part 3.2.

(2) A Participant must comply with subrule (1) within a reasonable time after receiving the request.

Maximum penalty: \$100,000

### **3.4.2 Demonstrating execution performance and Order transmission by Participants—Evidencing adequacy of arrangements**

A Participant must keep, for a period of seven years, records which enable the Participant to demonstrate compliance with the policies and procedures required under Part 3.2 and client instructions.

Maximum penalty: \$100,000

## Chapter 4: Pre-trade transparency

### Part 4.1 Orders must be Pre-Trade Transparent

#### 4.1.1 Participants to enter into Transactions on Pre-Trade Transparent Order Book, subject to exceptions

(1) Subject to subrule (2), a Participant must not enter into a Transaction unless the Transaction is entered into by matching of a Pre-Trade Transparent Order on an Order Book.

(2) A Participant is not required to comply with subrule (1) in relation to:

- (a) Block Trades;
- (b) Large Portfolio Trades;
- (c) Trades At or Within the Spread;
- (d) a Permitted Trade during the Post-Trading Hours Period;
- (e) a Permitted Trade during the Pre-Trading Hours Period; and
- (f) Out of Hours Trades.

Maximum penalty: \$1,000,000

#### 4.1.2 Market Operator to immediately make available Pre-Trade Information subject to exceptions

(1) Subject to subrules (2) and (3), a Market Operator must make available Pre-Trade Information for its Market:

- (a) for all Orders received during Trading Hours for the Market, Continuously and in Real-Time; and
- (b) for all Orders received outside of Trading Hours for the Market, by no later than the time Trading Hours next resume,

to all persons in this jurisdiction who have entered into an arrangement with the Market Operator to access the Pre-Trade Information on that basis.

(2) A Market Operator is not required to make available Pre-Trade Information in relation to:

- (a) an Order on an Order Book that, if executed, would result in a Block Trade;
- (b) an Order or series of Orders on an Order Book that, if executed, would result in a Large Portfolio Trade; and
- (c) an Order on an Order Book that, if executed, would result in a Trade At or Within the Spread.

(3) The Market Operator must take reasonable steps to ensure that all Pre-Trade Information it makes available under subrule (1) is and remains complete, accurate and up-to-date.

Maximum penalty: \$1,000,000

### 4.1.3 Market Operator to make available Pre-Trade Information on reasonable commercial terms and on a non-discriminatory basis

Subject to Rule 6.2.1, where a person in this jurisdiction seeks access to Pre-Trade Information for a Market, the Market Operator must make available the Pre-Trade Information:

- (a) on reasonable commercial terms; and
- (b) on a non-discriminatory basis.

Maximum penalty: \$1,000,000

### 4.1.4 Pre-Trade Information

For the purposes of these Rules, *Pre-Trade Information*, in relation to an Order, means the information set out in the following Table in relation to that Order.

Item	Label	Pre-Trade Information
1	Order date	The date on which the Order was received by the Market Operator
2	Order time	The time at which the Order was received by the Market Operator
3	Product identification	The symbol, assigned in accordance with Rule 6.2.3, that identifies the Equity Market Product the subject of the Order
4	Volume	The number of Equity Market Products the subject of the Order, unless the Order is a Partly Disclosed Order and the information in item 6 of this Table has been made available for all or part of the Order
5	Order side	Whether the Order is a Buy Order or Sell Order
6	Price	The price per Equity Market Product of the Order, unless the Order is a Partly Disclosed Order and the information in item 4 of this Table has been made available for all or part of the Order
7	Currency	The currency of the price per Equity Market Product of the Order, unless the Order is in Australian dollars

Note: There is no penalty for this Rule.

### 4.1.5 Partly Disclosed Orders

- (1) In these Rules, *Partly Disclosed Order* means an Order on an Order Book in relation to which:
- (a) the Operating Rules of the Market require the Pre-Trade Information referred to in the Table in Rule 4.1.4 to be made available, with the exception of:
    - (i) item 4 (*volume*) but not item 6 (*price*); or
    - (ii) item 6 (*price*) but not item 4 (*volume*); and

(b) the consideration for the Order is greater than \$0.

(2) For the purposes of subrule (1), a Partly Disclosed Order includes an Order on an Order Book which the Operating Rules of a Market:

- (a) require to be of a minimum volume or value; and
- (b) permit to be divided into separate parts so that part of the Order is Disclosed and part of the Order is Hidden, until such time as the part of the Order that is Disclosed is executed, following which the Hidden parts of the Order (or the residual amount of the Order if less than the minimum volume or value) are in turn Disclosed until the total Order has been executed.

Note: There is no penalty for this Rule.

#### 4.1.6 Application to partly filled Orders

Where an exception referred to in subrule 4.1.1(2) or 4.1.2(2) applies to an Order and that Order is executed in part, the exception ceases to apply unless the remainder of the Order would have been entitled to the exception if it were a separate Order.

Note: There is no penalty for this Rule.

#### 4.1.7 Priority for Disclosed Orders and Partly Disclosed Orders

A Market Operator must not permit a Hidden Order on an Order Book of the Market to have Time Priority over a Disclosed Order or Partly Disclosed Order on the same Order Book, where the Disclosed Order or Partly Disclosed Order is an Order to buy or sell the same class of Equity Market Products, at the same price, as the Hidden Order.

Maximum penalty: \$1,000,000

## Part 4.2 Pre-Trade Information—Exceptions

### 4.2.1 Exception—Block Trades

(1) In these Rules, *Block Trade* means a Transaction where:

- (a) the Participant acts:
  - (i) on behalf of both buying and selling clients to that Transaction; or
  - (ii) on behalf of a buying or selling client on one side of that Transaction and as Principal on the other side;
- (b) the Equity Market Products are issued by the same issuer, in the same class, with the same paid-up value; and
- (c) the consideration for the Transaction is not less than \$1,000,000.

(2) For the purposes of paragraph (1)(b), Equity Market Products that differ only in relation to the amount of dividend or distribution payable are in the same class.

Note: There is no penalty for this Rule.

#### 4.2.2 Exception—Large Portfolio Trades

(1) In these Rules, *Large Portfolio Trade* means a Transaction where:

- (a) the Participant acts:
  - (i) on behalf of both buying and selling clients to that Transaction; or
  - (ii) on behalf of a buying or selling client on one side of that Transaction and as Principal on the other side;
- (b) the Transaction is entered into pursuant to a single agreement between the buyer and seller for consideration in total of not less than \$5,000,000; and
- (c) the Transaction comprises purchases or sales of Equity Market Products in not less than 10 different classes for which the minimum consideration in each class is \$200,000.

(2) Nothing in paragraph (1)(c) prevents the Transaction from comprising additional purchases or sales in other classes where the consideration for those classes is less than \$200,000.

Note: There is no penalty for this Rule.

#### 4.2.3 Exception—Trades At or Within the Spread

(1) In these Rules, a Transaction is a *Trade At or Within the Spread* where:

- (a) if the Transaction is entered into other than by matching of an Order on an Order Book, the Participant acts:
  - (i) on behalf of both buying and selling clients to that Transaction; or
  - (ii) on behalf of a buying or selling client on one side of that Transaction and as Principal on the other side;
- (b) if the Transaction is entered into other than by matching of an Order on an Order Book, the Transaction is executed at a price per Equity Market Product which is:
  - (i) the same as the Best Available Bid or Best Available Offer;
  - (ii) higher than the Best Available Bid and lower than the Best Available Offer by one or more Price Steps; or
  - (iii) at the Best Mid-Point;
- (c) if the Transaction is entered into by matching of Orders on an Order Book, the Transaction is executed at a price per Equity Market Product which is:
  - (i) the same as the Reference Bid or Reference Offer;
  - (ii) higher than the Reference Bid and lower than the Reference Offer by one or more Price Steps; or
  - (iii) at the Reference Mid-Point; and

(d) the consideration for the Transaction is greater than \$0.

(2) For the purposes of this Rule, the Best Mid-Point and Reference Mid-Point are not limited to standard Price Steps for the Equity Market Product.

Note: There is no penalty for this Rule.

#### 4.2.4 Exception—Permitted Trades during the Post-Trading Hours Period

In these Rules, *Permitted Trade during the Post-Trading Hours Period* means a Transaction during the Post-Trading Hours Period:

- (a) that completes an Order received prior to the end of Trading Hours for the Market (and, if there is an auction at the end of Trading Hours, prior to that auction);
- (b) that comprises a bona fide hedge;
- (c) if there is an auction at the end of Trading Hours for a Market, that completes an Order that narrowly missed execution during that auction;
- (d) that rectifies an error; or
- (e) that results in the Equity Market Products the subject of the Transaction being sold by a nominee that holds those Equity Market Products on behalf of a Funds Manager to another nominee that holds those Equity Market Products on behalf of the same Funds Manager, and where the Participant acts for both clients.

Note: There is no penalty for this Rule.

#### 4.2.5 Exception—Permitted Trades during the Pre-Trading Hours Period

In these Rules, *Permitted Trade during the Pre-Trading Hours Period* means a Transaction during the Pre-Trading Hours Period where:

- (a) the Participant acts:
  - (i) on behalf of both buying and selling clients to that Transaction; or
  - (ii) on behalf of a buying or selling client on one side of that Transaction and as Principal on the other side; and
- (b) either:
  - (i) overseas resident clients are involved in both sides of the Transaction; or
  - (ii) an overseas resident client is involved in one side and the Participant is acting as Principal on the other side of the Transaction; and
- (c) a stock market maintained by a Recognised Stock Exchange either:
  - (i) in the overseas client's country of residence; or
  - (ii) if both sides of the Transaction involve overseas resident clients, in the country of residence of one of those clients,is open for trading at that time.

Note: There is no penalty for this Rule.

#### 4.2.6 Exception—Out of Hours Trade

In these Rules, *Out of Hours Trade* means a Transaction entered into by a Participant:

- (a) during the period after the Post-Trading Hours Period on a Trading Day and before the Pre-Trading Hours Period on the next Trading Day; and
- (b) if the Transaction is entered into on behalf of a client, where the relevant Order was received from the client during the period set out in paragraph (a) and the Participant entered into the other side of the Transaction as Principal or on behalf of another client whose instructions were received at any time.

Note: There is no penalty for this Rule.

### Part 4.3 Reporting requirements for Crossing Systems

#### 4.3.1 Reporting requirements for Crossing Systems—Crossing System Initial Report

(1) A Participant that operates, or proposes to operate, a Crossing System must lodge with ASIC a report (the *Crossing System Initial Report*) which describes:

- (a) the date on which the Crossing System began operating, or will begin to operate, in this jurisdiction;
- (b) access to the Crossing System, including the criteria for determining persons who are eligible to use the Crossing System and whether the Crossing System transmits Orders to other Crossing Systems;
- (c) how Orders are prioritised and matched, and Transactions are executed, on the Crossing System;
- (d) how the price for Transactions on the Crossing System is determined;
- (e) the fees, commissions, rebates or other charges paid by or to the Participant and users of the Crossing System;
- (f) whether the Participant that operates the Crossing System deals as Principal with clients on the Crossing System and if so, the arrangements the Participant has in place for the management of conflicts of interest that may arise between the Participant and those clients;
- (g) the name of the Market or Markets to which:
  - (i) Transactions executed on the Crossing System are reported; and
  - (ii) Orders matched on the Crossing System are transmitted for execution;
- (h) where more than one Market is named under paragraph (g), the circumstances in which each Market is used for the purposes set out in paragraph (g); and
- (i) whether Orders on the Crossing System are purged at the end of the day or remain on the Crossing System until matching or execution on the Crossing System next resumes, and if the Orders are not purged, the period of time they remain on the Crossing System.

- (2) The Participant must lodge the Crossing System Initial Report with ASIC:
- (a) within 20 business days from the date this Rule commences; or
  - (b) no later than 20 business days before the day the Participant begins to operate the Crossing System,
- whichever occurs later.

Maximum penalty: \$100,000

#### 4.3.2 Reporting requirements for Crossing Systems—Crossing System Monthly Report

A Participant that operates a Crossing System during a calendar month must, within 20 business days of the end of the calendar month:

- (a) prepare a report (the *Crossing System Monthly Report*) for that calendar month setting out:
  - (i) any changes to the information provided in the Crossing System Initial Report;
  - (ii) for each day during the calendar month on which Orders were received or Transactions were matched or executed on the Crossing System, Crossing System Reporting Information for each relevant Equity Market Product for that day; and
- (b) provide the Crossing System Monthly Report to ASIC.

Maximum penalty: \$100,000

#### 4.3.3 Crossing System Reporting Information

In these Rules, *Crossing System Reporting Information* means the information set out in column 3 of the following Table.

Item	Data requirement	Crossing System Reporting Information
1	Crossing System ID	A code identifying the Crossing System
2	Date	The date to which the information set out in items 3 to 19 of this Table relates
3	Product identification	The symbol, assigned in accordance with Rule 6.2.3, that identifies the Equity Market Product to which the information set out in items 4 to 19 of this Table relates
4	Buy Orders received—Volume	The total number of units of that Equity Market Product in all Buy Orders for that Equity Market Product received by the Crossing System on that date
5	Sell Orders received—Volume	The total number of units of that Equity Market Product in all Sell Orders for that Equity Market Product received by the Crossing System on that date

Item	Data requirement	Crossing System Reporting Information
6	Buy Orders received—Value	The total dollar value of all Buy Orders for that Equity Market Product received by the Crossing System on that date
7	Sell Orders received—Value	The total dollar value of all Sell Orders for that Equity Market Product received by the Crossing System on that date
8	Buy Orders received—Number	The total number of Buy Orders for that Equity Market Product received by the Crossing System on that date
9	Sell Orders received—Number	The total number of Sell Orders for that Equity Market Product received by the Crossing System on that date
10	Trades executed—Volume	The total number of units of that Equity Market Product in all Transactions in that Equity Market Product matched by or executed through the Crossing System on that date
11	Trades executed—Value	The total dollar value of units of that Equity Market Product in all Transactions in that Equity Market Product matched by or executed through the Crossing System on that date
12	Trades executed—Number	The total number of Transactions in that Equity Market Product matched by or executed through the Crossing System on that date
13	Orders cancelled—Volume	The total number of units of that Equity Market Product in Orders for that Equity Market Product cancelled at the request of the client on that date
14	Orders cancelled—Value	The total dollar value of Orders for that Equity Market Product cancelled at the request of the client on that date
15	Orders cancelled—Number	The total number of Orders for that Equity Market Product cancelled at the request of the client on that date
16	Principal trades—Volume	The total number of units of that Equity Market Product in all Transactions in that Equity Market Product executed on that date, where the Participant that operates the Crossing System was either buyer or seller
17	Principal trades—Value	The total dollar value of Transactions in that Equity Market Product executed on that date, where the Participant that operates the Crossing System was either buyer or seller
18	Principal trades—Number	The total number of Transactions in that Equity Market Product executed on that date, where the Participant that operates the Crossing System was either buyer or seller
19	Median trade value	The median dollar value of Transactions in that Equity Market Product matched by or executed through the Crossing System on that date

Note: There is no penalty for this Rule.

## Chapter 5: Post-trade transparency

### Part 5.1 Transactions must be post-trade transparent

#### 5.1.1 Participants to report Transactions done other than on an Order Book of a Market

(1) The Reporting Participant must report Post-Trade Information for a Transaction entered into otherwise than matching of Orders on an Order Book, to a Market Operator.

(2) The Reporting Participant must report Post-Trade Information for a Transaction referred to in subrule (1):

(a) subject to paragraph (b):

- (i) if the Transaction is matched or executed during Normal Trading Hours, immediately after the Transaction is executed;
- (ii) if the Transaction is matched or executed during a period in which there is an auction on the Market to which the Transaction will be reported, immediately after that auction;
- (iii) if the Transaction is executed outside of the times referred to in subparagraphs (i) and (ii), by no later than 15 minutes before the time Normal Trading Hours next resume, or at such earlier time as is required by the Operating Rules of the Market under which the Reporting Participant determines the Transaction has taken place;

(b) if the Transaction is:

- (i) a Large Principal Transaction; or
- (ii) a Large Portfolio Trade in which the Participant acts as Principal as either buyer or seller,

as soon as practicable after the Reporting Participant is no longer exposed to risk as Principal in connection with the Transaction, and by no later than the time set out in subrule (3).

(3) The Reporting Participant must report Post-Trade Information for a Transaction referred to in paragraph (2)(b):

- (i) if the Transaction is executed before 1.00 pm on a Trading Day, by no later than 15 minutes prior to the next Trading Day; or
- (ii) if the Transaction is executed after 1.00 pm on a Trading Day, by no later than 1.00 pm on the next Trading Day.

(4) The Reporting Participant must take reasonable steps to ensure that all Post-Trade Information it reports under subrule (2) is and remains complete, accurate and up-to-date.

(5) A Participant that enters into more than one Transaction as Principal and in the same class of Equity Market Products, at the same time and for the same price, for the purposes of

executing a Buy Order of one client against a Sell Order of another client, must take reasonable steps to ensure that those Transactions are reported as a single Transaction.

Maximum penalty: \$1,000,000

### 5.1.2 Reporting Participant

(1) In these Rules, *Reporting Participant* means, in relation to a Transaction:

- (a) where a Participant is the only party to the Transaction that is required to comply with these Rules, the Participant; or
- (b) where more than one party to the Transaction is required to comply with these Rules, the *Executing Participant*.

(2) In subrule (1), *Executing Participant* means:

- (a) the Participant that receives the Order and executes the Transaction without transmitting the Order to another Participant (for example, a Participant that executes an Order on its own Crossing System);
- (b) if both Participants satisfy paragraph (a) (for example, Participants that manually negotiate a Transaction), the Participant that is the seller, or is acting on behalf of the seller; or
- (c) as otherwise agreed between the Participants.

(3) If a Participant is determined to be the Executing Participant in accordance with paragraph (2)(c), the Participant that is the seller, or is acting on behalf of the seller, must document the agreement reached.

(4) Each Participant that is a party to a Transaction to which subrule 5.1.1(1) applies must take reasonable steps to determine, prior to the Transaction being executed, which party is the Reporting Participant.

Maximum penalty: \$100,000

### 5.1.3 Application to constituent parts of portfolio trade

Where a Participant enters into a single agreement to buy or sell more than one class of Equity Market Products, the Participant may consider each class of Equity Market Products to be bought or sold under the agreement as a separate Transaction for the purposes of determining whether that Transaction is a Large Principal Transaction.

Note: There is no penalty for this Rule.

### 5.1.4 Market Operator to immediately make available Post-Trade Information

(1) A Market Operator must make available Post-Trade Information for its Market:

- (a) for Transactions executed or reported during Trading Hours, Continuously and in Real-Time; and
- (b) for Transactions executed or reported outside of Trading Hours, before Trading Hours next resume,

to all persons in this jurisdiction who have entered into an arrangement with the Market Operator to access the Post-Trade Information on that basis.

(2) The Market Operator must take reasonable steps to ensure that Post-Trade Information it makes available under subrule (1) is and remains complete, accurate and up-to-date.

Maximum penalty: \$1,000,000

### 5.1.5 Market Operator to make available Post-Trade Information on reasonable commercial terms and on a non-discriminatory basis

Subject to Rule 6.2.1, where a person in this jurisdiction seeks access to Post-Trade Information, the Market Operator must make available the Post-Trade Information:

- (a) on reasonable commercial terms; and
- (b) on a non-discriminatory basis.

Maximum penalty: \$1,000,000

### 5.1.6 Market Operator to make available Trading Information on a website within 20 minutes

(1) A Market Operator must make available Trading Information for its Market:

- (a) on a website that is publicly accessible;
- (b) free of charge; and
- (c) on a delayed basis of no more than 20 minutes.

(2) For the purposes of subrule (1), **Trading Information** means, for each Equity Market Product that is quoted on the Market, the information set out in column 3 of the following Table.

Item	Label	Post-Trade Information
1	Product identification	The symbol, assigned in accordance with Rule 6.2.3, that identifies the Equity Market Product to which the information referred to in items 2 to 8 of this Table relates
2	Last traded price	The price per Equity Market Product of the last Transaction in the Equity Market Product conducted on an Order Book on the relevant Market
3	Bid	The highest Bid for the Equity Market Product on the relevant Market
4	Offer	The lowest Offer for the Equity Market Product on the relevant Market

Item	Label	Post-Trade Information
5	High	The highest price at which a Transaction in the Equity Market Product has been executed on the relevant Market on the Trading Day to which the information relates
6	Low	The lowest price at which a Transaction in the Equity Market Product has been executed on the relevant Market on the Trading Day to which the information relates
7	Volume	The total number of Equity Market Products in all Transactions in the Equity Market Product on the relevant Market, for the Trading Day to which the information relates
8	Trading status	The trading status for the Equity Market Product
9	Delay	If the information in items 1 to 8 of this Table is made available on a delayed basis, the delay, in minutes

Maximum penalty: \$100,000

### 5.1.7 Post-Trade Information

In these Rules, *Post-Trade Information* means:

- (a) in relation to a Transaction entered into otherwise than matching of Orders on an Order Book and reported by the Reporting Participant to the Market Operator, the information set out in items 1 to 9 of the following Table;
- (b) in relation to a Transaction entered into by matching of an Order on an Order Book:
  - (i) the information set out in items 2 and 4 of the following Table in relation to that Order; and
  - (ii) the information set out in items 1, 3 and 5 to 9 of the following Table, to the extent that the information is unable to be readily determined by reference to both Pre-Trade Information that was made available in relation to that Order and the information referred to in subparagraph (i); and
- (c) in relation to a Transaction referred to in paragraph (a) or (b) that is cancelled, the information set out in items 7 and 8 of the following Table.

Item	Label	Post-Trade Information
1	Trade execution date (as at date)	The date on which the Transaction is executed, unless the Transaction is reported on the same day it is executed
2	Trading time	The time at which the Transaction was executed
3	Product identification	The symbol, assigned in accordance with Rule 6.2.3, that identifies the Equity Market Product the subject of the Transaction

Item	Label	Post-Trade Information
4	Volume	The number of Equity Market Products the subject of the Transaction
5	Price	The price per Equity Market Product of the Transaction
6	Currency	The currency of the price per Equity Market Product of the Transaction, unless the Transaction was in Australian dollars
7	Trade cancellation indicator	If the Transaction is cancelled, a notation or code to identify that the Transaction is cancelled
8	Original trade date	If the Transaction is cancelled, the information in item 1 of this Table
9	Exception code	If the Transaction was executed: (a) otherwise than by matching of Orders on an Order Book; or (b) without Pre-Trade Information in relation to the Order being made available, a unique code that identifies the exception in subrule 4.1.1(2) or 4.1.2(2) relied upon

Note: There is no penalty for this Rule.

## Part 5.2 Exceptions

### 5.2.1 Exceptions—Large Principal Transaction

(1) In these Rules, *Large Principal Transaction* means:

- (a) a Transaction in which one party to the Transaction is the Participant acting as Principal and the other party to the Transaction is the Participant acting as agent for a client;
- (b) the consideration for the Transaction is:
  - (i) \$15,000,000 or more for Category A Equity Market Products;
  - (ii) \$10,000,000 or more for Category B Equity Market Products;
  - (iii) \$5,000,000 or more for Category C Equity Market Products; or
  - (iv) \$2,000,000 or more for Category D Equity Market Products; and
- (c) the Transaction is not effected to unwind, close out or liquidate (in whole or in part) a position established by a Transaction which meets the requirements in paragraphs (a) and (b).

(2) For the purposes of paragraph (1)(a), the client may be a Funds Manager acting on behalf of more than one fund.

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

- (a) **Category A Equity Market Products** means those Equity Market Products notified by the Listing Market Operator under its Operating Rules and in accordance with subrule (4);
  - (b) **Category B Equity Market Products** means those Equity Market Products notified by the Listing Market Operator under its Operating Rules and in accordance with subrule (4);
  - (c) **Category C Equity Market Products** means those Equity Market Products notified by the Listing Market Operator under its Operating Rules and in accordance with subrule (4); and
  - (d) **Category D Equity Market Products** means all Equity Market Products that are not Category A, B or C Equity Market Products.
- (4) For the purposes of subrule (3), the notification given by the Listing Market Operator:
- (a) must be published on its website and notified In Writing to other Market Operators and Participants; and
  - (b) takes effect from the day following the notification.

Note: There is no penalty for this Rule.

## 5.2.2 Dealings to which this Chapter does not apply

For the avoidance of doubt, this Chapter does not apply to:

- (a) a Participant transmitting an Order to another Participant for the purposes of the second Participant transmitting the Order to an Order Book or Crossing System;
- (b) primary market actions, including an issue or allotment of, application or subscription for an Equity Market Product, or acceptance of an offer under an Off-Market Bid;
- (c) the delivery of an Equity Market Product under a Securities Lending Arrangement; and
- (d) Exchange-Traded Fund Special Trades.

Note: There is no penalty for this Rule.

## Chapter 6: Market Operators—Other obligations

### Part 6.1 Trading Suspensions

#### 6.1.1 Market Operator to notify of Trading Suspensions

(1) Subject to subrule (2) and Rule 6.2.1, a Market Operator (*first Market Operator*) must immediately notify each other Market Operator (*other Market Operator*) each time the first Market Operator:

- (a) places an Equity Market Product into a Trading Suspension; and
- (b) lifts or removes a Trading Suspension on an Equity Market Product.

(2) Where a technical problem (including a power outage) prevents the first Market Operator from making a notification referred to in paragraph (1)(a) or (b) immediately, the notification must be made to the other Market Operator without delay by another appropriate means.

Maximum penalty: \$1,000,000

#### 6.1.2 Market Operator to place Equity Market Products into a Trading Suspension

(1) A Market Operator that receives a notification under paragraph 6.1.1(1)(a) must immediately place each Equity Market Product the subject of the notification into a Trading Suspension on its Market.

(2) A Market Operator that places an Equity Market Product into a Trading Suspension in accordance with subrule (1) may only lift or remove that Trading Suspension after the Market Operator receives a notification under paragraph 6.1.1(1)(b) in relation to the same Equity Market Product.

Maximum penalty: \$1,000,000

#### 6.1.3 Market Operator to notify of system outages

A Market Operator must notify ASIC, other Market Operators and Participants immediately upon becoming aware of a technical problem (including a power outage) affecting a Market Operator's trading, compliance monitoring and reporting systems that may interfere with the fair, orderly or transparent operation of any Market.

Maximum penalty: \$1,000,000

## Part 6.2 Information Sharing

### 6.2.1 Provision of information by electronic data feed to other Market Operators

(1) Subject to subrules (2) to (5) and Rule 6.1.3, a Market Operator (*first Market Operator*) must make available to each other Market Operator (*other Market Operator*), through an electronic data feed and in a machine-readable format:

- (a) notifications referred to in subrule 2.2.2(2);
- (b) Pre-Trade Information referred to in subrule 4.1.2(1);
- (c) Post-Trade Information referred to in subrule 5.1.4(1);
- (d) notifications referred to in Rule 6.1.1; and
- (e) to the extent not covered by paragraph (d), information about the status of trading in each Equity Market Product.

(2) Notwithstanding Rules 4.1.3 and 5.1.5, the first Market Operator must make available a data feed referred to in subrule (1) to each other Market Operator either at no cost or for an amount which is no greater than the direct, efficient, incremental costs of making the data feed available.

(3) Notwithstanding Rules 4.1.3 and 5.1.5, where the first Market Operator makes available a data feed referred to in subrule (1) in accordance with subrule (2), the first Market Operator may make that data feed available on terms that limit the purposes for which the other Market Operator may make use of the data feed to purposes directly related to:

- (a) in the case of a notification referred to in paragraph (1)(a), identifying Transactions in the Extreme Cancellation Range that are executed on the other Market Operator's Market;
- (b) in the case of information referred to in paragraph (1)(b), (c) or (e), compliance with the other Market Operator's obligations under Part 7.2 and Part 7.2A of the Act, including in the case of the Listing Market Operator, the obligation to monitor and enforce compliance with its Listing Rules; and
- (c) in the case of the notification referred to in paragraph (1)(d), placing an Equity Market Product into a Trading Suspension, or lifting or removing that Trading Suspension, on the Market of the other Market Operator.

(4) A Market Operator need only make available a data feed referred to in subrule (1) in accordance with subrule (2) in relation to an Equity Market Product to another Market Operator, within a reasonable time of receiving a notification from that Market Operator under subrule (5) in relation to that Equity Market Product.

(5) For the purposes of subrule (4), the other Market Operator may give notice to the first Market Operator that the other Market Operator requires a data feed referred to in subrule (1) for a purpose referred to in subrule (3) in relation to an Equity Market Product.

(6) The Listing Market Operator need only make the notifications referred to in paragraph (1)(a) or (d) in relation to an Equity Market Product to another Market Operator, within a reasonable time of receiving a notification from that Market Operator under subrule (7) in relation to that Equity Market Product.

(7) For the purposes of subrule (6), a Market Operator other than the Listing Market Operator must notify the Listing Market Operator of an Equity Market Product it intends to quote on its Market.

Maximum penalty: \$1,000,000

## **6.2.2 Market Operator must assign unique identifiers to each Participant**

(1) A Market Operator must assign each of its Participants a unique identifier for the purposes of identifying the Participant in records of Orders, Transactions and other Trading Messages relating to Equity Market Products.

(2) Where a Participant is a Participant of more than one Market, each relevant Market Operator must assign the same identifier to the Participant under subrule (1).

Maximum penalty: \$100,000

## **6.2.3 Market Operator must use unique symbols for Equity Market Products**

(1) The Listing Market Operator must assign each Equity Market Product a unique symbol for the purposes of identifying that Equity Market Product in records of Orders, Transactions and other Trading Messages on its Market.

(2) A Market Operator other than the Listing Market Operator must, for each Equity Market Product that is quoted on its Market, assign the same unique symbol assigned by the Listing Market Operator under subrule (1) to that Equity Market Product for the purposes of identifying that Equity Market Product in records of Orders, Transactions and other Trading Messages on its Market.

Maximum penalty: \$100,000

# **Part 6.3 Synchronised clocks**

## **6.3.1 Market Operators to synchronise clocks**

(1) A Market Operator must set the clock the Market Operator uses for recording the time and date in its trading, compliance monitoring and reporting systems so that it is synchronised to within 20 milliseconds of the UTC(AUS) maintained by the NMI.

(2) Where a Market Operator relies on another person to provide any aspect of their trading, compliance monitoring or reporting systems that records the time and date, the Market

Operator must take reasonable steps to ensure that person synchronises the clock used for that purpose to within 20 milliseconds of the UTC(AUS) maintained by the NMI.

Maximum penalty: \$1,000,000

### **6.3.2 Market Operator to have arrangements for compliance**

(1) A Market Operator must have in place adequate arrangements to ensure it complies with Rule 6.3.1, including arrangements for:

- (a) regularly monitoring the clock it uses for recording the time and date in its trading, compliance monitoring and reporting systems to ensure it remains synchronised; and
- (b) when required, re-setting the clock it uses for recording the time and date in its trading, compliance monitoring and reporting systems.

(2) Where a Market Operator relies on another person to provide any aspect of their trading, compliance monitoring and reporting systems, the Market Operator must take reasonable steps to ensure that person has in place arrangements referred to in subrule (1).

Maximum penalty: \$100,000

## **Part 6.4 Tick Sizes**

### **6.4.1 Market Operators to use standard Tick Sizes**

(1) Subject to subrule (2), a Market Operator must not accept, display or queue Orders in an Order Book in Tick Sizes less than:

- (a) \$0.01 for an Equity Market Product priced at equal to or greater than \$2.00;
- (b) \$0.005 for an Equity Market Product priced at equal to or greater than \$0.10 and less than \$2.00; and
- (c) \$0.001 for an Equity Market Product priced at less than \$0.10.

(2) Subrule (1) does not apply to an Order that, if executed, would result in a Block Trade, Large Portfolio Trade or, in the context of Rule 4.2.3, a Transaction at the Reference Mid-Point or at the Best Mid-Point.

Maximum penalty: \$1,000,000

## **Part 6.5 Material changes to Operating Rule procedures**

### **6.5.1 Market Operator to notify material changes to Operating Rule Procedures**

(1) Subject to subrule (2), a Market Operator must notify ASIC of a material change to the written procedures made under its Operating Rules, within a reasonable time before adopting the change.

(2) Where a Market Operator is required to make an urgent material change to the written procedures made under its Operating Rules, the Market Operator must notify ASIC of the change as soon as practicable after making the change.

Maximum penalty: \$100,000

## Chapter 7: Participants—Other obligations

### Part 7.1 Transactions to be under the Operating Rules of a Market Operator

#### 7.1.1 Transactions to be under the Operating Rules of a Market Operator

A Participant must not enter into a Transaction other than Under the Rules of a Market, unless the Transaction is entered into pursuant to:

- (a) the terms of an Equity Market Product, including a redemption; or
- (b) a primary market action, including an Off-Market Bid for Equity Market Products or an issue, allotment or subscription of new Equity Market Products.

Maximum penalty: \$1,000,000

### Part 7.2 Trading Suspensions

#### 7.2.1 Prohibition on trading during Trading Suspensions

A Participant must not match an Order or execute a Transaction in circumstances where the relevant Equity Market Product is in a Trading Suspension on all Markets on which that Equity Market Product is quoted.

Maximum penalty: \$100,000

### Part 7.3 Multiple Markets—Single trade confirmations

#### 7.3.1 Multiple Markets—Participant may produce single trade confirmation

If a Participant is required to give a confirmation to a client in accordance with section 1017F of the Act, rule 3.4.1 of the *ASIC Market Integrity Rules (ASX Market) 2010* or rule 3.4.1 of the *ASIC Market Integrity Rules (Chi-X Australia Market) 2011* (the **Confirmation**) and enters into a Transaction on more than one Market for the purpose of completing a Client Order, the Participant may accumulate Transactions on different Markets which complete the Client Order on a single Confirmation and specify the volume weighted average price, rather than the price per unit, for all Transactions provided that:

- (a) the client authorised in writing the accumulation and price averaging of two or more Transactions in a Confirmation at or before the time the Order was placed; and
- (b) if requested by the client, the Participant gives to the client a statement of all the individual prices of the Equity Market Products, which are accumulated and averaged in the Confirmation.

Maximum penalty: \$20,000