

ASIC MARKET INTEGRITY RULES (SECURITIES MARKETS) 2017

EXPLANATORY STATEMENT

Prepared by the Australian Securities and Investments Commission

Corporations Act 2001

Enabling Legislation

The Australian Securities and Investments Commission (*ASIC*) makes the *ASIC Market Integrity Rules (Securities Markets) 2017 (Market Integrity Rules (Securities) or Rules)* under subsection 798G(1) of the *Corporations Act 2001* (the *Act*).

Subsection 798G(1) of the Act provides that ASIC may, by legislative instrument, make rules that deal with:

- (a) the activities or conduct of licensed markets;
- (b) the activities or conduct of persons in relation to licensed markets; and
- (c) the activities or conduct of persons in relation to financial products traded on licensed markets.

Subsection 798G(1) of the Act was inserted by Schedule 1 of the *Corporations Amendment (Financial Market Supervision) Act 2010* (the *Amending Act*).

Details of the Market Integrity Rules (Securities) are contained in Attachment A. Capitalised terms in this Explanatory Statement refer to defined terms in the Market Integrity Rules (Securities).

Background and Rationale

On 24 August 2009, the Australian Government announced the transfer of the supervisory function for Australia's domestic licensed financial markets from market operators to ASIC. The Amending Act gave effect to this decision and received Royal Assent on 25 March 2010. Consequently the Amending Act provided ASIC with:

- (a) the function of supervising licensed domestic markets; and
- (b) the power to make and enforce market integrity rules.

For expedience and to minimise the immediate impact of the transfer of supervision to ASIC, the market integrity rules that were initially made set out obligations applying to activities and conduct for each licensed domestic market. Those rules generally reflected a subset of the content of the

markets' operating rules in effect prior to the transfer of supervision. In 2011 ASIC made the *ASIC Market Integrity Rules (Chi-X Australia Market) 2011* to apply to the (then) new licenced market operated by Chi-X Australia Pty Ltd and *ASIC Market Integrity Rules (Competition in Exchange Markets) 2011*, to address regulatory issues resulting from the introduction of competition between exchange markets for securities, and to provide for some market integrity rules applicable across licenced markets. In 2013 ASIC made the *ASIC Market Integrity Rules (FEX Market) 2013* to apply to the futures market operated by FEX Global Pty Ltd. In 2014 ASIC moved the market integrity rules specifying capital requirements for participants of some markets from their existing rulebooks, into separate capital market integrity rules for those markets.

As part of its supervisory responsibilities, ASIC reviewed the 14 market integrity rule books in force in late 2016 and identified the need to consolidate certain market integrity rule books which covered substantively similar existing obligations across like domestic licensed markets in order to:

- (a) minimise the opportunity for regulatory arbitrage by participants;
- (b) assist participants of the similar domestic licenced markets to comply with their regulatory obligations;
- (c) contribute to efficiency in supervision and enforcement of the market integrity rules by ASIC;
- (d) avoid additional regulatory burden and cost for industry participants;
- (e) ensure consistent regulatory settings and a level regulatory playing field between market operators and between market participants which trade in similar products;
- (f) help promote retail investor trust and confidence and market transparency by ensuring investor protection measures are consistent;
- (g) facilitate market development and competition; and
- (h) reduce ASIC's administrative burden when amending market integrity rules in future.

The policy objective for creating a single point of reference for market integrity rules that are common between markets aligns with ASIC's regulatory responsibilities under the *Australian Securities and Investments Commission Act 2001* (the ASIC Act) to:

- (a) maintain, facilitate and improve the performance of the financial system and the entities within that system in the interests of commercial certainty, reducing business costs, and the efficiency and development of the economy; and
- (b) promote the confident and informed participation of investors and consumers in the financial system.

Accordingly, the rationale for developing the Market Integrity Rules (Securities) was to provide a single point of reference for market operators and participants across all domestic licensed markets for securities.

The consolidation of market integrity rules applicable to market operators and participants across all domestic licensed markets for securities in these Rules is part of a wider project, which also involves consolidation of the market integrity rules applicable to market operators and participants across all licensed domestic markets for futures (see the *ASIC Market Integrity Rules (Futures Markets) 2017*, and consolidation of the market integrity rules setting out the capital requirements for securities and futures market participants (see the *ASIC Market Integrity Rules (Securities Markets – Capital) 2017* and the *ASIC Market Integrity Rules (Futures Markets – Capital) 2017*).

Scope of Rules

The Market Integrity Rules (Securities) set out the market integrity rules that apply to:

- (a) the activities and conduct of the domestic licensed financial markets in Australia (the **Markets**) operated by:
 - (i) ASX Limited under *Australian Market Licence (Australian Stock Exchange Limited) 2002* (the **ASX Market**);
 - (ii) Chi-X Australia Pty Limited under *Australian Market Licence (Chi-X Australia Pty Ltd) 2011* (the **Chi-X Market**);
 - (iii) IR Plus Securities Exchange Limited (formerly SIM Venture Securities Exchange Limited) under *Australian Market Licence (SIM Venture Securities Exchange Ltd (SIM VSW)) 2002*(the **IR Plus Market**);
 - (iv) National Stock Exchange of Australia Limited under *Australian Market Licence (National Stock Exchange of Australia Limited) 2002* (the **NSXA Market**);
 - (v) Sydney Stock Exchange Limited (formerly Asia Pacific Stock Exchange Limited)(the **APX Market**)) under *Australian Market Licence (Sydney Stock Exchange Limited) 2004* (the **SSX Market**);
- (b) the activities or conduct in relation to the Markets; and
- (c) the activities or conduct of persons in relation to financial products traded on the Markets.

Generally, the Rules maintain the substance of the regulatory regime embodied in following market integrity rules applicable prior to the commencement of the Rules (the **Pre-Commencement Market Integrity Rules**):

- (a) *ASIC Market Integrity Rules (APX Market) 2013*;
- (b) *ASIC Market Integrity Rules (ASX Market) 2010*;
- (c) *ASIC Market Integrity Rules (Chi-X Market) 2011*;

- (d) *ASIC Market Integrity Rules (Competition in Exchange Markets) 2011*; and
- (e) *ASIC Market Integrity Rules (Sim VSE Market) 2010*.

As part of ASIC's review of the Pre-Commencement Market Integrity Rules for consolidation, ASIC identified five priority areas requiring greater clarity in consolidated market integrity rules. These five areas were the Pre-Commencement Market Integrity Rules dealing with:

- (a) management requirements and responsible executives;
- (b) the meaning of dealing 'as principal';
- (c) aggregation of orders for block trades and large portfolio trades;
- (d) derivatives market contracts and wholesale client disclosure; and
- (e) record keeping for market operators.

The Rules incorporate changes to the Pre-Commencement Market Integrity Rules in the five areas listed above. ASIC consulted publically on the five areas (among other things), and the consultation and substance of the changes is described below.

The Rules also:

- (a) amend the requirements (in Rule 2.6.1) for foreign market participants, to take into account ASIC cost recovery under legislation made in June 2017. The rule amendments will require a foreign market participant to provide ASIC with a deed which provides, among other things, that the foreign market participant covenants to comply with any order of an Australian court including in relation to its obligations under the *ASIC Supervisory Cost Recovery Levy Act 2017* and the *ASIC Supervisory Cost Recovery Levy (Collection) Act 2017*; and
- (b) omit futures-related rules, other than those that relate to Accredited Futures Advisers and client segregated accounts. Trading in futures products will be subject solely to the *ASIC Market Integrity Rules (Futures Markets) 2017*, when those rules commence.

Consultation

ASIC consulted publically on the Market Integrity Rules (Securities). On 24 January 2017, ASIC released Consultation Paper 227: *Proposals to consolidate ASIC market integrity rules (CP 277)*, including the draft Market Integrity Rules (Securities).

In CP 277, and as relevant to the Rules, we consulted publically on:

- (a) the proposal to consolidate the ASX Rules, Chi-X Rules, SIM VSE Rules and the Competition Rules into a single rule book, and the start date for the rules;
- (b) applying the Rules derived from the Competition Rules to the operators of SSX and IR Plus and their participants;

- (c) applying the Rules to NSXA and participants of NSXA on a staggered transitional basis, applying the Capital Rules and specific Rules to participants of the NSXA market that undertake automated order processing (AOP) on the NSXA market first, with the balance of the Rules applicable to NSXA participants and NSXA at a later date;
- (d) adjusting defined terms from the Pre-Commencement Market Integrity Rules to accommodate and resolve differences in defined terms between the Pre-Commencement Market Integrity Rule books, omitting terms defined in the Corporations Act, and making defined terms as generic as possible;
- (e) removing the requirements in the Pre-Commencement Market Integrity Rules for market participants of APX, ASX and Chi-X to:
 - (i) notify ASIC of the appointment or cessation of a responsible executive;
 - (ii) not appoint a responsible executive unless specific competence and continuing education standards are met
 - (iii) ensure that responsible executives complete an annual review of their allocated supervision and control procedures;
 - (iv) ensure responsible executives meet annual continuing education requirements; and
 - (v) notify ASIC annually of its responsible executives and self-assess responsible executive satisfaction of requirements on competence, character and continuing education;
 - (vi) keep records, and notify ASIC of management structures, allocations of responsibilities, and changes to management structures;
- (f) adopting a narrower meaning of 'dealing as principal' in the Rules, compared to the Pre-Commencement Market Integrity Rules;
- (g) applying the prohibition on charging a client brokerage, commission or other fees to all markets covered by the Rules;
- (h) clarifying the manner in which the block trade threshold may be met;
- (i) clarifying the pre-trade transparency exception for large portfolio trades;
- (j) imposing record-keeping obligations on market operators.

The consultation period for CP 277 occurred between 24 January 2017 and 7 March 2017. We held over 25 meetings with stakeholders during and following that period. In addition, we consulted ASIC's Market Advisory Panel on the proposals. ASIC received five non-confidential submissions and six confidential submissions to CP 277 from a broad range of stakeholders including from market participants, market operators and industry associations.

Response to Consultation

The submissions ASIC received supported the proposal to consolidate the APX, ASX, Chi-X, SIM VSE and competition rules into a single rule book for securities markets through the Market

Integrity Rules (Securities). Respondents also generally agreed that Market Integrity Rules (Securities) should commence at least six months after the rule book is made for market operators and participants other than NSXA market participants who use their systems for automated order processing (AOP) on the NSXA market (NSXA AOP Participants). For NSXA AOP Participants AOP-specific Rules will commence on 4 December 2017 unless the Rules are registered on the Federal Register of Legislation after that date, in which case the AOP specific Rules will commence for NSXA AOP Participants on the date of registration.

Our responses to the other areas of specific consultation as they impact on the Rules are summarised below, and set out in more detail in *Report 547: Response to submissions on CP 277 Proposals to consolidate the ASIC market integrity rules*:

- (a) the Rules derived from the Competition Rules will apply to SSX, IR Plus and their participants, but ASIC intends to grant SSX IR Plus and their participants a waiver from the obligation to comply with many of the Rules that derive from the Competition Rules;
- (b) the Rules will not contain requirements for market participants of APX, ASX and Chi-X to:
 - (i) notify ASIC of the appointment or cessation of a responsible executive;
 - (ii) not appoint a responsible executive unless specific competence and continuing education standards are met
 - (iii) ensure that responsible executives complete an annual review of their allocated supervision and control procedures;
 - (iv) ensure responsible executives meet annual continuing education requirements; and
 - (v) notify ASIC annually of its responsible executives and self-assess responsible executive satisfaction of requirements on competence, character and continuing education;
 - (vi) keep records, and notify ASIC of management structures, allocations of responsibilities, and changes to management structures;
- (c) the definition of "principal" in all (not just a subset) of the Rules will carve out trustees of a trust that have less than 5% beneficial interest in the trust all of which was acquired by the trustee in lieu of fees for administering the trust;
- (d) the prohibition on charging a client brokerage, commission or other fees where a market participant enters into a market transaction as principal will apply to all securities markets covered by the Rules;
- (e) the Rules clarify that a block trade cannot include orders from more than one client on both sides of the transaction and may have multiple clients on one side of the transaction and a principal on the other side of the transaction;
- (f) the Rules provide that a large portfolio trade may only be executed off-order book as a crossing with a single party on each side of the transaction;

- (g) the Rules will provide that aggregation of client and principal orders on the same side of a block trade transaction are permitted once the block trade consideration threshold has been met by the client orders on each side of the transaction (Option 2 of Proposal C9 in CP 277);
- (h) the Rules require a market operator to keep for 7 years, records to demonstrate it has complied with its obligations in the market integrity rules and in Part 7.2 of the Corporations Act.

Penalties

Subsection 798G(2) of the Act provides that market integrity rules may include a penalty amount for a rule. A penalty amount must not exceed \$1,000,000. The penalty amount set out below a Rule is the penalty amount for that Rule.

Commencement of Rules

Each provision of the Rules other than Rule 1.1.3A commences on the later of:

- (a) 4 December 2017; and
- (b) the day after it is registered on the Federal Register of Legislation.

Rule 1.1.3A commences on the later of:

- (a) 7 May 2018; and
- (b) the day after it is registered on the Federal Register of Legislation.

Statement of Compatibility with Human Rights

A Statement of Compatibility of Human Rights is included in this Explanatory Statement at Attachment B.

Regulation impact statement

The Office of Best Practice Regulation (OBPR) has assessed the Rules as having a minor impact on business, community organisations or individuals and confirmed that no further analysis, in the form of a Regulatory Impact Statement is required.

ATTACHMENT A

In this Attachment, a reference to:

- (a) 'Pre-Commencement Market Integrity Rule (APX)' is a reference to the *ASIC Market Integrity Rules (APX Market) 2013*;
- (b) 'Pre-Commencement Market Integrity Rule (ASX)' is a reference to the *ASIC Market Integrity Rules (ASX Market) 2010*;
- (c) 'Pre-Commencement Market Integrity Rule (Chi-X)' is a reference to the *ASIC Market Integrity Rules (Chi-X Australia Market) 2011*; and
- (d) 'Pre-Commencement Market Integrity Rule (Competition)' is a reference to the *ASIC Market Integrity Rules (Competition in Exchange Markets) 2011*.

Chapter 1 Introduction

Part 1.1 Preliminary

Rule 1.1.1 – Enabling legislation

Rule 1.1.1 provides that the enabling legislation for the Rules is subsection 798G(1) of the Corporations Act.

Rule 1.1.2 Title

Rule 1.1.2 provides that the title for the Rules is *ASIC Market Integrity Rules (Securities Markets) 2017*.

Rule 1.1.3 Commencement

Each provision of the Rules other than Rule 1.1.3A commences on the later of:

- (a) 4 December 2017; and
- (b) the day after it is registered on the Federal Register of Legislation.

Rule 1.1.3A commences on the later of:

- (a) 7 May 2018; and
- (b) the day after it is registered on the Federal Register of Legislation

Rule 1.1.3A Revocation

Rule 1.1.3A provides that the following instruments are repealed:

- (a) *ASIC Market Integrity Rules (APX Market) 2013*;

- (b) *ASIC Market Integrity Rules (ASX Market) 2010*;
- (c) *ASIC Market Integrity Rules (Chi-X Australia Market) 2011*;
- (d) *ASIC Market Integrity Rules (Competition in Exchange Markets) 2011*; and
- (e) *ASIC Market Integrity Rules (Sim VSE Market) 2010*.

Rule 1.1.4 Scope of these Rules

Rule 1.1.4 provides that the Rules apply to:

- (a) the activities or conduct of the Markets;
 - (b) the activities or conduct of persons in relation to the Markets; and
 - (c) the activities or conduct of persons in relation to financial products traded on the Markets,
- as specified in each Rule.

Rule 1.1.4A Transitional

Subrule 1.1.4A(1) provides that a person other than an NSXA AOP Participant does not have to comply with any provision of this instrument until 7 May 2018.

Subrule 1.1.4A(2) provides that an NSXA AOP Participant does not have to comply with any provision of this instrument other than, in connection with use of its system for Automated Order Processing on the NSXA Market, the provisions of Parts 5.5, 5.6 and 5.7, until 7 May 2018.

Rule 1.1.5 Entities that must comply with these Rules

Rule 1.1.5 provides that the following entities must comply with the Rules:

- (a) Market operators;
 - (b) Market Participants;
 - (c) CGS Market operators;
 - (d) CGS Market Participants; and
 - (e) Other Regulated Entities;
- as specified in each Rule.

The compound term 'Market Participant' has the same meaning as 'Participant of a Market'.

Rule 1.1.6 Conduct by officers, Employees or agents

Paragraph 1.1.6(a) provides that in the Rules, conduct engaged in on behalf of a person by officers, Employees or other agents of the person is deemed to have been engaged in by the person.

Paragraph 1.1.6(b) provides that in the Rules, conduct engaged in on behalf of a person by any other person at the direction or with the consent or agreement (express or implied) of an officer, Employee or other agent of the person, is deemed to have been engaged in by the person.

Rule 1.1.6 reflects Pre-Commencement Market Integrity Rule 1.1.6 (ASX, Chi-X).

Rule 1.1.7 State of mind of a person

Subrule 1.1.7(1) provides that, if for the purposes of the 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 by whom the conduct was engaged in had that state of mind.

Subrule 1.1.7(2) provides that, 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.

Rule 1.1.7 reflects Pre-Commencement Market Integrity Rule 1.1.7 (ASX, Chi-X).

Part 1.2 Waiver

Rule 1.2.1 Waiver of Rules

Subrule 1.2.1(1) provides that ASIC may relieve any person or class of persons from the obligation to comply with a provision of the Rules, either generally or in a particular case or category, and either unconditionally or subject to such conditions as ASIC thinks fit.

Subrule 1.2.1(2) provides that if any conditions on a waiver are imposed, all of the conditions must be complied with for the waiver to be effective.

Subrule 1.2.1(3) provides that ASIC may withdraw a waiver in writing at any time.

Subrules 1.2.1(4) to (5) provide that a waiver, conditions on a waiver and a request by a person for a waiver must be in writing.

Subrule (6) provides that ASIC may publish notice of a waiver.

Rule 1.2.1 reflects Pre-Commencement Market Integrity Rule 1.2.1 (ASX, Chi-X).

Rule 1.2.2 Compliance with conditions

Rule 1.2.2 provides that failure to comply with a condition imposed under Rule 1.2.1 is a contravention of Rule 1.2.2.

Rule 1.2.2 reflects Pre-Commencement Market Integrity Rule 1.2.2 (ASX, Chi-X).

Rule 1.2.3 Period during which relief applies

Rule 1.2.3 provides that ASIC may specify the period or specific event during which any relief from an obligation to comply with a provision of the Rules may apply.

Rule 1.2.3 reflects Pre-Commencement Market Integrity Rule 1.2.3 (ASX, Chi-X).

Rule 1.2.4 Register

Subrule 1.2.4(1) provides that ASIC may establish and maintain a register for recording details of relief granted under Rule 1.2.1 and sets out the details that may be entered in the register.

Subrule 1.2.4(2) provides that ASIC may publish the register.

Rule 1.2.4 reflects Pre-Commencement Market Integrity Rule 1.2.4 (ASX, Chi-X).

Part 1.3 Notice, notification and service of documents

Rule 1.3.1 Market Participant to have email

Rule 1.3.1 provides that a Market Participant must acquire and maintain an operating email system for the purposes of receiving notices under the Rules.

Rule 1.3.1 reflects Pre-Commencement Market Integrity Rule 1.3.1 (ASX, Chi-X).

Rule 1.3.2 Methods of giving notice in writing

Rule 1.3.2 provides for methods by which ASIC may give a notice under the Rules.

Rule 1.3.2 reflects Pre-Commencement Market Integrity Rule 1.3.2 (ASX, Chi-X).

Part 1.4 Interpretation

Rule 1.4.1 References to time

Rule 1.4.1 provides that in the Rules, references to time are to the time in Sydney, Australia.

Rule 1.4.1 reflects Pre-Commencement Market Integrity Rule 1.4.1 (ASX, Chi-X).

Rule 1.4.2 Words and expressions defined in the Corporations Act

Rule 1.4.2 provides that words and expressions defined in the Corporations Act will unless otherwise defined or specified in the Rules or the contrary intention appears, have the same meaning in the Rules.

Rule 1.4.2 reflects Pre-Commencement Market Integrity Rule 1.4.2 (ASX, Chi-X).

Rule 1.4.3 Definitions

Rule 1.4.3 provides definitions for the following terms used in the Rules:

- “Accreditation Examination”;
- “Accredited Adviser”;
- “Accredited Futures Adviser”;
- “AFSL”;
- “Anomalous Order”;
- “Anomalous Order Threshold”;
- “AOP Annual Notification”;
- “AOP Annual Review”;
- “AOP Annual Review Date”;
- “AOP Client”;
- “AOP Initial Certification”;
- “AOP Material Change Review”;
- “Approved Ratings Agency”;
- “AQUA Product”;
- “AQUA Product Issuer”;
- “AQUA Quote Display Board”;
- “ASIC”;
- “ASIC Act”;
- “ASX”;
- “ASX 24”;
- “ASX 24 Market”;
- “ASX Market”;
- “ASX TradeMatch”;
- “Auction”;

- “Authorised Person”;
- “Automated Client Order Processing”;
- “Automated Order Processing”;
- “Automated Order Processing Requirements”;
- “Best Available Bid”;
- “Best Available Offer”;
- “Best Mid-Point”;
- “Bid”;
- “Bid Class”;
- “Bid Period”;
- “Bidder”;
- “Block Trade”;
- “Business Day”;
- “Buy Order”;
- “Buyer”;
- “Cash Market Product”;
- “Cash Market Transaction”;
- “Cash Only Combination”;
- “Category A Equity Market Product”;
- “Category B Equity Market Product”;
- “Category C Equity Market Product”;
- “Category D Equity Market Product”;
- “Central Order Book”;
- “CGS Market”;
- “CHESS Depository Interest”;
- “Chi-X Australia”;
- “Chi-X Market”;
- “Class”;
- “Clearing Facility”;
- “Clearing Obligation”;
- “Clearing Participant”;
- “Clearing Rules”;
- “Client Agreement”;
- “Client Order”;
- “Combination”;
- “Company Announcements Office”;
- “Compensation Arrangements”;
- “Compliance Manager”;
- “Conditional Sale”;
- “Confirmation”;
- “Continuing Professional Education Requirements”;
- “Continuously and in Real-Time”;
- “Continuous Trading Period”;
- “Contract Series”;
- “Controlled Trust”;
- “Controller”;
- “Corporations Act”;
- “Course of Sales Information”;
- “Cross or Crossing”;

- "Crossing System"
- "Crossing System Initial Report";
- "Crossing System Monthly Report";
- "Cross-Market Combination";
- "CSPA Session State";
- "Dealing Rules";
- "Derivative/Cash Combination";
- "Derivatives Combination";
- "Derivatives Market Contract";
- "Derivatives Market Transaction";
- "Derivatives Only Combination";
- "Disclosed";
- "DTR";
- "DTR identifier"
- "Employee";
- "Equity Market Product
- "Equity Securities";
- "ETF";
- "ETF Security";
- "ETR Event";
- "Extreme Trade Range";
- "Family Company";
- "Family Trust";
- "Foreign Quoted Shares"
- "Funds Manager";
- "Futures Market Contract";
- "Futures Option";
- "Futures Series";
- "Hidden";
- "Immediate Family";
- "Initial Margin";
- "In Price/Time Priority";
- "Invalid";
- "IR Plus Market";
- "Issuer";
- "Large Portfolio Trade";
- "Large Principal Transaction";
- "LEPOs";
- "Level One Accredited Derivatives Adviser";
- "Level Two Accredited Derivatives Adviser";
- "Loan Securities";
- "Managed Discretionary Account";
- "Managed Fund";
- "Market";
- "Market Maker";
- "NGF";
- "Non-Public Crossing System Information";
- "Normal Trading Hours";
- "NSXA";

- "NSXA AOP Participant";
- "NSXA Market";
- "Offer";
- "Offer Period";
- "Official Quotation";
- "On-Market";
- "Open Contract";
- "Open Interface";
- "Open Interface Device";
- "Open Session State";
- "Option Series";
- "Options Market Contract";
- "Options Market Transaction";
- "Option Series";
- "Order";
- "Order Book";
- "Other Regulated Entities";
- "Out of Hours Trade";
- "Overseas Broker";
- "Own Account";
- "Participant";
- "Partly Disclosed";
- "Partly Paid Security";
- "Permitted Trade during the Post-Trading Hours Period";
- "Permitted Trade during the Pre-Trading Hours Period";
- "Post-Trade Information";
- "Post-Trading Administration Period";
- "Post-Trading Hours Period";
- "Pre-Commencement Market Integrity Rules";
- "Prescribed Person";
- "Pre-Trade Information";
- "Pre-Trade Transparent ";
- "Pre-Trading Hours Period";
- "Price Step";
- "Principal";
- "Principal Trader";
- "Product";
- "Publicly Available Crossing System Information";
- "Quoted Product";
- "Recognised Overseas Exchange";
- "Recognised Stock Exchange";
- "Reference Price";
- "Regulatory Data";
- "Related Party";
- "Relative";
- "Relevant Clearing Participant";
- "Relevant Product";
- "Relevant Settlement Participant";
- "Renewal Date";

- “Renewal Period”;
- “Reporting Participant”;
- “Representative”;
- “Responsible Market Operator”;
- “Rules”;
- “Scheme”;
- “Security or security”;
- “Seller”;
- “Sell Order”;
- “Settlement Agent”;
- “Settlement Facility”;
- “Settlement Participant”;
- “Settlement Rules”;
- “Special Crossing”;
- “SSX”;
- “SSX Market”;
- “Standard Combination”;
- “Structured Product”;
- “Substantial Holder”;
- “Tailor-Made Combination”;
- “Takeover Bid”;
- “Takeover Market Bid”;
- “Takeover Offer”;
- “Takeover Off-Market Bid”;
- “Target”;
- “Terms of Issue”;
- “Tick Size”;
- “Tier 1 Equity Market Product”;
- “Tier 2 Equity Market Product”;
- “Tier 3 Equity Market Product”;
- “Time Priority”;
- “Total Consideration”;
- “Trade Report”;
- “Trader Workstation”;
- “Trader Workstation Software”;
- “Trade with Price Improvement”;
- “Trading Day”;
- “Trading Hours”;
- “Trading Information”;
- “Trading Messages”;
- “Trading Participant”;
- “Trading Pause”;
- “Trading Permission”;
- “Trading Platform”;
- “Trading Reset”;
- “Trading Status”;
- “Trading Suspension”;
- “Training Register”;
- “Transaction Costs”;

- "Transferable Custody Receipts";
- "Underlying Financial Product";
- "Underlying Commodity";
- "Underlying Index";
- "Underlying Instrument";
- "Underlying Market";
- Under the Rules of";
- "Unprofessional Conduct";
- "UTC(AUS)";
- "Warrant";
- "Warrant-Issuer";
- "Wholesale Client Agreement"; and
- "Wholesale Client's Instructions".

The definitions in Rule 1.4.3 substantially reflect the definitions in the Pre-Commencement Market Integrity Rules (ASX, Chi-X and Competition). Where required, definitions in Rule 1.4.3 have also been clarified to reflect the expanded scope of these Rules to apply, as relevant, to each Market.

The definition of Principal has been narrowed from the Pre-Commencement Market Integrity Rules (ASX, Chi-X), to carve out trustees of a trust that have less than 5% beneficial interest in the trust, all of which was acquired by the trustee in lieu of fees for administering the trust.

The compound term 'Market Participant' has the same meaning as 'Participant of a Market'

Rule 1.4.3 also includes definitions for terms which were not reflected in Pre-Commencement Market Integrity Rule 1.4.3 (ASX and Chi-X) for:

- "IR Plus Market";
- "Large Order";
- "NSXA";
- "NSXA Market";
- "Pre-Commencement Market Integrity Rules";
- "Relevant Product";
- "SSX"; and
- "SSX Market".

Rule 1.4.4 Responsible Market Operator for CGS Depository Interests

Subrule 1.4.4(1) provides that for the purposes of the Rules, Responsible Market Operator in relation to a CGS Depository Interest means,

- (a) if the CGS Depository Interest is able to be traded only on one Market, the operator of that Market; or
- (b) if the CGS Depository Interest is able to be traded on more than one Market, the Market operator determined in writing by ASIC and notified on its website.

Subrule 1.4.4(2) provides that a notification referred to in paragraph (1)(b) takes effect on the later of the date specified in the notification or 60 business days after the notification is made.

Rule 1.4.4 reflects Pre-Commencement Market Integrity Rule 1.4.4 (Competition), with minor adjustments to adapt the Rule to a consolidated rulebook.

Rule 1.4.5 Responsible Market Operator for Equity Market Products

Rule 1.4.5 provides a definition for the term “Responsible Market Operator”, as relevant for Equity Market Products. Subrule 1.4.4(1) provides that for the purposes of these Rules, Responsible Market Operator in relation to an Equity Market Product means:

- (a) if the Equity Market Product is able to be traded only on one Market, the operator of that Market; or
- (b) if the Equity Market Product is able to be traded on more than one Market, the Market operator determined in writing by ASIC and notified on its website

Subrule 1.4.5(2) provides that a notification referred to in paragraph (1)(b) takes effect on the later of the date specified in the notification or 60 business days after the notification is made.

Rule 1.4.5 reflects Pre-Commencement Market Integrity Rules 1.4.5 (Competition), with minor adjustments to adapt the Rule to a consolidated rulebook.

Part 1.5 Participants of multiple markets

Rule 1.5.1 Participants may rely on notifications

Rule 1.5.1 provides that a Market Participant or CGS Market Participant may give ASIC the same document in relation to more than one Market or CGS Market in satisfaction of an obligation under the Rules to give that document to ASIC, if it has notified ASIC in writing that it intends to comply with these rules and the document contains all required information.

Rule 1.5.1 is not reflected in the Pre-Commencement Market Integrity Rules, and will ensure the elimination of duplicative notification requirements arising from the application of the Rules to multiple markets.

Part 1.6 Transitional

Rule 1.6.1 Status notifications and certifications given by a Market Participant under the Pre-Commencement Market Integrity Rules

Subrules 1.6.1(1) and (2) provide that a written notification or certification given by a Market Participant or CGS Market Participant to ASIC under the Pre-Commencement Market Integrity Rules is taken to have been given under the corresponding provision in the Rules, and unless the notification or certification has been withdrawn or otherwise ceased to have effect, it continues in its existing form and continue to have the same legal effect under the Rules as when given under the Pre-Commencement Market Integrity Rules.

Subrule 1.6.1(1A) provides that for the purposes of this Rule an old provision of the Pre-Commencement Market Integrity Rules will correspond to a new provision of the Rules if the old provision and new provisions are substantially the same.

Subrule 1.6.1(1B) provides that for the purposes of subrule 1.6.1(1A), differences of a certain kind (for example, numbering, punctuation, references to superseded laws and differences in drafting attributable to the application of the Rules to multiple markets) will not mean two provisions are not substantially the same.

Rule 1.6.1 is not reflected in the Pre-Commencement Market Integrity Rules and will ensure Market Participants do not need to give new notifications under the Rules where they have given those notification for substantively the same Pre-Commencement Market Integrity Rules.

Chapter 2 Market Participants and Representatives

Part 2.1 Management requirements

Rule 2.1.1 Management structure

Subrule 2.1.1(1) provides that a Market Participant must have appropriate management structures in place to ensure that:

- (a) it has operations and processes in place that are reasonably designed, implemented, and that function, so as to achieve compliance by the Market Participant with the Rules and the operating rules of the relevant Market;
- (b) the design, implementation, functioning and review of those operations and processes are

subject to the supervision of one or more persons with appropriate supervisory skills knowledge and experience; and

- (c) each supervisory staff has sufficient seniority and authority within the Market Participant to exert control, leadership, influence and supervision over those operations and processes.

Subrule 2.1.1(2) provides that the Market Participant must keep accurate records of its management structure and its allocation of responsibilities among its supervisory staff.

Rule 2.1.1 substantially reflects Pre-Commencement Market Integrity Rule 2.1.1 (APX, ASX, and Chi-X), with amendments that recognise the expanded scope of this Rule to apply, as relevant to each Market. The rule omits Pre-Commencement Market Integrity Rule references to Responsible Executives, and substitutes references to supervisory staff and, in Rule 2.1.1(1)(a) a reference to person with appropriate supervisory skills knowledge and experience.

Rule 2.1.2 Notification of management structure

Subrules 2.1.2(1) provides that an entity that becomes a Market Participant on or after the date the Rules commence as set out under Rule 1.1.3 must give to ASIC a document that sets out its management structure and its allocation of responsibilities among its supervisory staff in relation to each relevant Market within 10 Business Days of becoming a Market Participant of the relevant Market.

Subrule 2.1.2(2) provides that a Market Participant must notify ASIC in writing, within 10 Business Days of any significant change in its management structure and its allocation of responsibilities among its supervisory staff shown in that document.

Rule 2.1.2 substantially reflects Pre-Commencement Market Integrity Rule 2.1.2 (APX, ASX and Chi-X), with amendments that that clarify the supervisory responsibilities of Market Participants and recognise the expanded scope of this Rule to apply, as relevant, to each Market.

Rule 2.1.2 differs from Pre-Commencement Market Integrity Rules Rule 2.1.2 (ASX, Chi-X and APX) by omitting references in those Pre-Commencement Market Integrity Rules to "Responsible Executives" and substituting "supervisory staff":

Rule 2.1.3 Supervisory procedures

Rule 2.1.3 provides that a Market Participant must have appropriate supervisory policies and procedures to ensure compliance by the Market Participant and each person involved in its business as

a Market Participant with the Rules, the operating rules of each relevant Market and the Corporations Act.

Rule 2.1.3 substantially reflects Pre-Commencement Market Integrity Rule 2.1.3 (APX, ASX and Chi-X).

Rule 2.1.4 Persons involved in the business – Good fame and character requirement

Rule 2.1.4 provides that a Market Participant must ensure that any Employee or other person who is or will be involved in the business of the Market Participant in connection with that Market and, in the case of a body corporate, each director or Controller, is of good fame and character and high business integrity having regard to the matters set out in Rule 2.1.4(2).

Rule 2.1.4 substantially reflects Pre-Commencement Market Integrity Rule 2.1.4 (APX, ASX, Chi-X), with amendments that recognise the expanded scope of this Rule to apply, as relevant, to each Market.

Rule 2.1.5 Unprofessional Conduct

Rule 2.1.5 provides that a Market Participant must not engage in Unprofessional Conduct and must ensure that its supervisory staff does not engage in Unprofessional Conduct.

Rule 2.1.5 substantially reflects Pre-Commencement Market Integrity Rule 2.1.5 (APX, ASX and Chi-X), and replaces the reference to "Responsible Executives" in those Pre-Commencement Market Integrity Rules, with the term "supervisory staff".

Rule 2.1.6 Responsibility for individuals involved in business

Rule 2.1.6 provides that a Market Participant is responsible for all actions and omissions of its Employees.

Rule 2.1.6 reflects Pre-Commencement Market Integrity Rule 2.1.6 (APX, ASX and Chi-X).

Part 2.2 Insurance and information requirements

Rule 2.2.1 Insurance requirements - Obligation to have insurance

Subrule 2.2.1(1) provides that, subject to Rule 2.2.2, a Market Participant must have and maintain professional indemnity or equivalent insurance policy where the Market Participant acts for any

person other than itself or a related body corporate. The professional indemnity (or equivalent) insurance policy must be adequate having regard to the matters regard to the nature and extent of the business carried on by the Market Participant in connection with its business as a Market Participant and the responsibilities and risks assumed or which may be assumed by the Market Participant in connection with that business.

Subrule 2.2.1(2) provides that the professional indemnity (or equivalent) insurance referred to in subrule (1) must include insurance against a breach of duty the Market Participant owes in a professional capacity, whether owed in contract or otherwise at law, arising from any act or omission of the Market Participant and its Employees.

Rule 2.2.1 reflects Pre-Commencement Market Integrity Rule 2.2.1 (APX, ASX and Chi-X).

Rule 2.2.2 Insurance requirements - Insurance with related body corporate

Rule 2.2.2 provides that a Market Participant must provide to ASIC the information specified in the Rule in relation to professional indemnity or equivalent insurance provided by a related body corporate of the Market Participant, by no later than 10 Business Days after the issue or renewal of the insurance.

Rule 2.2.2 substantially reflects Pre-Commencement Market Integrity Rule 2.2.2 (APX, ASX and Chi-X).

Rule 2.2.4 Insurance requirements - Notification of claims (there is no Rule 2.2.3)

Rule 2.2.4 provides that, in relation to any liability or potential liability of the type referred to in Rule 2.2.1, a Market Participant must immediately notify ASIC of any notification to its insurer of any claim, potential claim or circumstance that might give rise to a claim. Rule 2.2.4 also specifies information that must be included in such a notification to ASIC.

Rule 2.2.4 reflects Pre-Commencement Market Integrity Rule 2.2.4 (APX, ASX and Chi-X).

Rule 2.2.5 Information Requirements—Obligation to notify of legal proceedings

Rule 2.2.5 provides that a Market Participant must immediately notify ASIC and the Market operator when the Market Participant becomes aware that it will commence, or have legal proceedings commenced against it, in the circumstances set out in the Rule.

Rule 2.2.5 substantially reflects Pre-Commencement Market Integrity Rule 2.2.5 (APX, ASX and Chi-X), with amendments that recognise the expanded scope of this Rule to apply, as relevant, to each Market.

Part 2.3 Supervisory staff

The first Rule in this part is 2.3.2

Rule 2.3.2 Ongoing Responsibilities of Market Participants in relation to supervisory staff

Rule 2.3.2 provides that a Market Participant must ensure that its supervisory staff supervises the design and implementation activities and the functioning and review of the operations and processes referred to in Rule 2.1.1 and that its supervisory staff is accountable to the Market Participant for the effective design, implementation, functioning and review of those operations and processes.

Rule 2.3.2 substantially reflects Pre-Commencement Market Integrity Rule 2.3.2 (APX, ASX and Chi-X), omitting references in those rules to "Responsible Executives" and substituting "supervisory staff".

Part 2.4 Retail client Adviser Accreditation

Rule 2.4.1 Accreditation required

Subrule 2.4.1(1) provides that a Market Participant must ensure that each of its Representatives who provides financial product advice to a retail client in relation to Options Market Contracts, Futures Market Contracts or Warrants, holds the relevant accreditation required by the Rules.

Subrule 2.4.1(2) provides that a Market Participant must not, and must ensure that a Representative does not, hold himself or herself out as holding a type of accreditation under the Rules if they do not hold that type of accreditation.

Rule 2.4.1 substantially reflects Pre-Commencement Market Integrity Rule 2.4.1 (APX, ASX and Chi-X).

Rule 2.4.2 Extent of advice to clients – Level One Accredited Derivatives Adviser

Subrule 2.4.2(1) provides that a Market Participant must ensure that each of its Representatives who provides financial product advice to a retail client in relation to the financial products and trading

strategies set out in the Rule is accredited as a Level One Accredited Derivatives Adviser or a Level Two Accredited Derivatives Adviser.

Subrule 2.4.2(2) provides that a Market Participant must ensure that each of its Representatives who is only accredited as Level One Accredited Derivatives Adviser does not advise or make recommendations in relation to LEPOs.

Rule 2.4.2 substantially reflects Pre-Commencement Market Integrity Rule 2.4.2 (APX, ASX and Chi-X).

Rule 2.4.3 Covered Call Option Strategy

Rule 2.4.3 sets out, for the purposes of Rule 2.4.2, what a Covered Call Option writing strategy entails.

Rule 2.4.3 reflects Pre-Commencement Market Integrity Rule 2.4.3 (ASX).

Rule 2.4.4 Extent of advice to clients – Level Two Accredited Derivatives Adviser

Subrule 2.4.4(1) provides that a Market Participant must ensure that each of its Representatives who provides financial product advice to a retail client in relation to the financial products and trading strategies set out in the Rule is accredited as a Level Two Accredited Derivatives Adviser.

Subrule 2.4.4(2) provides that, for the avoidance of doubt, a person accredited as a Level Two Accredited Derivatives Adviser may advise and make recommendations in relation to the Products and strategies set out in Rules 2.4.2 and 2.4.3.

Rule 2.4.4 substantially reflects Pre-Commencement Market Integrity Rule 2.4.4 (ASX and Chi-X).

Rule 2.4.5 Extent of advice to clients – Accredited Futures Adviser

Rule 2.4.5 provides that a Market Participant must ensure that each of its Representatives who provides financial product advice to a retail client in relation to the products and trading strategies set out in the Rule is accredited as an Accredited Futures Adviser.

Rule 2.4.5 substantially reflects Pre-Commencement Market Integrity Rule 2.4.5 (ASX), with amendments that recognise the expanded scope of this Rule to apply, as relevant to each Market.

Rule 2.4.6 Accreditation (Accredited Futures Adviser)

Subrule 2.4.6(1) provides that ASIC may, subject to any conditions ASIC considers appropriate, accredit a person as an Accredited Futures Adviser for a period of time if the person meets the requirements of the Rule.

Subrules 2.4.6(2) and (3) set out the requirements for a written application to ASIC to nominate a person as an Accredited Futures Adviser.

Subrule 2.4.6(4) provides that, for the purposes of paragraphs (1)(b) and (c), ASIC may approve, in writing, educational modules, subjects and reading materials that are relevant to financial product advice of the kind covered by Rule 2.4.5.

Rule 2.4.6 substantially reflects Pre-Commencement Market Integrity Rule 2.4.6 (ASX), with amendments that reflect the expanded scope of this Rule to apply, as relevant, to each Market.

Rule 2.4.7 Accreditation - Level One Accredited Derivatives Adviser

Subrule 2.4.7(1) provides that ASIC may, subject to any conditions ASIC considers appropriate, accredit a person as Level One Accredited Derivatives Adviser for a period of time if the person meets the requirements of the Rule.

Subrules 2.4.7(2) and (3) set out the requirements for a written application to ASIC to nominate a person as a Level One Accredited Derivatives Adviser.

Subrule 2.4.7(4) provides that, for the purposes of subrule (1), ASIC may approve examinations, educational modules or subjects, or a series of educational modules or subjects, that are relevant to financial product advice of the kind covered by Rules 2.4.2 and 2.4.3.

Rule 2.4.7 substantially reflects Pre-Commencement Market Integrity Rule 2.4.7 (APX, ASX and Chi-X) omitting references those rules to "Responsible Executives" and substituting "senior manager".

Rule 2.4.8 Accreditation (Level Two Accredited Derivatives Adviser)

Subrule 2.4.8(1) provides that ASIC may, subject to any conditions ASIC considers appropriate, accredit a person as Level Two Accredited Derivatives Adviser for a period of time if the person meets the requirements of the Rule.

Subrules 2.4.8(2) and (3) set out the requirements for a written application to ASIC to nominate a person as a Level Two Accredited Derivatives Adviser.

Subrule 2.4.8(4) provides that, for the purposes of subrule (1), ASIC may approve, in writing one or more examinations that are relevant to financial product advice of the kind covered by Rules 2.4.2, 2.4.3 and 2.4.4.

Rule 2.4.8 substantially reflects Pre-Commencement Market Integrity Rule 2.4.8 (ASX and Chi-X), omitting references to in those rules to a "Responsible Executive" and substituting "senior manager".

Rule 2.4.9 Acceptance of application

Subrule 2.4.9(1) provides that if ASIC is satisfied that an application for accreditation made by a Market Participant and the person in respect of which the application is made under Rule 2.4.6, 2.4.7 or 2.4.8, meets the applicable requirements of the Rule, ASIC will accredit the person in the relevant category of accreditation.

Subrule 2.4.9(2) provides that ASIC will give the Market Participant a written notice that a person has been accredited under subrule 2.4.9(1), specifying any conditions to which the accreditation is subject, and the Renewal Date.

Subrule 2.4.9(3) provides that nothing in subrule (1) prevents ASIC from seeking further information from the Market Participant for the purposes of satisfying itself that the person or the application meets the requirements of the relevant Rule.

Rule 2.4.9 reflects Pre-Commencement Market Integrity Rule 2.4.9 (ASX and Chi-X).

Rule 2.4.10 Rejection of application

Subrule 2.4.10(1) provides that if ASIC is not satisfied that an application for accreditation made by a Market Participant and the person in respect of which the application is made under Rule 2.4.6, 2.4.7 or 2.4.8, meets the applicable requirements of the Rule, ASIC will reject the application.

Subrule 2.4.10(2) provides that ASIC will give the Market Participant a written notice that the application for accreditation has been rejected under subrule (1), specifying the reason or reasons why the application has been rejected.

Subrule 2.4.10(3) provides that nothing in subrule (1) prevents ASIC from seeking further information from the Market Participant for the purposes of satisfying itself that the person or the application meets the requirements of the relevant Rule.

Rule 2.4.10 reflects Pre-Commencement Market Integrity Rule 2.4.10 (ASX and Chi-X).

Rule 2.4.11 Exemption for other accreditation and experience

Subrule 2.4.11(1) provides that ASIC may exempt a person, in writing, from the requirement to sit an Accreditation Examination if the person has completed a course or relevant training, or has extensive relevant industry experience, as set out in the Rule.

Subrule 2.4.11(2) provides that ASIC may require a Market Participant to provide further information which ASIC considers necessary to establish the experience, expertise and professional history of a person nominated under the Rule for exemption from the examination requirement.

Subrule 2.4.11(3) provides that ASIC may require a person nominated for exemption under the Rule to complete and pass a modified version of an Accreditation Examination.

Rule 2.4.11 substantially reflects Pre-Commencement Market Integrity Rule 2.4.11 (ASX and Chi-X).

Rule 2.4.12 Examinations

Subrule 2.4.12(1) provides that, unless ASIC gives permission under the Rule, a person may sit an Accreditation Examination for a category of accreditation no more than three times.

Subrules 2.4.12(2) to (4) set out how a Market Participant may apply to ASIC for permission for a person to sit the Accreditation Examination on a fourth or more occasion.

Subrule 2.4.12(5) provides that, after considering the application, ASIC may permit the person to sit an examination on a fourth or more occasion.

Subrule 2.4.12(6) provides that ASIC will not consider an application under Rule 2.4.12 unless 3 months have passed since the person last sat an Accreditation Examination.

Rule 2.4.12 substantially reflects Pre-Commencement Market Integrity Rule 2.4.12 (ASX and Chi-X), with amendments that omit the references to Responsible Executives, substituting "person" on the first occurring reference, substituting "senior manager or Compliance Manager" on the second

occurring reference and substituting "other than the applicant" on the last occurring reference in those Pre-Commencement Market Integrity Rules.

Rule 2.4.13 Renewal of accreditation

Subrule 2.4.13(1) provides that ASIC may renew the accreditation of an Accredited Adviser for a period of time with effect from the Renewal Date if the requirements of the Rule are met.

Subrules 2.4.13(2) and (3) set out the requirements for a written application to ASIC to renew the accreditation of a person.

Rule 2.4.13 substantially reflects Pre-Commencement Market Integrity Rule 2.4.13 (ASX and Chi-X), with amendments that accommodate the modifications made to various defined terms used in the Rules, and which omit the term "Responsible Executive", substituting "senior manager".

Rule 2.4.14 Acceptance of application

Subrule 2.4.14(1) provides that if ASIC is satisfied that an application for renewal of accreditation made by a Market Participant and a person in respect of which the application is made under Rule 2.4.13, meets the applicable requirements of the Rule, ASIC will renew the accreditation of the person with effect from the Renewal Date.

Subrule 2.4.14(2) provides that ASIC will give the Market Participant a written notice that a person's accreditation has been renewed under subrule (1), specifying the next Renewal Date.

Subrule 2.4.14(3) provides that nothing in subrule (1) prevents ASIC from seeking further information from the Market Participant for the purposes of satisfying itself that the person or the application meets the requirements of the relevant Rule.

Rule 2.4.14 reflects Pre-Commencement Market Integrity Rule 2.4.14 (ASX and Chi-X).

Rule 2.4.15 Rejection of application or renewal subject to conditions

Subrule 2.4.15(1) provides that if ASIC is not satisfied that an application for renewal of accreditation made by a Market Participant and a person in respect of which the application is made under Rule 2.4.13, meets the applicable requirements of the Rule, ASIC may either reject the application for renewal, or renew the person's accreditation subject to such conditions ASIC considers appropriate.

Subrule 2.4.15(2) provides that, if ASIC rejects the application under paragraph (1)(c), ASIC will give the Market Participant a written notice that the application for renewal of accreditation has been rejected, specifying the reason or reasons why the application has been rejected.

Subrule 2.4.15(3) provides that, if ASIC renews the person's accreditation subject to conditions under paragraph (1)(d), ASIC will give the Market Participant a written notice that the person's accreditation has been renewed, specifying the conditions to which the renewed accreditation is subject and the next Renewal Date.

Subrule 2.4.15(4) provides that nothing in subrule (1) prevents ASIC from seeking further information from the Market Participant for the purposes of satisfying itself that the person or the application meets the requirements of the relevant Rule.

Rule 2.4.15 reflects Pre-Commencement Market Integrity Rule 2.4.15 (ASX and Chi-X).

Rule 2.4.16 Effect of non-renewal

Rule 2.4.16 provides that if, by 1 Business Day after the Renewal Date, ASIC has not renewed the accreditation of an Accredited Adviser under subrule 2.4.14(1) or paragraph 2.4.15(1)(d), the person will cease to hold the relevant accreditation with effect from the Renewal Date.

Rule 2.4.16 reflects Pre-Commencement Market Integrity Rule 2.4.16 (ASX and Chi-X).

Rule 2.4.17 Automatic withdrawal of accreditation

Subrule 2.4.17(1) provides that an Accredited Adviser's accreditation is automatically withdrawn when the Accredited Adviser ceases to be a Representative of the Market Participant that made the application for the person to be accredited.

Subrule 2.4.17(2) provides that, if an Accredited Adviser ceases to be a Representative of a Market Participant, the Market Participant must notify ASIC in writing within 5 Business Days of the name and date of birth of the Accredited Adviser and the date the Accredited Adviser ceased to be a Representative of the Market Participant.

Rule 2.4.17 reflects Pre-Commencement Market Integrity Rule 2.4.17 (APX, ASX and Chi-X).

Rule 2.4.18 Voluntary withdrawal of accreditation

Subrule 2.4.18(1) provides that ASIC may withdraw the accreditation of an Accredited Adviser in one or more categories of accreditation if the Market Participant of which the person is a Representative requests that ASIC do so under the Rule.

Subrules 2.4.18(2) and (3) set out the requirements for an application to withdraw the accreditation of an Accredited Adviser.

Rule 2.4.18 substantially reflects Pre-Commencement Market Integrity Rule 2.4.18 (ASX and Chi-X), and omits the references to Responsible Executive in those rules, substituting on the second occurring reference, "senior manager".

Rule 2.4.19 – Suspension or withdrawal by ASIC

Subrule 2.4.19(1) provides that ASIC may suspend or withdraw the accreditation of an Accredited Adviser in a category of accreditation in the circumstances specified in the Rule.

Subrule 2.4.19(2) sets out how ASIC will notify the relevant Market Participant and the Accredited Adviser in writing of a suspension or withdrawal of accreditation under subrule 2.4.19(1).

Rule 2.4.19 substantially reflects Pre-Commencement Market Integrity Rule 2.4.19 (ASX and Chi-X).

Rule 2.4.20 – Re-accreditation after withdrawal or expiry

Subrule 2.4.20(1) provides that ASIC may re-accredit a person whose accreditation has been withdrawn or has expired, without the person sitting another Accreditation Examination, in the circumstances specified in the Rule.

Subrules 2.4.20(2) and (3) set out how a Market Participant may apply to ASIC for renewal of accreditation of a person whose accreditation has been withdrawn or has expired.

Rule 2.4.20 substantially reflects Pre-Commencement Market Integrity Rule 2.4.20 (ASX and Chi-X) and omits the references to Responsible Executive in those rules, substituting on the second occurring reference, "senior manager".

Rule 2.4.21 – Continuing professional education requirements for Accredited Advisers

Subrule 2.4.21(1) provides that a Market Participant must ensure that all of its Accredited Advisers comply with any continuing professional education requirements approved by ASIC under subrule 2.4.21(2).

Subrule 2.4.21(2) provides that ASIC may approve continuing professional education requirements for Accredited Advisers that are relevant to the skills and knowledge required to provide Financial Product Advice of the kind covered by the relevant category of accreditation.

Rule 2.4.21 substantially reflects substantially reflects Pre-Commencement Market Integrity Rule 2.4.21 (ASX and Chi-X).

Rule 2.4.22 – Managed Discretionary Accounts - Derivatives Market Transactions and Warrants

Rule 2.4.22 provides that a Market Participant must ensure that a Managed Discretionary Account for a retail client which involves dealing in Derivatives Market Transactions or Warrants is operated by an Accredited Adviser with the appropriate accreditation under the Rules.

Rule 2.4.22 substantially reflects substantially reflects Pre-Commencement Market Integrity Rule 2.4.22 (ASX and Chi-X).

Part 2.5 Designated Trading Representatives (DTRs)

Rule 2.5.1 Trading in a Trading Platform

Rule 2.5.1 provides that a Trading Participant must ensure that all trading in a Trading Platform by the Trading Participant is carried out either by DTRs or in accordance with the Automated Order Processing Requirements.

Rule 2.5.1 substantially reflects substantially reflects Pre-Commencement Market Integrity Rule 2.5.1 (APX, ASX and Chi-X).

Rule 2.5.2 Trading Participant must have a DTR

Rule 2.5.2 provides that a Trading Participant must have at least one DTR.

Rule 2.5.2 substantially reflects Pre-Commencement Market Integrity Rule 2.5.2 (APX, ASX and Chi-X).

Rule 2.5.3 DTRs may submit Trading Messages

Rule 2.5.3 provides that a Trading Participant must ensure that only its DTRs submit Trading Messages into the Trading Platform through the Trading Participant's system, unless the trading on that Market is conducted in accordance with the Automated Order Processing Requirements.

Rule 2.5.3 substantially reflects Pre-Commencement Market Integrity Rule 2.5.3 (APX, ASX and Chi-X).

Rule 2.5.4 Responsibility of Trading Participant

Rule 2.5.4 provides that a Trading Participant is responsible for the accuracy of details, the integrity and bona fides of all Trading Messages containing their unique identifier that are submitted into a Trading Platform, regardless of whether a DTR of the Trading Participant was involved in their submission.

Rule 2.5.4 substantially reflects Pre-Commencement Market Integrity Rule 2.5.4 (APX, ASX and Chi-X).

Rule 2.5.5 DTR criteria

Paragraphs 2.5.5(a), (b) and (c) provide that a Trading Participant must ensure that each of its DTRs is a Representative of the Trading Participant authorised to deal in the financial products in respect of which the DTR submits orders on behalf of the Trading Participant to a Market, is suitably qualified and experienced to deal in those financial products and has demonstrated knowledge of the Dealing Rules and relevant practices of the operator of that Market.

Subparagraph 2.5.5(d)(i) provides that a Trading Participant must ensure that each of its DTRs does not execute any order in a Trading Platform for or on behalf of, or which will directly or indirectly benefit the DTR or associates or Relatives of the DTR, without the prior written approval of the Trading Participant. Subparagraph 2.5.5(d)(ii) provides that a Trading Participant must ensure that each of its DTRs does not intentionally take advantage of a situation arising as a result of a breakdown, malfunction or error.

Rule 2.5.5 substantially reflects Pre-Commencement Market Integrity Rule 2.5.5 (APX, ASX and

Chi-X).

Rule 2.5.6 Trading Participant must allocate unique identifier

Rule 2.5.6 provides that a Trading Participant must allocate a unique identifier to each DTR of the Trading Participant.

Rule 2.5.6 substantially reflects Pre-Commencement Market Integrity Rule 2.5.6 (APX, ASX and Chi-X).

Rule 2.5.7 – Records-DTRs

Rule 2.5.7 provides that a Trading Participant must maintain a record of the name, contact details and DTR identifier of each of its DTRs while the person remains a DTR of a Trading Participant and must maintain a record of that information for a period of 7 years from the date the person ceases to be a DTR of the Trading Participant.

Rule 2.5.7 substantially reflects Pre-Commencement Market Integrity Rule 2.5.7 (APX, ASX and Chi-X).

Part 2.6 – Foreign Participants

Rule 2.6.1 – Minimum presence requirements

Subrule 2.6.1(1) provides that Part 2.6 applies where a Market Participant (Foreign Market Participant) is a foreign entity and does not hold an AFSL.

Subrule 2.6.1(2) provides that before entering into a Market transaction, a Foreign Market Participant must provide ASIC with a deed of the Foreign Market Participant for the benefit of and enforceable by ASIC and the other persons referred to in subsection 659B(1) of the Corporations Act, and specifies information that must be included in that deed.

Rule 2.6.1 substantially reflects Pre-Commencement Market Integrity Rule 2.6.1 (APX, ASX and Chi-X). Paragraph 2.6.1(2)(c) specifies that the deed a Foreign Market Participant must provide must contain a covenant to comply with any order of an Australian court in respect of any matter relating to the activities or conduct of the Foreign Market Participant in relation to a relevant Market or in relation to financial products traded on the relevant Market, including but not limited to any matter relating to the Foreign Market Participant's obligations under specified legislation. That list of

specified legislation has been expanded in the Rules from Pre-Commencement Market Integrity Rule 2.6.1 (APX, ASX and Chi-X) to include two Acts enacted in 2017, namely the *ASIC Supervisory Cost Recovery Levy Act 2017*, and the *ASIC Supervisory Cost Recovery Levy (Collection) Act 2017*.

Chapter 3 – Client relationships

Part 3.1 – Clients trading in products for first time

Rule 3.1.1 – Documents to be given to a client: Options, LEPOS and Warrants

Rule 3.1.1 provides that, before accepting an order from a person to enter into a Market transaction, a Market Participant must give the person, in addition to all of the documents which the Market Participant is required to give the person in respect of the Market transaction under the Corporations Act, all of the documents the Market Participant is required to give the person in respect of the Market transaction under Part 3.1 of the Rules.

Rule 3.1.1 substantially reflects Pre-Commencement Market Integrity Rule 3.1.1 (APX, ASX and Chi-X).

Rule 3.1.2 – Documents to be given to a client: Options, LEPOs and Warrants

Subrules 3.1.2(1) to (3) provide that a Market Participant must give a client a copy of any current explanatory booklet (together with any updates) published by the operator of the relevant Market in respect of certain products (Options Market Transactions, LEPOs and Warrants), before accepting an Order from the person in respect of that product for the first time.

Subrule 3.1.2(4) provides that a Market Participant is not required to give a copy of an explanatory booklet to a wholesale client, unless the person expressly requests it.

Subrule 3.1.2(5) provides, for the avoidance of doubt, that a Market Participant is not required to give a copy of an explanatory booklet where the person from whom the Order is accepted is entering into a Market transaction to sell Warrants.

Rule 3.1.2 substantially reflects Pre-Commencement Market Integrity Rule 3.1.2 (ASX), and Pre-Commencement Market Integrity Rule 3.1.2 (Chi-X), except the Chi-X rule did not contain references to Options or LEPOs.

Rule 3.1.3 – Information to be given to a client: Execution arrangements

Subrule 3.1.3(1) provides that, before accepting an Order from a person to enter into a Market transaction, if the Market Participant does not have Trading Permission to execute that Market transaction on the relevant Market, the Market Participant must give the person a document which clearly discloses the execution arrangements in place for that Market transaction. Subrule 3.1.3 specifies, without limitation, information that must be included in that document.

Subrule 3.1.3(2) provides that a Market Participant is not required to comply with subrule (1) where at the time the obligation to comply the subrule would arise, all of the following are satisfied:

- (a) the Market Participant has already given the Client a document that complies with subrule (1) with respect to execution arrangements the Market Participant has in place for executing the Client's transactions on a Market;
- (b) the Market Participant proposes to rely on the execution arrangements referred to in paragraph (a) for the purposes of executing the Client's transactions on the Market referred to in subrule (1); and
- (c) the Market Participant notifies the Client in writing of any material change to the execution arrangements referred to in paragraph (a), including, without limitation, any changes to the matters referred to in paragraph (1)(a) and (b).

Subrule 3.1.3(1) reflects Pre-Commencement Market Integrity Rule 3.1.3(1) (APX, ASX and Chi-X). Subrule 3.1.3(2) reflects Pre-Commencement Market Integrity Rule 3.1.3(2) (Chi-X), and has been introduced into the Rules to reflect the application of the Rules to multiple markets.

Rule 3.1.4 – Information to be given to a client: Clearing arrangements for Equity Securities, Loan Securities or Warrants

Subrule 3.1.4(1) provides that, before accepting an order from a Client to enter into a Market transaction for an Equity Security, Loan Security or Warrant, if the Market Participant:

- (a) is not a Clearing Participant, who is permitted under the Clearing Rules to clear the Cash Market Transaction; or
- (b) is a Clearing Participant who is permitted under the Clearing Rules to clear that Cash Market Transaction, but has an arrangement with another Clearing Participant to clear that Cash Market Transaction, and such transaction is cleared under the arrangement,

the Market Participant must give the Client a document which clearly discloses the clearing arrangements in place for that Cash Market Transaction.

Subrule 3.1.4(2) specifies, without limitation, information that must be included in the document that discloses the clearing arrangements.

Subrule 3.1.4(3) provides that a Market Participant is not required to comply with subrule (1) where at the time the obligation to comply the subrule would arise, all of the following are satisfied:

- (a) the Market Participant has already given the Client a document that complies with subrules (1) and (2) with respect to the clearing arrangements in place for the Client's transactions on a Market;
- (b) the Market Participant proposes to rely on the clearing arrangements disclosed in the document referred to in paragraph (a) for the purposes of clearing the Client's transactions on the Market referred to in subrule (1); and
- (c) the Market Participant notifies the Client in writing of any material change to the clearing arrangements referred to in paragraph (a), including, without limitation, any changes to the matters referred to in paragraphs (2)(a) and (b).

Rule 3.1.4 substantially reflects Pre-Commencement Market Integrity Rule 3.1.4 (APX, ASX and Chi-X), with amendments to allow Market Participants to rely on notifications given for transactions on one Market for other Markets, to reflect the application of the Rules to multiple markets.

Rule 3.1.4A – Information to be given to a client: Settlement arrangements

Subrule 3.1.4A(1) provides that, before accepting an order from a Client to enter into a Market transaction, if the Market Participant:

- (a) is not a Settlement Participant, who is permitted under the Settlement Rules to settle the Market transaction; or
- (b) is a Settlement Participant who is permitted under the Settlement Rules to settle that Market transaction, but has an arrangement with a Settlement Agent to settle that Market transaction, and such transaction is settled under the arrangement,

the Market Participant must give the Client a document which clearly discloses the Settlement arrangements in place for that Market transaction.

Subrule 3.1.4A(2) specifies, without limitation, information that must be included in the document that discloses the settlement arrangements.

Subrule 3.1.4A(3) provides that a Market Participant is not required to comply with subrule 3.1.4A(1) where at the time the obligation to comply the subrule would arise, all of the following are satisfied:

- (a) the Market Participant has already given the Client a document that complies with subrules

- (1) and (2) with respect to the settlement arrangements in place for the Client's transactions on a Market;
- (b) the Market Participant proposes to rely on the settlement arrangements disclosed in the document referred to in paragraph (a) for the purposes of settling the Client's transactions on the Market referred to in subrule (1); and
- (c) the Market Participant notifies the Client in writing of any material change to the settlement arrangements referred to in paragraph (a), including, without limitation, any changes to the matters referred to in paragraphs (2)(a) and (b).

Rule 3.1.4A substantially reflects Pre-Commencement Market Integrity Rule 3.1.4A (APX), with amendments to allow Market Participants to rely on notifications given for transactions on one Market for other Markets, to reflect the application of the Rules to multiple markets.

The next Rule is 3.1.7

Rule 3.1.7 – Minimum terms of Client Agreement for Options Market Contracts

Subrule 3.1.7(1) provides that a Market Participant must, before entering into a Market Transaction on behalf of a Client in respect of an Options Market Contract, enter into a written agreement with the Client under which the Client and Market Participant agree on the instruments in which the Market Participant may deal on behalf of the Client and the Market Participant discloses, and the Client acknowledges, the matters set out in the Rule.

Subrule 3.1.7(2) provides that the Market Participant must set out in a Client Agreement entered into under subrule (1) any minimum period of notice to terminate the agreement and any other limitations on the right to terminate the agreement.

Rule 3.1.7 substantially reflects Pre-Commencement Market Integrity Rule 3.1.7 (ASX).

Rule 3.1.8 – Client Agreement for Warrants

Subrule 3.1.8(1) provides that a Market Participant must, before entering into a Market transaction to buy Warrants on behalf of a retail client, enter into a written agreement with the Client under which Market Participant discloses, and the Client acknowledges, the matters set out in the Rule.

Subrule 3.1.8(2) provides that the written agreement referred to in subrule (1) must include an acknowledgement from the Client that the Client has received and read a copy of any current explanatory booklet in respect of Warrants issued by the operator of the Market where the transaction

will be entered into.

Rule 3.1.8 substantially reflects Pre-Commencement Market Integrity Rule 3.1.8 (ASX and Chi-X), but omits subrules (3) and (4) of those rules

Rule 3.1.9 – Client Agreement for Partly Paid Securities

Rule 3.1.9 provides that a Market Participant must, before entering into a Market transaction to buy Partly Paid Securities on behalf of a retail client, enter into a written agreement with the Client under which the Market Participant discloses, and the Client acknowledges the matters set out in the Rule.

Rule 3.1.9 substantially reflects Pre-Commencement Market Integrity Rule 3.1.9 (APX, ASX and Chi-X).

Rule 3.1.10 – Other terms of Client Agreements

Rule 3.1.10 provides that, for the avoidance of doubt, a Client Agreement may include other disclosures, acknowledgements, terms and conditions agreed between the Market Participant and the Client, or required to be included under the operating rules of the Market, provided they are not inconsistent with the requirements of Rules 3.1.7, 3.1.8 and 3.1.9.

Rule 3.1.10 substantially reflects Pre-Commencement Market Integrity Rule 3.1.10 (APX, ASX and Chi-X).

Rule 3.1.11 – Market Participant to keep copy of Client Agreement and disclosures

Rule 3.1.11 provides that the Market Participant must retain a copy of each Client Agreement and any disclosures made under Part 3.1 of the Rules for at least 7 years following the date on which the Client Agreement, or the arrangement the subject of the disclosure, is terminated.

Rule 3.1.11 substantially reflects Pre-Commencement Market Integrity Rule 3.1.11 (APX, ASX and Chi-X).

Rule 3.1.12 – Client agreement where Market Participant is not the Clearing Participant (Options Market Transactions only)

Rule 3.1.12 provides that, before entering into an Options Market Transaction for a Client on a Market, where the Market Participant:

- (a) is not a Clearing Participant, who is permitted under the Clearing Rules to clear that Options Market Transaction; or
- (b) is a Clearing Participant, who is permitted under the Clearing Rules to clear that Market transaction, but has an arrangement with another Clearing Participant to clear that Options Market Transaction, and such transaction is cleared under the arrangement,

the Market Participant must:

- (c) have previously confirmed with the Clearing Participant that the Client has entered into an agreement with the Clearing Participant as required under the Clearing Rules; or
- (d) where the Client is a wholesale client, have satisfied itself that the Client has executed and lodged with the Clearing Facility a Wholesale Client Agreement as required under the operating rules of the relevant Market.

Rule 3.1.12 substantially reflects Pre-Commencement Market Integrity Rule 3.1.12 (ASX).

Rule 3.1.13 – Client agreement where Market Participant is the Clearing Participant (Options Market Transactions only)

Rule 3.1.13 provides that, before entering into an Options Market Transaction for a Client on a Market, where the Market Participant is the Clearing Participant in relation to the Options Market Transaction, the Market Participant must:

- (a) have entered into an agreement with the Client as required under the Clearing Rules; or
- (b) where the client is a wholesale client, have satisfied itself that the Client has executed and lodged with the Clearing Facility a Wholesale Client Agreement as required under the operating rules of the relevant Market.

Rule 3.1.13 substantially reflects Pre-Commencement Market Integrity Rule 3.1.13 (ASX).

Part 3.2 – Trading as Principal

Rule 3.2.1 Application

Rule 3.2.1 provides that Part 3.2 applies where a Market Participant enters into a Market transaction with a Client as Principal, except where the Client is a Market Participant of that Market or a

participant or member of a stock exchange that.

- (a) is a Recognised Stock Exchange within the meaning of the operating rules of that Market;
- (b) is a Recognised Overseas Exchange within the meaning of the operating rules of that Market;
- or
- (c) is a Recognised Stock Exchange within the meaning of the operating rules of another Market.

Rule 3.2.1 substantially reflects Pre-Commencement Market Integrity Rule 3.2.1 (APX, ASX and Chi-X).

Rule 3.2.2 – Disclosure and consent

Rule 3.2.2 provides that, before entering into a Market transaction with a Client as Principal, the Market Participant must disclose, or have previously disclosed, in accordance with paragraph 991E(1)(c) of the Corporations Act, that it is acting, or may act, as Principal and have obtained the consent of the Client, in accordance with paragraph 991E(1)(d) of the Corporations Act.

Rule 3.2.2 substantially reflects Pre-Commencement Market Integrity Rule 3.2.2 (APX, ASX and Chi-X).

Rule 3.2.3 – Confirmation must include disclosure

Rule 3.2.3 provides that, when a Market Participant enters into a Market transaction with a client as Principal, the confirmation issued by the Market Participant under Rule 3.4.1 in respect of the Market transaction must state that the Market Participant entered into the transaction as Principal and not as agent.

Rule 3.2.3 substantially reflects Pre-Commencement Market Integrity Rule 3.2.3 (APX, ASX and Chi-X).

Rule 3.2.4 – Brokerage and commission

Subrule 3.2.4(1) prohibits a Market Participant, when entering into a Market transaction as Principal on its own behalf with a Client, from charging the client brokerage, commission or any other fee except in the circumstances specified in the Rule.

Subrule 3.2.4(2) provides that a Market Participant must keep a written record of any consent given by a wholesale client under paragraph (1)(b), and send a copy of the record to that wholesale client as soon as practicable.

Rule 3.2.4 substantially reflects Pre-Commencement Market Integrity Rule 3.2.4 (APX, ASX and Chi-X).

There is no Rule 3.2.5.

Rule 3.2.6 – Register of persons who are regarded as Principal

Rule 3.2.6 imposes an obligation on the Market Participant to keep a register of the persons referred to in paragraphs (a) to (f) of the definition of "Principal" in Rule 1.4.3.

Rule 3.2.6 substantially reflects Pre-Commencement Market Integrity Rule 3.2.6 (APX, ASX and Chi-X).

Part 3.3 – Client instructions

Rule 3.3.1 – Market Participant restrictions

Rule 3.3.1 sets out restrictions on a Market Participant when accepting or executing instructions from a Client, entering into and arranging a Market transaction for a Client and allocating Market transactions to a Client's account.

Rule 3.3.1 substantially reflects Pre-Commencement Market Integrity Rule 3.3.1 (APX, ASX and Chi-X).

Rule 3.3.2 – Excessive trading

Rule 3.3.2 provides that a Market Participant must not enter into Market transactions on a Managed Discretionary Account for a retail client where the size or frequency of the Market transactions may be considered excessive having regard to the factors specified in the Rule.

Rule 3.3.2 substantially reflects Pre-Commencement Market Integrity Rule 3.3.2 (APX, ASX and Chi-X).

Part 3.4 – Reporting to Clients

Rule 3.4.1 – Confirmations – form and timing

Subrule 3.4.1(1) provides that a Market Participant must, subject to Rule 3.4.3, give a confirmation to a client in respect of each Market transaction entered into on a Client's instructions or a Client's Managed Discretionary Account.

Subrule 3.4.1(2) provides that a Market Participant must send to, or cause to be sent to, the Client a confirmation in writing, electronically or in another form permitted by ASIC, as soon as practicable after the Market Participant enters into the Market transaction. Subrule 3.4.1(3) sets out requirements that the confirmation must meet.

Rule 3.4.1 substantially reflects Pre-Commencement Market Integrity Rule 3.4.1 (APX, ASX and Chi-X).

Rule 3.4.2 – Confirmations – accumulation and price averaging

Rule 3.4.2 sets out the circumstances in which a Market Participant may accumulate Market transactions on a single confirmation and specify the volume weighted average price for those Market transactions.

Rule 3.4.2 substantially reflects Pre-Commencement Market Integrity Rule 3.4.2 (APX, ASX and Chi-X).

Rule 3.4.3 – Confirmations – clients other than retail clients

Rule 3.4.3 provides that a Market Participant is not required to comply with Rule 3.4.1 in respect of a client that is not a retail client provided the Market Participant has notified the client of certain matters before entering a Trading Message on the client's behalf.

Rule 3.4.3 substantially reflects Pre-Commencement Market Integrity Rule 3.4.3 (APX, ASX and Chi-X).

Part 3.4A – Multiple Markets – Single trade confirmations

Rule 3.4A.1 – Multiple Markets – Participant may produce single trade confirmation

Rule 3.4A.1 provides that where a Market Participant required to give a confirmation under section 1017F of the Act and Rule 3.4.1 and enters into a transaction on more than one Market for the purpose of completing a Client Order, the Participant may accumulate the transactions on all 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 the transactions in accordance with the requirements set out under paragraphs (a) and (b).

Rule 3.4A.1 reflects Pre-Commencement Market Integrity Rule 7.3.1 (Competition).

Part 3.5 – Client Money and Property

Rule 3.5.1 – Trust accounts – Cash Market Transactions and Options Market Transactions

Rule 3.5.1 provides that a Market Participant must establish one or more clients' trust accounts for money received by the Market Participant in connection with dealings in Cash Market Transactions or Options Market Transactions.

Rule 3.5.1 reflects Pre-Commencement Market Integrity Rule 3.5.1 (APX, ASX and Chi-X).

Rule 3.5.2 – Segregated accounts or trust accounts – Futures Market Transactions

Rule 3.5.2 provides that a Market Participant must establish either one or more clients' trust accounts or clients' segregated accounts for money received by the Market Participant in connection with dealings in:

- (c) Futures Market Transactions; and
- (d) Options Market Transactions over an Underlying Financial Product which is a Futures Market Contract.

Rule 3.5.2 reflects Pre-Commencement Market Integrity Rule 3.5.2 (ASX).

Rule 3.5.3 – Bank accounts to be with Australian ADI

Rule 3.5.3 provides that all money received by a Market Participant which the Corporations Act requires the Market Participant to deposit in a clients' segregated account or in a clients' trust account

must be deposited in an account with an Australian ADI in Australia (which has been rated by an Approved Ratings Agency as being at least short term investment grade) unless:

- (a) the money is received by the Market Participant in another country and the Market Participant deposits the money in a clients' segregated account or clients' trust account with a branch of an Australian ADI with such a rating in that country; or
- (b) Rule 3.5.4 applies.

Rule 3.5.3 reflects Pre-Commencement Market Integrity Rule 3.5.3 (APX, ASX and Chi-X).

Rule 3.5.4 – Approved foreign banks

Rule 3.5.4 sets out the circumstances (including by imposing conditions) in which ASIC may approve foreign banks at which Market Participants may open clients' segregated accounts or clients' trust accounts for the handling of money received for a person in another country or for a person who is resident in another country and invest money held in clients' segregated accounts or clients' trust accounts in another country.

Rule 3.5.4 reflects Pre-Commencement Market Integrity Rule 3.5.4 (APX, ASX and Chi-X).

Rule 3.5.5 – Change of rating or approval of ADI

Rule 3.5.5 provides that, if the Market Participant has a clients' segregated account or a clients' trust account with an Australian ADI which ceases to have the rating referred to in Rule 3.5.3 or with a foreign bank which ceases to be a bank approved under Rule 3.5.4, the Market Participant must transfer the balance of the relevant account to an entity which meets the requirements of Rule 3.5.3 or Rule 3.5.4, as applicable.

Rule 3.5.5 reflects Pre-Commencement Market Integrity Rule 3.5.5 (APX, ASX and Chi-X).

Rule 3.5.6 – Liquidity requirement – clients' segregated accounts – Futures Market Transactions

Rule 3.5.6 provides that, if a Market Participant invests money from a clients' segregated account maintained under Rule 3.5.2 pursuant to paragraph 981C(a) of the Corporations Act, that investment must be readily realisable and at least 50% of money invested under that paragraph must be invested on 24 hour call terms.

Rule 3.5.6 reflects Pre-Commencement Market Integrity Rule 3.5.6 (ASX).

Rule 3.5.7 – Top up requirement – clients' segregated accounts

Subrule 3.5.7(1) provides that, where a Client does not satisfy a request for payment by the Market Participant to meet a call in relation to the close out, settlement or daily settlement of Open Contracts within 48 hours following the call for payment, the Market Participant must pay into the clients' segregated account the lesser of:

- (a) the amount of the request; or
- (b) the amount which the Market Participant would be obliged under the operating rules of the relevant Market to request from the Client on the following day.

Subrule 3.5.7(2) provides that, where the request by a Market Participant for payment or the provision of security relates to derivatives traded on a market operated by a person other than the operator of the relevant Market, the Market Participant must by the time required under the rules of that market, pay into the clients' segregated account the lesser of:

- (a) the amount of the request; or
- (b) the amount which the Market Participant would be obliged under the operating rules of the other market to request from the Client on the following day.

Rule 3.5.7 substantially reflects Pre-Commencement Market Integrity Rule 3.5.7 (ASX) with amendments to omit references to Futures Market Transactions in that rule.

Rule 3.5.8 – Reconciliation of clients' segregated accounts

Subrule 3.5.8(1) provides that a Market Participant must perform an accurate reconciliation, by 7.00pm on the Trading Day after the Trading Day to which the reconciliation relates, of the aggregate balance held by it at the close of business on each Business Day in clients' segregated accounts maintained pursuant to Rule 3.5.2 and the corresponding balance as recorded in the Market Participant's accounting records.

Subrules 3.5.8(2) and (3) set out the requirements for the reconciliation.

Rule 3.5.8 substantially reflects Pre-Commencement Market Integrity Rule 3.5.8 (ASX), omitting references to "Responsible Executive" in that rule, and substituting "person with supervisory responsibility for the Market Participant" on the first occurring reference, and substituting "that person" on the second occurring reference.

Rule 3.5.9 – Reconciliation of trust accounts

Rule 3.5.9 provides that a Market Participants must perform daily and weekly reconciliations of clients' trust accounts in accordance with the Rule.

Rule 3.5.9 substantially reflects Pre-Commencement Market Integrity Rule 3.5.9 (APX, ASX and Chi-X), omitting references to "Responsible Executive in those rules, and substituting "person with supervisory responsibility for the Market Participant" on the first occurring reference, and substituting "that person" on the second occurring reference.

Rule 3.5.10 – Obligation to notify ASIC in respect of reconciliation

Rule 3.5.10 provides that a Market Participant must notify ASIC where a reconciliation has not been performed in accordance with the Rules or, as a result of a reconciliation, the deficiencies or circumstances specified in the Rule are identified. The deficiencies specified are in respect of a Market Participant's trust accounts, or in respect of a person on whose behalf the Market Participant is holding money. The circumstances specified are if a Market Participant is unable to reconcile its trust accounts pursuant to Rule 3.5.9

Rule 3.5.10 reflects Pre-Commencement Market Integrity Rule 3.5.10 (APX, ASX and Chi-X).

Rule 3.5.11 – Schedule of trust accounts

Rule 3.5.11 provides that each Market Participant must by no later than 5 Business Days after 31 March, 30 June, 30 September and 31 December in each year cause to be prepared a schedule as at those dates showing the respective amounts held in each trust account maintained by the Market Participant on behalf of clients together with the names of the particular client in respect of each amount.

Rule 3.5.11 substantially reflects Pre-Commencement Market Integrity Rule 3.5.11 (APX, ASX and Chi-X).

Part 3.6 – Prohibition of advice to Client

Rule 3.6.1 – Definitions used in this Part 3.6

Rule 3.6.1 provides that, for the purposes of Part 3.6, "Client" includes a shareholder in a company which constitutes the Market Participant.

Rule 3.6.1 reflects Pre-Commencement Market Integrity Rule 3.6.1 (APX, ASX and Chi-X).

Rule 3.6.2 Market Participant possesses information that is not generally available

Rule 3.6.2 provides that, where, as a result of its relationship to a Client, a Market Participant is in possession of information that is not generally available in relation to a financial product and which would be likely to materially affect the price of that financial product if the information was generally available, that Market Participant must not give any advice to any other Client of a nature that would damage the interest of either of those Clients.

Rule 3.6.2 reflects Pre-Commencement Market Integrity Rule 3.6.2 (APX, ASX and Chi-X).

Rule 3.6.3 – Information barriers in place

Rule 3.6.3 provides that, for the purposes of Rule 3.6.2, a Market Participant is not regarded as having possession of information that is not generally available in relation to a financial product where the Market Participant has arrangements in place as described in the Rule and the person advising the Client is not in possession of that information.

Rule 3.6.3 reflects Pre-Commencement Market Integrity Rule 3.6.3 (APX, ASX and Chi-X).

Rule 3.6.4 – Certain actions do not constitute giving advice

Rule 3.6.4 provides that, for the purposes of Rule 3.6.2, a Market Participant or an Employee or partner of a Market Participant advising a Client that the Market Participant is precluded from giving the Client advice will not be regarded as giving advice.

Rule 3.6.4 reflects Pre-Commencement Market Integrity Rule 3.6.4 (APX, ASX and Chi-X).

Part 3.7 – Dealing in Cash Market Products

Rule 3.7.1 – Disclosure of shortfall – Must disclose to Clients

Rule 3.7.1 provides that a Market Participant, an Employee or a director of a Market Participant or a company which is a partner of a Market Participant who or which will be required to acquire Cash Market Products as underwriter or sub-underwriter must not offer such Cash Market Products to clients unless:

- (a) they first inform the clients concerned of the closing date of the issue or offering of the Cash Market Products and the reasons for the acquisition; or
- (b) the offer to the client is made more than 90 days from the closing date.

Rule 3.7.1 reflects Pre-Commencement Market Integrity Rule 5.10.5 (APX, ASX and Chi-X).

Rule 3.7.2 - Expenses - Reimbursement for out-of-pocket expenses

Rule 3.7.2 provides that where a Trading Participant seeks out-of-pocket expenses involved in the purchase or sale of Cash Market Products, the Trading Participant must not cover that charge by an increase or reduction in the price of the Cash Market Products

Rule 3.7.2 reflects Pre-Commencement Market Integrity Rule 5.10.6 (APX, ASX and Chi-X).

Rule 3.7.3 - Nominee holdings—Restrictions on when an Equity Security can be recorded in the name of a nominee company

Subrule 3.7.3(1) provides that a Market Participant must not cause the ownership of an Equity Security of which it is not the beneficial owner to be registered in its own name or in the name of its partners, directors or Employees.

Subrule 3.7.3(2) provides that a Market Participant may only cause the ownership of an Equity Security referred to in subrule (1) to be registered in the name of a nominee company which meets the requirements of the Rule.

Rule 3.7.3 reflects Pre-Commencement Market Integrity Rule 5.10.7 (APX, ASX and Chi-X).

Part 3.8 – Best execution obligation

Rule 3.8.1AA – Application of Part

Rule 3.8.1AA provides that Part 3.8 applies to:

- (a) Participants of a Market on or through which offers to acquire or dispose of Equity Market Products are made or accepted;
- (b) Participants of a CGS Market;
- (c) Orders (including Client Orders) in relation to Equity Market Products and CGS Depository Interests.

Rule 3.8.1A substantially reflects Pre-Commencement Market Integrity Rule 3.1A.1 (Competition).

Rule 3.8.1 – Best execution obligation—Best outcome

Subrule 3.8.1(1) provides that subject to subrules 3.8.1(3) and (4) a Market Participant must, when handling and executing an Order on behalf of a client, take reasonable steps to obtain the best outcome for the client.

Subrule 3.8.1(2) provides that when handling and executing an Order on behalf of a retail client, 'best outcome' means the best Total Consideration either paid by, or payable to, the client, provided the client has not provided an instruction to the contrary. For wholesale clients who have not provided a Market Participant with instructions under subrule 3.8.1(4), the 'best outcome' may be price, costs, Total Consideration, speed, likelihood of execution or any other relevant outcome, or any combination of these outcomes.

Subrule 3.8.1(3) provides that where a retail client provides a Market Participant with instructions in relation to the handling and execution of that client's Order and where those instructions are inconsistent with the Market Participant's obligation to obtain the best Total Consideration under subrule 3.8.1(1), the Market Participant must take reasonable steps to satisfy the client's instruction. These instructions must be clear, unambiguous, in writing or if provided verbally, recorded by the Market Participant, retained for 7 years and must be specific to the Order and not contained within the terms and conditions of a client agreement or any other standard form agreement provided by the Market Participant to the client.

Subrule 3.8.1(4) provides that where a wholesale client provides a Market Participant with an instruction in relation to the handling and execution of that client's Order and where those instructions are inconsistent with the Market Participant obtaining the best outcome under subrule 3.8.1(1), the Market Participant must take reasonable steps to satisfy the Wholesale Client's Instructions. These instructions must be clear, unambiguous, in writing (or if provided verbally, recorded by the Market Participant) and retained for 7 years and must not be contained within the standard terms and conditions of a client agreement provided by the Market Participant to the client.

Subrule 3.8.1(5) provides that if a standing instruction is given to a Market Participant under paragraph 3.81(4)(c), that instruction must be periodically reviewed. Where the instruction is to opt-out of the best execution protection in subrule 3.8.1(1), it should only be acted on by the Market Participant for a period of 12 months. This will ensure that the Market Participant is still able to satisfactorily perform the instruction.

Rule 3.8.1 substantially reflects Pre-Commencement Market Integrity Rule 3.1.1 (Competition).

Rule 3.8.2 – No inducement

Subrule 3.8.2(1) provides that, subject to subrule 3.8.2(3), a Market Participant must not take steps to encourage or induce its clients to provide the instructions referred to in subrules 3.8.1(3) or (4).

Subrule 3.8.2(2) provides that a Market 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 3.10.1(1) and (2).

Subrule 3.8.2(3) provides that a Market Participant who takes steps to inform a wholesale client that its standing instructions provided under paragraph 3.8.1(4)(c) are due to expire is not in contravention of Rule 3.8.2.

Rule 3.8.2 substantially reflects Pre-Commencement Market Integrity Rule 3.1.2 (Competition).

Rule 3.8.3 – Prohibition on discriminatory commission structure

Rule 3.8.3 provides that a Market Participant must not charge or propose to charge a client brokerage, commission or other fees for executing an Order on a Market that differs from those charged if the Order was executed on another Market, unless the difference is related to the actual cost of executing Orders on a Market. This Rule prevents Market Participants from structuring or charging their commissions in such a way as to discriminate between Markets.

Rule 3.8.3 substantially reflects substantially reflects Pre-Commencement Market Integrity Rule 3.1.3 (Competition).

Part 3.9 – Policies and procedures

Rule 3.9.1AA Application of Part

Rule 3.9.1AA provides that Part 3.9 applies to:

- (a) Participants of a Market on or through which offers to acquire or dispose of Equity Market Products are made or accepted;
- (b) Participants of a CGS Market;

(c) Orders (including Client Orders) in relation to Equity Market Products and CGS Depository Interests

Rule 3.9.1AA reflects Pre-Commencement Market Integrity Rule 3.1A.1 (Competition) and carries those application provisions through to Part 3.9 of the Rules, reflecting the application of Chapter 3 of the Pre-Commencement Market Integrity Rules (Competition).

Rule 3.9.1 Market Participant must have adequate policies and procedures in place

Subrule 3.9.1(1) provides that a Market Participant must establish, document and implement adequate policies and procedures to ensure that it complies with its best execution obligation under Rule 3.8.1.

Subrule 3.9.1(2) provides that a Market Participant's best execution policies and procedures must, without limitation, set out a description of the Order Books and any other place (in reliance on an exception to the pre-trade transparency obligation in subrule 6.1.1(1)) to which the Market Participant may transmit Client Orders. They should also set out how Client Orders will be handled and executed, including a description of the circumstances in which Orders will be transmitted for matching or execution to an Order Book or elsewhere (in reliance on an exception to subrule 6.1.1(1), circumstances in which the transmission may be automatic or manual, and the arrangements to monitor the policies, procedures and implementation required by Rule 3.9.1(1) to ensure they continue to be adequate to ensure compliance with subrule 3.8.1(1).

Rule 3.9.1 substantially reflects Pre-Commencement Market Integrity Rule 3.2.1 (Competition).

Rule 3.9.2 - Participant must comply with its policies and procedures

Rule 3.9.2 provides that a Market Participant must comply with the policies and procedures required under Rule 3.9.1.

Rule 3.9.2 reflects Pre-Commencement Market Integrity Rule 3.2.2 (Competition).

Rule 3.9.3 - Best execution arrangements – Review

Rule 3.9.3 provides that a Market Participant must review the policies, procedures and implementation of them as required by Rule 3.9.1 each time there is a material change in circumstances that affects where the Market Participant may transmit Client Orders, and each time the results of monitoring under paragraph 3.9.1(2)(c) suggest the policies and procedures under subrule 3.9.1(1) are not adequate to ensure compliance with the best execution obligation, for the purposes of

ensuring the policies and procedures and implementation of them continue to be adequate to ensure compliance with subrule 3.8.1(1).

Rule 3.9.3 substantially reflects Pre-Commencement Market Integrity Rule 3.2.3 (Competition).

Part 3.10 - Disclosure of best execution obligation

Rule 3.10.1AA - Application of Part

Rule 3.10.1AA provides that Part 3.10 applies to:

- (a) Participants of a Market on or through which offers to acquire or dispose of Equity Market Products are made or accepted;
- (b) Participants of a CGS Market;
- (c) Orders (including Client Orders) in relation to Equity Market Products and CGS Depository Interests.

Rule 3.10.1AA reflects Pre-Commencement Market Integrity Rule 3.1A.1 (Competition) and carries those application provisions through to Part 3.10 of the Rules, reflecting the application of Chapter 3 of the Pre-Commencement Market Integrity Rules (Competition).

Rule 3.10.1 Disclosure of best execution obligation

Subrule 3.10.1(1) provides that before accepting a Client Order from a client for the first time, a Market Participant must disclose to the client that the Market Participant is required to handle and execute Client Orders in accordance with its best execution obligation and what this means for the handling and execution of the Client's Orders; the Order Books and (in reliance on an exception to subrule 6.1.1(1) any other place to which the Market Participant may transmit Client Orders and the circumstances in which Orders may be transmitted to these Order Books or places; and that where provided with instructions from a client the Market Participant must take reasonable steps to satisfy those instructions.

Subrule 3.10.1(2) provides that a Market Participant must disclose a summary of a material change which affects the matters referred to at paragraphs 3.10.1(1)(c) or (d) to clients as soon as practicable after the change occurs.

Subrule 3.10.1(3) provides that a Market Participant must disclose the matters required by paragraphs 3.10.1(1)(a) to (e) upon receipt of a request from a client within a reasonable time of receiving the

request.

Subrule 3.10.1(4) provides that disclosures made to a client under subrules 3.3.1(1) and (2) must be in writing and retained by the Market Participant for a period of 7 years.

Subrule 3.10.1(5) provides that the disclosure of a Market Participant's best execution obligation required under subrule 3.10.1(1) must include the level of detail of information about a Market 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 Market Participant to handle and execute Orders on its behalf.

Subrule 3.10.1(6) provides that a Market Participant is not required to make the disclosures about its best execution obligation under subrules 3.10.1(1) and (2) to wholesale clients, if both the wholesale client and the Market Participant agree that the disclosure is not required, and terms of that agreement are clear, unambiguous, in writing and retained for 7 years by the Market Participant and not part of a standard client agreement or any other standard form agreement provided by the Market Participant to the client. This gives wholesale clients the ability to opt-out of receiving disclosures about best execution if they so decide.

Rule 3.10.1 substantially reflects Pre-Commencement Market Integrity Rule 3.3.1 (Competition).

Part 3.11 Evidencing execution performance

Rule 3.11.1AA – Application of Part

Rule 3.11.1AA provides that Part 3.11 applies to:

- (a) Participants of a Market on or through which offers to acquire or dispose of Equity Market Products are made or accepted;
- (b) Participants of a CGS Market;
- (c) Orders (including Client Orders) in relation to Equity Market Products and CGS Depository Interests.

Rule 3.11.1AA reflects Pre-Commencement Market Integrity Rule 3.1A.1 (Competition) and carries those application provisions through to Part 3.11 of the Rules, reflecting the application of Chapter 3 of the Pre-Commencement Market Integrity Rules (Competition).

Rule 3.11.1 Demonstrating execution performance and Order transmission by Participants
– On request by a client

Subrule 3.11.1(1) provides that subject to Rule 3.11.2, a Market Participant must demonstrate to a client, on that client's reasonable request, that the Client's Orders have been executed in accordance with the Market Participant's best execution policies and procedures required under Part 3.9.

Subrule 3.11.1(2) provides that a Market Participant must comply with a client request made under subrule 3.11.1(1) in a reasonable timeframe. This rule allows timely evaluations of execution quality by clients.

Rule 3.11.1 substantially reflects Pre-Commencement Market Integrity Rule 3.4.1 (Competition).

Rule 3.11.2 Demonstrating execution performance and Order transmission by Participants
– Evidencing adequacy of arrangements

Rule 3.11.2 provides that a Market Participant must keep records which allow it to demonstrate its compliance with its policies and procedures required under Part 3.9 and client instructions for 7 years.

Rule 3.11.2 substantially reflects Pre-Commencement Market Integrity Rule 3.4.2 (Competition).

Chapter 4 – Records

Part 4.1 – Trading records

Rule 4.1.1 - Records of dealings for clients

Subrule 4.1.1(1) provides that Rule 4.1.1 applies to a Market Participant who receives instructions to enter into a Market transaction on behalf of a client, whether or not a Trading Message corresponding to those instructions is entered into or matched on a Trading Platform of a Market.

Subrule 4.1.1(2) provides that, subject to Rule 4.1.7 and in addition to complying with the requirements of the Corporations Act to the extent that those requirements apply to dealing in the relevant Market, the Market Participant must maintain sufficiently detailed records of the matters set out in the Rule, including particulars of the instructions and the name of the Client and any other persons involved in passing on the instructions.

Rule 4.1.1 substantially reflects Pre-Commencement Market Integrity Rule 4.1.1 (APX, ASX and Chi-X).

Rule 4.1.2 – Records of dealings on Own Account

Subrule 4.1.2(1) provides that Rule 4.1.2 applies to a Market Participant that makes a decision, or gives instructions to enter into a Market transaction on its Own Account, whether or not the Market transaction is executed.

Subrule 4.1.2(2) provides that subject to Rule 4.1.8 and in addition to complying with the requirements of the Corporations Act to the extent that those requirements apply to dealing in the relevant Market, the Market Participant must maintain sufficiently detailed records of the matters set out in the Rule, including particulars of the instructions and the name any other persons involved in passing the instructions.

Rule 4.1.2 substantially reflects Pre-Commencement Market Integrity Rule 4.1.2 (APX, ASX and Chi-X).

Rule 4.1.3 – Records to be made immediately

Rule 4.1.3 provides that a Market Participant must make the records referred to in Rules 4.1.1, 4.1.2, 4.1.7 and 4.1.8 immediately after the event to which they relate and record the time of the relevant event.

Rule 4.1.3 reflects Pre-Commencement Market Integrity Rule 4.1.3 (APX, ASX and Chi-X).

Rule 4.1.4 – Records to be retained for prescribed period

Rule 4.1.4 provides that a Market Participant must retain the records referred to in Rules 4.1.1, 4.1.2, 4.1.7 and 4.1.8 for 7 years from the date the record is made.

Rule 4.1.4 reflects Pre-Commencement Market Integrity Rule 4.1.4 (APX, ASX and Chi-X).

Rule 4.1.5 – Certain records maintained by the Market operator

Rule 4.1.5 provides that where a Market Participant is a Trading Participant, certain of its obligations under Rules 4.1.1 and 4.1.2 may be met by relying on records maintained electronically by a Market operator as set out in Rule 4.1.6.

Rule 4.1.5 reflects Pre-Commencement Market Integrity Rule 4.1.5 (APX, ASX and Chi-X).

Rule 4.1.6 – Conditions for reliance on the Market operator records

Subrule 4.1.6(1) sets out the circumstances in which a Trading Participant may satisfy certain of its obligations under Rule 4.1.2:

- (a) when dealing for clients, satisfy certain of its obligations in relation to Rule 4.1.1; and
- (b) when dealing on its Own Account,

by relying on records maintained by a Market operator. Subrule 4.1.6(1) provides that the Trading Participant may only rely on the records maintained by the Market operator to the extent permitted by subrule 4.1.6(2).

Subrule 4.1.6(2) sets out, for the purposes of subrule (1), the specific obligations which may be met by relying on specific records maintained by the Market operator.

Rule 4.1.6 substantially reflects Pre-Commencement Market Integrity Rule 4.1.6 (APX, ASX and Chi-X).

Rule 4.1.7 – Records of dealings for clients by a Market Participant who instructs another Trading Participant to execute the dealings

Rule 4.1.7 provides that a Market Participant that instructs another Trading Participant to enter into a Market transaction on behalf of a person need not comply with the requirements of Rule 4.1.1(2)(e) to (j) and must maintain sufficiently detailed records in respect of such instruction showing the particulars set out in the Rule.

Rule 4.1.7 substantially reflects Pre-Commencement Market Integrity Rule 4.1.7 (APX, ASX and Chi-X).

Rule 4.1.8 – Records of dealings on its Own Account by a Market Participant who instructs another Trading Participant to execute the dealings

Rule 4.1.8 provides that a Market Participant that instructs a Trading Participant to enter into a Market transaction on its behalf need not comply with the requirements of Rule 4.1.2(2)(c) to (f) in respect of that instruction and must maintain sufficiently detailed records in respect of such instruction showing

the particulars set out in the Rule.

Rule 4.1.8 substantially reflects Pre-Commencement Market Integrity Rule 4.1.8 (APX, ASX and Chi-X).

Rule 4.1.9 – Records regarding Authorised Persons

Rule 4.1.9 provides that a Trading Participant must maintain records, for a period of 7 years from the date a person ceases to be an Authorised Person in relation to each Market, of:

- (a) the name and contact details of each Authorised Person in relation to each Market and if that Authorised Person is an agent of another person, the details of that other person; and
- (b) the security arrangements regarding access by the Authorised Person to a computer or other device connected to the Trading Participant's Open Interface Device and its location or if not fixed, the method of identifying the computer or other device.

Rule 4.1.9 substantially reflects Pre-Commencement Market Integrity Rule 4.1.9 (APX, ASX and Chi-X).

Part 4.2 – Records - General

Rule 4.2.1 General recordkeeping requirements

Subrule 4.2.1(1) provides that a Market Participant must maintain accurate records in sufficient detail to show particulars of the matters specified in the Rule, including transactions by the Market Participant with or for the account of specified persons, the Market Participant's income, assets and liabilities and Cash Market Products and Derivatives Market Products which are the property of the Market Participant or for which the Market Participant or any nominee controlled by the Market Participant is accountable.

Subrules 4.2.1(2) to (4) set out requirements in relation to Cash Market Products and Derivatives Market Contracts held by the Market Participant for safe custody or as security for loans or advances made by the Market Participant. The requirements include that: the Cash Market Products and Derivatives Market Contracts held for safe custody, or whose certificates are held for safe custody must either be registered in the name of the client or the Market Participant's nominee; that the holding of Cash Market Products and Derivatives Market Contracts for security must be authorised in writing by the owner, or someone else lawfully authorised by the owner to do so, and that the authority must specify the period for which such Cash Market Products and Derivatives Market Contracts or documents of title may be held.

Rule 4.2.1 substantially reflects Pre-Commencement Market Integrity Rule 4.2.1 (APX, ASX and Chi-X).

Rule 4.2.2 – Client complaints—Records of complaints and correspondence

Subrule 4.2.2(1) provides that a Market Participant must keep the following records of complaints received from clients:

- (a) a copy of all written complaints;
- (b) a copy of all written correspondence between the Market Participant and the clients and a written summary of any oral communication in connection with a written complaint; and
- (c) any correspondence or documents relating to the resolution of a complaint through any complaints resolution scheme.

Subrule 4.2.2(2) provides that a Market Participant must keep those records in respect of a complaint for at least five years from the date of the last correspondence in respect of that complaint.

Rule 4.2.2 reflects Pre-Commencement Market Integrity Rule 4.2.2 (APX, ASX and Chi-X).

Part 4.3 Access to Records

Rule 4.3.1 – Records to be in writing and in English

Subrule 4.3.1(1) provides that a Market Participant must keep all of the records it is required to maintain under Chapter 4 of the Rules, in writing and in the English language or in a manner which will enable them to be readily accessible by ASIC and readily converted into writing in the English language.

Subrule 4.3.1(2) provides that a Market Participant must, if directed by ASIC in writing to do so, convert records maintained under Chapter 4 of the Rules into writing and into English.

Subrule 4.3.1(3) provides that a Market Participant must comply with a direction given under subrule (2) by the time specified by ASIC when giving the direction.

Rule 4.3.1 reflects Pre-Commencement Market Integrity Rule 4.3.1 (APX, ASX and Chi-X).

Rule 4.3.2 – Records kept outside of Australia

Subrule 4.3.2(1) provides that, if the records which a Market Participant is required to maintain under Chapter 4 of the Rules are kept outside Australia:

- (a) the Market Participant must send, or cause to be sent, to Australia records which will enable true and fair financial statements to be prepared; and
- (b) the Market Participant must, if directed by ASIC in writing to do so, produce any of its records in Australia.

Subrule 4.3.2(2) provides that a Market Participant must comply with a direction given by ASIC under paragraph (1)(b) by the time specified by ASIC when giving the direction.

Rule 4.3.2 reflects Pre-Commencement Market Integrity Rule 4.3.2 (APX, ASX and Chi-X).

Chapter 5 Trading

Part 5.1AA Transactions to be under the operating rules of a Market operator

Rule 5.1AA.1 Transactions to be under the operating rules of a Market operator

Rule 5.1AA.1 provides that a Market Participant must not enter into a transaction in:

- (a) in an Equity Market Product other than Under the Rules of a Market;
- (b) a CGS Depository Interest other than Under the Rules of a CGS Market,

unless the Transaction is entered into pursuant to:

- (c) the terms of the relevant product, including a redemption; or
- (d) a primary market action, including an Takeover Off-Market Bid for the relevant products or an issue, allotment or subscription of new relevant products.

Rule 5.1AA.1 substantially reflects Pre-Commencement Market Integrity Rule 7.1.1 (Competition).

Part 5.1 Client order priority

Rule 5.1.1 Application and meaning of dealing on "Own Account"

Rule 5.1.1 defines the meaning of a Market Participant dealing on its "own account" in relation to Cash Market Transactions and Derivatives Market Transactions. For Cash Market Transactions, own account means the Cash Market Product will, or will on the completion of the transaction, be

beneficially owned by the Market Participant or a Prescribed Person, where those products beneficially owned would appear as assets on the balance sheet or consolidated balance sheet of the Market Participant or Prescribed Person. For Derivatives Market Transactions own account means having an order to enter into such a transaction on its own behalf or for the benefit of a Prescribed Person.

Rule 5.1.1 reflects Pre-Commencement Market Integrity Rule 5.1.1 (APX, ASX and Chi-X).

Rule 5.1.2 Exceptions

Rule 5.1.2 provides for types of orders that are not regarded as orders on a Market Participant's own account. The orders are orders placed by a life insurance company registered under the *Life Insurance Act 1995* (or equivalent State legislation) on behalf of a statutory fund; and certain orders placed by a Controller or a related body corporate of the Market Participant or Controller, on behalf of clients or, or funds managed by them or their related bodies corporate.

Rule 5.1.2 reflects Pre-Commencement Market Integrity Rule 5.1.2 (APX, ASX and Chi-X).

Rule 5.1.3 - Fairness and priority in dealing

Rule 5.1.3 provides that a Market Participant must deal fairly and in due turn with:

- (a) clients' Orders; and
- (b) a client Order and an Order on its Own Account.

Rule 5.1.3 substantially reflects Pre-Commencement Market Integrity Rule 5.1.3 (APX, ASX and Chi-X).

Rule 5.1.4 – Relevant factors

Subrule 5.1.4(1) sets out factors that are relevant in considering whether Rule 5.1.3 has been complied with, including where the Market Participant acts in accordance with its instructions; certain orders that do not involve the exercise of discretion; the sequence of entry of orders; certain orders of a client (not including a Prescribed Person) that involve the exercise of discretion are given preference; acting in accordance with specified procedures; buying or selling for a wholesale client; allocation occurring in accordance with the Rules, and where the Market Participant does not knowingly interpose its Own Account orders between order of its clients that would otherwise have Crossed. .

Subrules 5.1.4(2) and (3) provide for the meaning of giving preference to an order of a client over an

order on the Market Participant's Own Account, for the purposes of subrule (1).

Subrule 5.1.4(4) provides that a Market Participant must keep a record of any consent given by a client for the purposes of paragraph (1).

Rule 5.1.4 substantially reflects Pre-Commencement Market Integrity Rule 5.1.4 (APX, ASX and Chi-X).

Rule 5.1.5 - Fairness and priority in allocation

Rule 5.1.5 provides that a Market Participant must allocate Market transactions fairly.

Rule 5.1.5 substantially reflects Pre-Commencement Market Integrity Rule 5.1.5 (APX, ASX and Chi-X).

Rule 5.1.6 – Relevant factors

Rule 5.1.6 sets out factors that are relevant in considering whether Rule 5.1.5 has been complied with, including the client's instructions and where Market transactions are allocated in sequence and in accordance with the disclosed allocation policy of the Market Participant.

Rule 5.1.6 substantially reflects Pre-Commencement Market Integrity Rule 5.1.6 (APX, ASX and Chi-X).

Rule 5.1.7 - Unexecuted order in Underlying Financial Products - Trading Participant not to make Bids or Offers

Rule 5.1.7 provides that, if a Trading Participant has or receives an Order to buy or sell an Underlying Financial Product in the Underlying Market which may materially affect:

- (a) the market price of the Underlying Financial Product in the Underlying Market; or
- (b) the level of an Underlying Index, the level of which is calculated by reference to the value of that Underlying Financial Product and other financial products,

the Trading Participant must not make Bids or Offers to enter into an Options Market Transaction over that Underlying Financial Product as Principal until the Order in the Underlying Financial Product has been executed in the Underlying Market.

Rule 5.1.7 substantially reflects Pre-Commencement Market Integrity Rule 5.1.7 (APX, ASX and Chi-X).

Rule 5.1.8 – Allocation policy and Automated Client Order Processing Crossings — Disclosure to Client

Subrule 5.1.8(1) provides that a Market Participant must, when requested to do so by a Client, disclose to the Client its allocation policy with respect to each Market requested by the Client, and the fact that Client's orders may match opposite orders in a Trading Platform:

- (a) by the same Market Participant, resulting in a Crossing and entitling the Market Participant to commission from both sides of the transaction; and
- (b) on behalf of the same Market Participant dealing as Principal.

Subrule 5.1.8(2) provides that a Market Participant must keep a record of such disclosure.

Rule 5.1.8 substantially reflects Pre-Commencement Market Integrity Rule 5.1.8 (APX, ASX and Chi-X).

Part 5.4 – Transactions by connected persons (including persons connected with other Market Participants)

Rule 5.4.1 – Application

Rule 5.4.1 provides that in Part 5.4, a reference to a connected person is a reference to the following persons:

- (a) an Employee;
- (b) a company controlled by an Employee; and
- (c) a Controlled Trust (other than a trust controlled by an Immediate Family of an employee or a trust in relation to which an Immediate Family of an Employee is a trustee or holds more than 50% of the whole beneficial interest).

Rule 5.4.1 reflects Pre-Commencement Market Integrity Rule 5.4.1 (APX, ASX and Chi-X).

Rule 5.4.2 – Internal consent required for trading by connected persons

Subrule 5.4.2(1) provides that a Market Participant must not enter into a Market transaction by or for the account of its connected persons, whether the Market transaction is conducted through that Market Participant or through another Market Participant, unless the Market transaction has been approved by a director or partner of the Market Participant or a person with written delegation for that

responsibility from a director or partner other than the Employee concerned.

Subrule 5.4.2(2) provides a separate approval under subrule (1) must be obtained for each relevant Market transaction.

Subrule 5.4.2(3) provides that reasonable steps must be taken by a Market Participant to ensure a person who approves transactions under this Rule take into account factors specified in the subrule, including the circumstances of the proposed transaction and anything which might materially affect the price of the product the subject of the transaction.

Subrule 5.4.2(4) specifies the content of a trading approval under the rule, including the date and time of approval, and the information required for orders by Part 4.1 of the Rules.

Subrule 5.4.2(5) sets out requirements in relation to the giving of a confirmation in relation to an approved transaction if the transaction was conducted through another Market Participant. The confirmation must be given as soon as practicable.

Rule 5.4.2 substantially reflects Pre-Commencement Market Integrity Rule 5.4.2 (APX, ASX and Chi-X), omitting references to "Responsible Executive" in those rules.

Part 5.4A – Managing confidential Order information

Rule 5.4A.1 – Protection of Order information

Subrule 5.4A.1(1A) provides that, for the purposes of Rule 5.4A.1 "Order" means an instruction to purchase or sell, or an instruction to amend or cancel a prior instruction to purchase or sell an Equity Market Product or a CGS Depository Interest.

Subrule 5.4A.1(1) provides that a Market Participant must take reasonable steps to ensure its officers and employees do not use or disclose information about Orders received by the Participant or Transactions resulting from those Orders unless permitted or required under these Rules or the law.

Subrule 5.4A.1(2) provides subrule (1) does not apply to:

- (a) information about Orders or Transactions if that information is generally available;
- (b) Pre-Trade Information about Orders received by a Market Participant if the Pre- Trade Information has been made available by a Market operator under Rule 6.1.2;
- (c) Pre-Trade Information about Orders received by a Participant if it is necessary to use or disclose that Pre-Trade Information to execute an Order (including disclosure of the Pre-

Trade information in a routing instruction);

- (d) Post-Trade Information about transactions resulting from Orders received by a Market Participant if the Post-Trade Information has been made available by a Market operator under Rule 6.3.4;
- (e) Post-Trade Information about transactions resulting from Orders received by a Market Participant if it is necessary to disclose that Post-Trade Information for confirmation or billing purposes;
- (f) information about Orders or transactions disclosed to a person that:
 - (i) maintains or services the Market Participant's internal Order management system(s) or Crossing System(s) and who has agreed, in writing to limit its use of the Order and Transaction information disclosed to it to the purposes of that maintenance or service; or
 - (ii) provides Administrative Services or analytical services to or for the Market Participant in relation to Orders and transactions and who has agreed, in writing, to limit its use of the Order and transaction information disclosed to it to the purposes of those Administrative Services or analytical services, as applicable.

Subrule 5.4A.1(3) provides that for the purposes the Rule "Administrative Services" includes Order routing or execution services.

Rule 5.4A.1 substantially reflects Pre-Commencement Market Integrity Rule 7.4.1 (Competition).

Part 5.4B – Order incentives

Rule 5.4B.1 – Prohibition on Order incentives

Subrule 5.4B.1(1A) provides that, for the purposes of Rule 5.4B.1 "Order" means an instruction to purchase or sell, or an instruction to amend or cancel a prior instruction to purchase or sell an Equity Market Product or a CGS Depository Interest.

Subrule 5.4B.1(1) provides that where a Market Participant handles or executes an Order as a result of an arrangement with another person (the other person) to direct Orders to the Market Participant, the Market Participant must not, indirectly or directly, make a cash payment to the other person for the opportunity to handle or execute those Orders if the cash payment leads to the net cost, calculated as set out in subrule (2), being less than the value of Reported Price for the transactions the subject of the Orders.

Subrule 5.4B.1(2) provides that the calculation of the net cost for the purposes of subrule(1) must be

done as follows:

Net cost = (Commission less the dollar value of any cash payment to the other person) + Reported Price.

Subrule 5.4B.1(2) defines Commission for the purposes of the subrule as the dollar value of any payment received by the Market Participant (including commission received from a client of the other person) for the opportunity to handle or execute the other person's Orders. The subrule also defines Reported Price for the purposes of the subrule, as the total dollar value of the transaction or transactions the subject of the other person's Order or Orders as executed on a Market or, if applicable, reported to a Market operator under Rule 6.3.1, or if applicable, set out in a confirmation provided to the other person under Rule 3.4.2.

Rule 5.4A.1 substantially reflects Pre-Commencement Market Integrity Rule 7.5.1 (Competition).

Part 5.5 – Participant's trading infrastructure

Rule 5.5.1 – Knowledge of Trading Participant

Rule 5.5.1 provides that, if a Trading Message embedded with a Trading Participant's unique identifier is submitted in a Trading Platform, the Trading Message is taken for all purposes under these Rules to have been submitted in a Trading Platform by or with the knowledge of the Trading Participant.

Rule 5.5.1 reflects Pre-Commencement Market Integrity Rule 5.5.1 (APX, ASX and Chi-X).

Rule 5.5.2 – Organisational and technical resources

Rule 5.5.2 provides that a Trading Participant must have and maintain the necessary organisational and technical resources to ensure that:

- (a) Trading Messages submitted by the Trading Participant do not interfere with:
 - (i) the efficiency and integrity of a Market; or
 - (ii) the proper functioning of a Trading Platform; and
- (b) the Trading Participant complies at all times with the Rules and the operating rules of all Markets of which it is a Trading Participant.

Rule 5.5.2 substantially reflects Pre-Commencement Market Integrity Rule 5.5.2 (APX, ASX and Chi-X).

Rule 5.5.3 Trading management arrangements

Rule 5.5.3 provides that a Trading Participant must have arrangements in place so that at all times the Trading Participant can determine the origin of all orders and Trading Messages, including the information set out in the Rule. The information set out in the Rule includes: the different stages of processing each order, the Trading Message that corresponds to the Order, the identity and capacity of the person placing the order, whether the Trading Message originated with AOP; the Open Interface Device or other computer or device that submitted the Trading Message, the responsible DTR for the Open Interface Device or other computer or device (unless it was an AOP Trading Message; and whether the Trading Message was submitted on a Trading Participant's Own Account.

Rule 5.5.3 substantially reflects Pre-Commencement Market Integrity Rule 5.5.3 (APX, ASX and Chi-X).

Rule 5.5.4 Trading management arrangements – Records

Rule 5.5.4 provides that a Trading Participant must maintain records of the matters referred to in Rule 5.5.3 for a period of 7 years from the date of the Trading Message to which the matters relate.

Rule 5.5.4 substantially reflects Pre-Commencement Market Integrity Rule 5.5.4 (APX, ASX and Chi-X).

Part 5.6 – Automated Order Processing – Filters, conduct and infrastructure

Rule 5.6.1 – Responsible use of system for Automated Order Processing

Rule 5.6.1 provides that a Trading Participant which uses its system for Automated Order Processing must at all times:

- (a) have appropriate automated filters, in relation to Automated Order Processing; and
- (b) ensure that such use does not interfere with:
 - (i) the efficiency and integrity of a Market ;
 - (ii) the proper functioning of any Trading Platform; or
 - (iii) the efficiency and integrity of any Crossing System operated by the Trading Participant.

Rule 5.6.1 substantially reflects Pre-Commencement Market Integrity Rule 5.6.1 (APX, ASX and Chi-X).

Rule 5.6.2 Authorised Persons for Automated Client Order Processing

Rule 5.6.2 provides that a Trading Participant which uses its system for Automated Client Order Processing must also have procedures in place to ensure that each Authorised Person has demonstrated to the Trading Participant knowledge of the order entry system of the Trading Participant and of the Dealing Rules, directions, decisions and requirements of the relevant Market operator relevant to the type of Order submission facilities given to the Authorised Person by the Trading Participant.

Rule 5.6.2 substantially reflects Pre-Commencement Market Integrity Rule 5.6.2 (APX, ASX and Chi-X).

Rule 5.6.3 Automated Order Processing system requirements

Rule 5.6.3 provides that a Trading Participant which uses its system for Automated Order Processing must ensure that the system has in place organisational and technical resources, trading management arrangements, security arrangements and controls as described in the Rule.

Rule 5.6.3 substantially reflects Pre-Commencement Market Integrity Rule 5.6.3 (ASX and Chi-X), with amendments to apply the Rule to multiple markets. The Rule contains slight adjustments to Pre-Commencement Market Integrity Rule 5.6.3 (APX) to align the requirements for the APX Market in the Rules with Pre-Commencement Market Integrity Rule 5.6.3 (ASX and Chi-X).

Rule 5.6.4 Review of documentation and systems prior to use of Automated Order Processing system

Rule 5.6.4 provides that, before using their system for Automated Order Processing in relation to a Market, a Trading Participant must, for the purposes of providing the certification referred to in Rule 5.6.6, perform a review of the Trading Participant's policies, procedures, system design documentation, including the Trading Participant's procedures for implementation of subsequent changes to the Automated Order Processing software, filters and filter parameters, and other relevant documentation concerning the Trading Participant's compliance with Part 5.6 of the Rules, for the relevant Market.

Rule 5.6.4 substantially reflects Pre-Commencement Market Integrity Rule 5.6.4 (APX, ASX and Chi-X).

Rule 5.6.5 Representations as to organisational and technical resources, trading management arrangements and security arrangements, prior to use of Automated Order Processing system

Subrule 5.6.5(1) provides that, before using their system for Automated Order Processing in relation to a Market, the Trading Participant must, for the purposes of providing the certification referred to in Rule 5.6.6, obtain written representations that the Trading Participant has in place organisational and technical resources, arrangements and controls in relation to the system for Automated Order Processing meets the requirements of Rule 5.6.3, for the relevant Market.

Subrule 5.6.5(2) sets out the qualifications of the person giving the representations required by subrule (1), must have, and other details that must be included in the representations (being the date, methodology used, and name of the person).

Rule 5.6.5 substantially reflects Pre-Commencement Market Integrity Rule 5.6.5 (APX, ASX and Chi-X).

Rule 5.6.6 Certification of Automated Order Processing system

Subrule 5.6.6(1) provides that, before using their system for Automated Order Processing in relation to a Market, a Trading Participant, must for the relevant Market:

- (a) give a written certification (defined as AOP Initial Certification) to ASIC that includes the matters set out at subrule (2); and
- (b) receive a written confirmation from ASIC that the AOP Initial Certification complies with subrule (2).

Subrule 5.6.6(2) sets out what must be included in the AOP Initial Certification given by the Trading Participant to ASIC, including the name of the Trading Participant, the version number of the AOP system, copies of the representations required by Rule 5.6.5, confirmation about aspects of the review required by Rule 5.6.4, statements about AOP permission and compliance with the requirements of Rule 5.6.3, and the names of the directors of the Trading Participant who provide the certification required by subrule 5.6.6(3).

Subrule 5.6.6(3) provides that at least two directors of the Trading Participant must sign and date the written certification referred to in subrule (2).

Rule 5.6.5 substantially reflects Pre-Commencement Market Integrity Rule 5.6.5 (ASX and Chi-X). The Rule contains slight adjustments to Pre-Commencement Market Integrity Rule 5.6.5 (APX) to

align the requirements for the APX Market in the Rules with Pre-Commencement Market Integrity Rule 5.6.5 (ASX and Chi-X).

The next Rule is 5.6.8

Rule 5.6.8 AOP Material Change Review

Subrule 5.6.8(1) provides that, before making a material change to any of the organisational or technical resources, arrangements or controls employed to comply with Rule 5.6.3 for a Market, the Trading Participant must, for the purposes of providing the confirmation referred to in Rule 5.6.9 or the further certification referred to in Rule 5.6.10, ensure that an appropriately qualified person performs a review of the material changes to the Automated Order Processing system, the Trading Participant's policies, procedures, system design documentation, including the Trading Participant's procedures for implementation of subsequent changes to the Automated Order Processing software, filters and filter parameters and other relevant documentation concerning the Trading Participant's compliance with Part 5.6 of the Rules for the relevant Market.

Subrule 5.6.8(2) provides that, before implementing a material change the subject of an AOP Material Change Review the Trading Participant must, for the purposes of providing the AOP Annual Notification, obtain written representations from the person who performed the AOP Material Change Review that nothing came to the attention of the person during the course of the AOP Material Change Review that would indicate that the Trading Participant is unable to comply with Part 5.6 of the Rules.

Subrule 5.6.8(3) provides that the representations referred to in subrule 5.6.8(2) must include the name of the person making the representation and be signed and dated by the person making the representation.

Rule 5.6.8 substantially reflects Pre-Commencement Market Integrity Rule 5.6.8 (APX, ASX and Chi-X).

Rule 5.6.8A AOP Annual Review

Subrule 5.6.8A(1) sets out the requirement for a Trading Participant to ensure that an appropriately qualified person performs an AOP Annual Review of Automated Order Processing systems for a Market. The AOP Annual Review must include a review of the Trading Participant's policies, procedures, system design documentation, including the Trading Participant's procedures for implementation of changes to Automated Order Processing software, filters and filter parameters and

other relevant documentation concerning the Trading Participant's compliance with Part 5.6 of the Rules.

Subrule 5.6.8A(2) provides that the Trading Participant must, for the purposes of providing the AOP Annual Notification, obtain written representations from the person who performed the AOP Annual Review that nothing came to the attention of the person during the course of the AOP Annual Review that would indicate that the Trading Participant is unable to comply with Part 5.6 of the Rules for the relevant Market.

Subrule 5.6.8A(3) provides the representations referred to in subrule (2) must include the name of the person making the representation and be signed and dated by the person.

Rule 5.6.8A substantially reflects Pre-Commencement Market Integrity Rule 5.6.8A (APX, ASX and Chi-X).

Rule 5.6.8B Annual Notification

Subrule 5.6.8B(1) provides that a Trading Participant must, within 10 Business Days of each AOP Annual Review Date for a Market, give a written notice to (the AOP Annual Notification) ASIC and sets out what must be included in the AOP Annual Notification, for the relevant Market. The matters that must be set out are the name of the Trading Participant, the version number of the Trading Participant's AOP system, a confirmation that nothing came to the attention of the Trading Participant that would indicate the Trading Participant is unable to comply with Part 5.6 of the Rules, and the names of the directors referred to in subrule 5.6.8B(2).

Subrule 5.6.8B(2) provides that at least two directors of the Trading Participant must sign and date the written notification.

Rule 5.6.8B substantially reflects Pre-Commencement Market Integrity Rule 5.6.8B (APX, ASX and Chi-X).

The next rule is Rule 5.6.11

Rule 5.6.11 Further certification

Subrule 5.6.11(1) provides that a Trading Participant must, if directed by ASIC in writing to do so, provide a further certification in a form acceptable to ASIC from an appropriately qualified person acceptable to ASIC as to compliance by the Trading Participant with the Automated Order Processing

Requirements for the relevant Market.

Subrule 5.6.11(2) provides that a Trading Participant must comply with a direction under subrule (1) within the time specified in the direction.

Rule 5.6.11 substantially reflects Pre-Commencement Market Integrity Rule 5.6.11 (APX, ASX and Chi-X).

Rule 5.6.12 – Limitations on Automated Order Processing

Subrule 5.6.12(1) provides that Rule 5.6.12 applies where ASIC reasonably considers that:

- (a) a Trading Participant is not complying with the Automated Order Processing Requirements in relation to one or more Markets; or
- (b) it is otherwise appropriate to direct a Trading Participant to take the actions referred to in subrule (2).

Subrule 5.6.12(2) provides that a Trading Participant must, if directed to do so by ASIC, cease conducting Automated Order Processing in relation to one or more Markets until ASIC is satisfied that the Trading Participant complies with the Automated Order Processing Requirements for the relevant Market, or immediately suspend, limit or prohibit the conduct of Automated Order Processing in respect of one or more Authorised Persons or clients, Automated Client Order Processing, Automated Order Processing, one or more financial products; or one or more Markets .

Rule 5.6.12 substantially reflects Pre-Commencement Market Integrity Rule 5.6.12 (APX, ASX and Chi-X), with amendments to reflect the Rule applies to multiple markets.

Part 5.7 – Manipulative trading

Rule 5.7.1 - False or misleading appearances

Paragraph 5.7.1(a) provides that a Market Participant must not make a Bid or Offer, or deal in any financial product as Principal, with the intention of creating a false or misleading appearance of active trading in any financial product or with respect to the market for, or the price of, any financial product. Paragraph 5.7.1(a) also provides that a Market Participant must not make a Bid or Offer, or deal in any financial product as Principal, if that Bid, Offer or dealing has the effect, or is likely to have the effect, of creating a false or misleading appearance of active trading in any financial product or with respect to the market for, or the price of, any financial product.

Paragraph 5.7.1(b) provides that a Market Participant must not make a Bid or Offer, or deal in any financial product on account of any other person where:

- (a) the Market Participant intends to create a false or misleading appearance of active trading in any financial product or with respect to the market for, or the price of, any financial product;
- (b) the Market Participant is aware that the person intends to create a false or misleading appearance of active trading in any financial product or with respect to the market for, or the price of, any financial product; or
- (c) taking into account the circumstances of the Order, a Market Participant ought reasonably suspect that the person has placed the Order with the intention of creating a false or misleading appearance of active trading in any financial product or with respect to the market for, or the price of, any financial product.

Rule 5.7.1 substantially reflects Pre-Commencement Market Integrity Rule 5.7.1 (APX, ASX and Chi-X).

Rule 5.7.2 Circumstances of Order

Rule 5.7.2 provides, for the purposes of Rule 5.7.1, that a Market Participant, in considering the circumstances of the Order, must have regard to the following matters:

- (a) whether the Order or execution of the Order would be inconsistent with the history of or recent trading in that financial product;
- (b) whether the Order or execution of the Order would materially alter the market for, or the price of, the financial product;
- (c) the time the Order is entered or any instructions concerning the time of entry of the Order;
- (d) whether the person on whose behalf the Order is placed, or another person who the Market Participant knows to be a Related Party of that person, may have an interest in creating a false or misleading appearance of active trading in any financial product or with respect to the market for, or the price of, any financial product;
- (e) whether the Order is accompanied by settlement, delivery or security arrangements which are unusual;
- (f) where the Order appears to be part of a series of Orders, whether when put together with other Orders which appear to make up the series, the Order or the series is unusual having regard to the matters referred to in Rule 5.7.2;
- (g) whether there appears to be a legitimate commercial reason for that person placing the Order, unrelated to an intention to create a false or misleading appearance of active trading in or with respect to the market for, or price of, any financial product;

- (h) whether the transaction, bid or offer the execution of which is proposed will involve no change of beneficial ownership;
- (i) the frequency with which Orders are placed by a person;
- (j) the volume of financial products the subject of each Order placed by a person; and
- (k) the extent to which a person amends or cancels an instruction to purchase or sell a financial product relative to the number of transactions executed for that person

Rule 5.7.2 substantially reflects Pre-Commencement Market Integrity Rule 5.7.2 (ASX and Chi-X). The Rule contains slight adjustments to Pre-Commencement Market Integrity Rule 5.7.2 (APX) to align the requirements for the APX Market in the Rules with Pre-Commencement Market Integrity Rule 5.7.2 (ASX and Chi-X).

Rule 5.7.3 – Obligations apply to Automated Order Processing

Rule 5.7.3 provides that a Market Participant must also comply with Part 5.7 in respect of Orders the subject of Automated Order Processing.

Rule 5.7.3 reflects Pre-Commencement Market Integrity Rule 5.7.3 (APX, ASX and Chi-X).

Part 5.9 – Fair and orderly markets

Rule 5.9.1 – Market must remain fair and orderly

Rule 5.9.1 provides that a Market Participant must not do anything which results in a market for a financial product not being both fair and orderly, or fail to do anything where that failure has that effect.

Rule 5.9.1 reflects Pre-Commencement Market Integrity Rule 5.9.1 (APX, ASX and Chi-X).

Rule 5.9.2 – Representative must be available

Rule 5.9.2 provides that a Trading Participant must ensure that a Representative of the Trading Participant is available to receive communications from other Trading Participants if the relevant Market or from the operator of the relevant Market during the times on a Trading Day set out in the Rule, unless otherwise determined in writing by ASIC and notified to the Trading Participant.

Rule 5.9.2 reflects Pre-Commencement Market Integrity Rule 5.9.2 (APX, ASX and Chi-X), with amendments to reflect that the Rule applies to multiple markets.

Rule 5.9.3 – Must not take advantage of breakdown or malfunction

Rule 5.9.3 provides that a Market Participant must not take advantage of a situation arising as a result of a breakdown or malfunction in any Market operator's procedures or systems or an error in any Trading Message submitted by the relevant Market operator.

Rule 5.9.3 substantially reflects Pre-Commencement Market Integrity Rule 5.9.3 (APX, ASX and Chi-X).

Part 5.9A – Trading Suspensions

Rule 5.9A.1 Prohibition on trading during Trading Suspensions

Subrule 5.9A.1(1) provides that a Market Participant must not match an Order or execute a transaction in connection with an Order in circumstances where the financial product the subject of the transaction is in a Trading Suspension on all Markets on which that financial product is quoted.

Subrule 5.9A.1(2) provides a definition of Order for the purposes of subrule (1), as an instruction to purchase or sell, or an instruction to amend or cancel a prior instruction to purchase or sell, an Equity Market Product, or a CGS Depository Interest.

Rule 5.9A.1 substantially reflects Pre-Commencement Market Integrity Rule 7.2.1 (Competition).

Part 5.10 – Dealing in Cash Market Products

Rule 5.10.1 Trading Participants may not deal in Cash Market Products for which Official Quotation will be sought

Rule 5.10.1 provides that, except as permitted in Rule 5.10.2, a Trading Participant is prohibited, either in its own office or elsewhere, from making quotations or dealing in a new issue or placement of Cash Market Products (except Loan Securities) made for the purpose of qualifying a company for admission to the Official List of a Market; or for which Official Quotation on any Market will be sought, until those Cash Market Products have been granted Official Quotation on a Market.

Rule 5.10.1 substantially reflects Pre-Commencement Market Integrity Rule 5.10.1 (APX, ASX and Chi-X).

Rule 5.10.2 When Trading Participants may deal in Cash Market Products for which Official Quotation will be sought

Rule 5.10.2 sets out the circumstances in which, notwithstanding Rule 5.10.1 a Trading Participant may deal in Cash Market Products to which Rule 5.10.1 applies, subject to any other provisions of the Rules and the operating rules of the Market on which Official Quotation of the Cash Market Products will be sought, in the circumstances set out in subparagraphs (a) – (f) of the Rule. The circumstances include:

- (a) underwriting or sub-underwriting a new issue or placement of Cash Market Products;
- (b) disposing of Cash Market Products if those Cash Market Products comprise an underwriting or sub-underwriting shortfall;
- (c) where the Cash Market Products have been issued on a pro-rata basis to holders;
- (d) where a listed entity acquires assets and as part or full consideration, issues new Cash Market Products (except Loan Securities) to the vendor and the Trading Participant:
 - (i) has made a prior firm arrangement with the vendor to place these Cash Market Products as soon as they are issued; and
 - (ii) ensures that the details of the issue to the vendor are advised to the relevant listing Market by the listed entity immediately the Cash Market Products are issued;
- (e) where a Trading Participant:
 - (i) makes a placement of new Cash Market Products (except Loan Securities) for which Official Quotation or permission to be traded on a Market will be sought, and the Trading Participant ensures that all investors accepting the Cash Market Products are informed in writing that Trading Participants cannot deal in the Cash Market Products either as Principal or agent until Official Quotation or permission to be traded on that Market is granted in respect of those Cash Market Products;
 - (ii) accepts selling orders in Cash Market Products (except Loan Securities) for which Official Quotation or permission to be traded on a Market will be sought, and the Trading Participant takes all reasonable steps to ensure that the Cash Market Products are not sold before the Cash Market Products have been granted Official Quotation or permission to be traded on that Market; or
 - (iii) accepts selling orders in Cash Market Products (except Loan Securities) where the Cash Market Products are of the same class as Cash Market Products which have already been granted Official Quotation or permission to be traded on the Market and:
 - (A) the Cash Market Products have already been issued by the Issuer; and
 - (B) the fact that the Cash Market Products have been issued has been notified to, and released to the relevant Market by, the Company Announcements Office of the relevant Market operator;

- (f) disposing of or acquiring ETF Securities which are the subject of a subscription application if:
 - (i) the ETF Securities are in a class of ETF Securities which are quoted on a Market;
 - (ii) the subscription application is irrevocable and subject only to transfer of the subscription consideration from the subscriber to the Issuer;
 - (iii) the disposal or acquisition is made on the relevant Market in accordance with these Rules and the operating rules of that Market;
 - (iv) there is an arrangement between the Issuer and the relevant Market operator under which the ETF Securities will be granted Official Quotation or permission to be traded on the relevant Market before settlement of the disposal or acquisition; and
 - (v) the number of ETF Securities on issue is regularly reported to the operator of the relevant Market on the basis required by the operator of that Market.
- (g) the Trading Participant may underwrite or sub-underwrite a new issue or placement of Cash Market Products;
- (h) the Trading Participant may dispose of Cash Market Products if those Cash Market Products comprise an underwriting or sub-underwriting shortfall;
- (i) where the Cash Market Products have been issued on a pro-rata basis to holders;
- (j) where a listed entity acquires assets and as part or full consideration, issues new Cash Market Products (except Loan Securities) to the vendor and the Trading Participant:
 - (ii) has made a prior firm arrangement with the vendor to place these Cash Market Products as soon as they are issued; and
 - (iii) ensures that the details of the issue to the vendor are advised to the relevant listing Market by the listed entity immediately the Cash Market Products are issued;
- (k) where a Trading Participant:
 - (ii) makes a placement of new Cash Market Products (except Loan Securities) for which Official Quotation or permission to be traded on a Market will be sought, and the Trading Participant ensures that all investors accepting the Cash Market Products are informed in writing that Trading Participants cannot deal in the Cash Market Products either as Principal or agent until Official Quotation or permission to be traded on that Market is granted in respect of those Cash Market Products;
 - (iii) accepts selling orders in Cash Market Products (except Loan Securities) for which Official Quotation or permission to be traded on a Market will be sought, and the Trading Participant takes all reasonable steps to ensure that the Cash Market Products are not sold before the Cash Market Products have been granted Official Quotation or permission to be traded on that Market; or
 - (iv) accepts selling orders in Cash Market Products (except Loan Securities) where the Cash Market Products are of the same class as Cash Market Products which have

already been granted Official Quotation or permission to be traded on the Market and:

- (B) the Cash Market Products have already been issued by the Issuer; and
 - (B) the fact that the Cash Market Products have been issued has been notified to, and released to the relevant Market by, the Company Announcements Office of the relevant Market operator;
- (l) a Trading Participant may dispose of or acquire ETF Securities which are the subject of a subscription application if:
- (ii) the ETF Securities are in a class of ETF Securities which are quoted on a Market;
 - (iii) the subscription application is irrevocable and subject only to transfer of the subscription consideration from the subscriber to the Issuer;
 - (iv) the disposal or acquisition is made on the relevant Market in accordance with these Rules and the operating rules of that Market;
 - (v) there is an arrangement between the Issuer and the relevant Market operator under which the ETF Securities will be granted Official Quotation or permission to be traded on the relevant Market before settlement of the disposal or acquisition; and
 - (vi) the number of ETF Securities on issue is regularly reported to the operator of the relevant Market on the basis required by the operator of that Market.

Rule 5.10.2 substantially reflects Pre-Commencement Market Integrity Rule 5.10.2 (APX, ASX and Chi-X).

Rule 5.10.3 Dealings in Securities for which Official Quotation will not be sought

Rule 5.10.3 provides that a Trading Participant may deal in new Securities issued by a listed entity of a Market for which Official Quotation on that Market will not be sought, 24 hours after that entity has advised that Market of the details of the issue.

Rule 5.10.3 substantially reflects Rule 5.10.3 substantially reflects Pre-Commencement Market Integrity Rule 5.10.3 (APX, ASX and Chi-X).

Rule 5.10.4 Dealings in Cash Market Products suspended from Official Quotation

Rule 5.10.4 provides that a Trading Participant must not deal in Cash Market Products which have been suspended from quotation or trading on a Market unless, the Cash Market Product is an Equity Market Product that is quoted on one or more other Markets and is not in a Trading Suspension on one or more of those other Markets.

Rule 5.10.4 substantially reflects Rule 5.10.2 substantially reflects Pre-Commencement Market Integrity Rule 5.10.4 (APX, ASX and Chi-X).

Part 5.11 – Suspicious activity reporting

Rule 5.11.1 Notification requirement

Subrule 5.11.1(1) provides that, subject to Rule 5.11.1(2), if a Market Participant has reasonable grounds to suspect that:

- (a) a person (the Insider) has placed an order into or entered into a transaction on a Market in relation to a financial product while in possession of inside information (within the meaning of section 1042A of the Corporations Act), whether or not the Market Participant is aware of:
 - (i) the identity of the Insider; or
 - (ii) all of the details of the order or transaction; or
- (b) a transaction or an order transmitted to a Trading Platform of a Market has or is likely to have the effect of:
 - (i) creating an artificial price for trading in financial products on a Market;
 - (ii) maintaining at a level that is artificial (whether or not it was previously artificial) a price for trading in financial products on a Market;
 - (iii) creating, or causing the creation of, a false or misleading appearance of active trading in financial products on a Market; or
 - (iv) creating, or causing the creation of, a false or misleading appearance with respect to the market for, or the price for trading in, financial products on a Market,

whether or not the Market Participant is aware of the intention of any party to the transaction or order; or all of the details of the transaction or order, the Market Participant must, as soon as practicable, notify ASIC in writing of the details of the transaction or order (to the extent known to the Market Participant) and the reasons it suspects the matter set out in paragraphs (a) and/or (b).

Subrule 5.11.1(2) provides that a Market Participant is not required to notify ASIC under Rule 5.11.1(1) if the Market Participant has reported the information that would otherwise be required to be contained in the notification to ASIC under Rule 5.11.1(1) to the Australian Transaction Reports and Analysis Centre under section 41 of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* or under section 16 of the *Financial Transaction Reports Act 1988*.

Rule 5.11.1 substantially reflects Pre-Commencement Market Integrity Rule 5.11.1 (APX, ASX and Chi-X).

Rule 5.11.2 Confidentiality

Rule 5.11.2 provides that a Participant who notifies ASIC under subrule 5.11.1(1) must not disclose that the notification was made, or the information contained in the notification, to any person other than for the purposes of seeking legal advice, or as required by law.

Rule 5.11.2 substantially reflects Pre-Commencement Market Integrity Rule 5.11.2 (APX, ASX and Chi-X).

Part 5.12 Market Bid – Announcements by Market Participant

Rule 5.12.1 Announcement of a Takeover Market Bid

Subrule 5.12.1(1) provides that a Market Participant acting on behalf of a Bidder in relation to a Takeover Market Bid must announce the bid to the Market where Cash Market Products in the Bid Class have been granted Official Quotation.

Subrule 5.12.1(2) sets out information that must be included in the announcement, including information about the Bid Class of each Cash Market Product in the Target, the price offered, the Offer Period the Bidder's relevant interests, and statements that reflect the operation of the Corporations Act on Takeover Market Bids.

Rule 5.12.1 substantially reflects Pre-Commencement Market Integrity Rule 6.1.1 (APX, ASX and Chi-X).

Rule 5.12.2 Announcement of variations to a Takeover Market Bid

Rule 5.12.2 provides that a Market Participant acting on behalf of a Bidder in relation to a Takeover Market Bid must announce to the Market where Cash Market Products in the Bid Class have been granted Official Quotation, in writing:

- (a) an increase to the price offered for Cash Market Products in the Bid Class;
- (b) an extension to the Offer Period;
- (c) a withdrawal of the Takeover Market Bid;
- (d) any other variation to the Takeover Market Bid in accordance with the Corporations Act; or
- (e) if the Market Participant ceases to act on behalf of the Bidder.

Rule 5.12.2 substantially reflects Pre-Commencement Market Integrity Rule 6.1.2 (APX, ASX and

Chi-X).

Part 5.13 Acquisition of Cash Market Products during the Bid Period

Rule 5.13.1 Acquisition of Cash Market Products by Bidder

Subrule 5.13.1(1) provides that Rule 5.13.1 applies to both Takeover Market Bids and Off-Market Bids.

Subrule 5.13.1(2) provides that a Market Participant acting on behalf of a Bidder must not offer to buy on behalf of the Bidder Cash Market Products in the Bid Class On-Market during the Bid Period for a price that varies from the consideration offered under the Takeover Bid unless and until an announcement has been made to the Market where Cash Market Products in the Bid Class have been granted Official Quotation.

Subrule 5.13.1(3) provides that, for the purposes of subrule (2), the announcement must be made in writing, by facsimile or electronic delivery to the operator of the Market where Cash Market Products in the Bid Class have been granted Official Quotation.

Rule 5.13.1 substantially reflects Pre-Commencement Market Integrity Rule 6.2.1 (APX, ASX and Chi-X).

Rule 5.13.2 Acquisition of Cash Market Products by another Bidder

Subrule 5.13.2(1) provides that, where Cash Market Products are subject to a Takeover Market Bid, a Market Participant acting on behalf of another Bidder, must not buy the Cash Market Products in the Bid Class of the Target on behalf of that Bidder unless and until the Market Participant has announced in accordance with subrule (2):

- (a) a Takeover Market Bid on behalf of the person pursuant to Rule 5.12.1; or
- (b) an increase in the price offered under a Takeover Market Bid for the Cash Market Products pursuant to Rule 5.12.2.

Subrule 5.13.2(2) provides that, for the purposes of subrule (1), the announcement must be made in writing, by facsimile or electronic delivery to the operator of the Market where Cash Market Products in the Bid Class have been granted Official Quotation.

Rule 5.13.2 substantially reflects Pre-Commencement Market Integrity Rule 6.2.2 (APX, ASX and Chi-X).

Part 5.14 Market Participant acting for Bidder or Issuer

Rule 5.14.1 Market Participant to advise seller if acting for Bidder or Issuer

Rule 5.14.1 provides that, where a Market Participant:

- (a) has an order from the Bidder in relation to a Takeover Off-Market Bid;
- (b) has made an announcement to the Market where the Cash Market Products are quoted, on behalf of a Bidder to acquire Cash Market Products under a Takeover Market Bid; or
- (c) acts for a company involved in a buy-back under Chapter 2J of the Corporations Act conducted On-Market on the Market where the Cash Market Products are quoted,

the Market Participant must not accept, or transact, an order to sell Cash Market Products in the Bid Class referred to in paragraph (a) or subject to the announcement referred to in paragraph (b) or subject to the buy-back referred to in paragraph (c) unless the Market Participant:

- (d) advises the seller that it is acting for the Bidder or that it is acting for the company involved in the buy-back and is thus unable to give the seller advice in respect of the proposed sale; and
- (e) does not give the seller any advice in respect of the proposed sale.

Rule 5.14.1 substantially reflects Pre-Commencement Market Integrity Rule 6.3.1 (APX, ASX and Chi-X).

Chapter 5A: – Crossing Systems

Part 5A.1 – Reporting requirements for Crossing Systems

Rule 5A.1.1 – Reporting requirements for Crossing Systems—Crossing System Initial Report

Subrule 5A.1.1(1) provides that a Market Participant which operates, or proposes to operate, Crossing System in this jurisdiction must provide a Crossing System Initial Report(1) including details about the nature, operation and users of the Crossing System.

Subrule 5A.1.1(2) provides that the Market Participant who must provide a Crossing System Initial Report to ASIC under Subrule 5A.2.1(1) must provide the Crossing System Initial Report to ASIC no later than 20 business days before the day the Market Participant begins to operate the Crossing

System.

Rule 5A.1.1 substantially reflects Pre-Commencement Market Integrity Rule 4A.2.1 (Competition).

Rule 5A.1.2 – Reporting requirements for Crossing Systems – Crossing System Monthly Report

Rule 5A.1.2 provides that a Market Participant that operates a Crossing System during a calendar month must if there have been any changes during that month to the information last provided to ASIC in a Crossing System Initial Report or a Crossing System Monthly Report:

- (a) prepare, within 20 business days of the end of the calendar month, a Crossing System Monthly Report setting out the changes to the information provided in the Participant's Crossing System Initial Report or Crossing System Monthly Report last provided to ASIC;
- (b) provide the Crossing System Monthly Report prepared under (a) to ASIC as soon as practicable after it has been prepared.

Rule 5A.1.2 substantially reflects Pre-Commencement Market Integrity Rule 4A.2.2 (Competition).

Part 5A.2 – Disclosure requirements for Crossing Systems

Rule 5A.2.1 – Disclosure requirements for Crossing Systems—Information on a website

Subrule 5A.2.1(1) provides that a Market Participant that operates a Crossing System must keep for a period of 7 years and make available Publicly Available Crossing System Information in relation to that Crossing System on a website that is publicly accessible and free of charge.

Subrule 5A.2.1(2) provides that, for the purposes of subrule (1) "Publicly Available Crossing System Information" means the information set out in the Table in subrule (2). The table specifies the code identifying the Crossing System, the date the Crossing System commenced operation in this jurisdiction, the financial products traded on the Crossing System, the access criteria used to determine eligibility to use the Crossing System, and the ways the Crossing System interacts with other Crossing Systems and aggregators

Subrule 5A.2.1(3) provides that a Market Participant must, within one business day of implementing changes to the operation of the Crossing System described in the Publicly Available Crossing System Information, update the website where the Publicly Available Crossing System Information is made available, to reflect those changes.

Subrule 5A.2.1(4) provides that a Market Participant must give ASIC a copy of the Publicly Available Crossing System Information published under subrule (1) and each update to the Publicly Available Crossing System Information made available under subrule (3) within one business day of making that information available on the website under the Rule.

Subrule 5A.2.1(5) provides that ASIC may determine in writing a notification of market operator codes referred to in subrule (2). The note to the subrule indicates the notifications referred to in the subrule are available of the Federal Register of Legislation.

Rule 5A.2.1 substantially reflects Pre-Commencement Market Integrity Rule 4A.3.1 (Competition).

Rule 5A.2.2 – Disclosure requirements for Crossing Systems—Information for users

Subrule 5A.2.2(1) provides a Market Participant that operates a Crossing System must:

- (a) prior to accepting an Order from a client for the first time after the time at which a Market Participant must comply with this Rule, provide the client with a copy of the Publicly Available Crossing System Information or inform the client of the website address where that information is available; and
- (b) for all clients who are informed under paragraph (a), inform those clients each time an update to the Publicly Available Crossing System Information is published under Rule 5A.2.1(3), prior to accepting an Order from that client after the information has been updated.

Subrule 5A.2.2(2) provides that a Market Participant that operates a Crossing System must:

- (a) prior to accepting an Order from a client for the first time; and
- (b) prior to accepting an Order from a client after the Non-Public Crossing System Information has been updated under subrule (3),

provide that client with a document containing Non-Public Crossing System Information.

Subrule 5A.2.2(3) provides that a Market Participant must, within one business day of implementing changes to the operation of the Crossing System described in the Non-Public Crossing System Information, update the Non-Public Crossing System Information to reflect those changes.

Subrule 5A.2.2(4) provides that a Market Participant must give ASIC a copy of:

- (a) the Non-Public Crossing System Information provided under subrule (2), within one business day of first providing that information; and
- (b) each update to the Non-Public Crossing System Information provided under subrule (3), within one business of that update.

Subrule 5A.2.2(5) provides that for the purposes of the Rules, "Non-Public Crossing System

Information" means the information set out in the Table in subrule (5). The Table specifies a description of users' obligation, order types, the operation of the Crossing System and the fees imposed to gain access to the Crossing System.

Rule 5A.2.2 substantially reflects Pre-Commencement Market Integrity Rule 4A.3.2 (Competition).

Rule 5A.2.3 – Notification of Crossing System outages

Rule 5A.2.3 provides that if technical or other system issues materially affect the efficiency of or proper functioning of a Crossing System operated by a Market Participant, that Participant must provide the following information, in writing, to ASIC and all users with Orders in the Crossing System other than users who are retail clients:

- (a) a description of the effect of the technical or other system issues;
- (b) how the technical or other system issues are being managed by the Market Participant;
- (c) any alternative arrangements for users' Orders that have been put in place by the Market Participant while the technical or other systems issues persist; and
- (d) when the technical or other system issues have been resolved,

as soon as practicable after the system issue arises, or the issue is resolved, as applicable.

Rule 5A.2.3 substantially reflects Pre-Commencement Market Integrity Rule 4A.3.3 (Competition).

Part 5A.3 –Fair treatment, fairness and priority in dealing and opting out by users of Crossing Systems

Rule 5A.3.1 Fair treatment of all users of a Crossing System

Subrule 5A.3.1(1) provides that a Market Participant that operates a Crossing System must ensure that the Crossing System is operated by a common set of procedures that balance the interests of all users of the Crossing System and do not unfairly discriminate between users of the Crossing System.

Subrule 5A.3.1(2) provides that subrule (1) does not prevent a Participant that operates a Crossing System from providing less favourable treatment for its own use of the Crossing System, or less favourable treatment for use of the Crossing System by its Related Bodies Corporate.

Rule 5A.3.1 substantially reflects Pre-Commencement Market Integrity Rule 4A.4.1 (Competition).

Rule 5A.3.2 Fairness and priority in dealing

Rule 5A.3.2 provides, in subrule (1) that a Market Participant that operates a Crossing System must ensure that the Crossing System deals fairly and in due turn with Clients' Orders; and a Client Order and an order of the Participant trading as Principal

Rule 5A.3.2 substantially reflects Pre-Commencement Market Integrity Rule 4A.4.2 (Competition).

Rule 5A.3.3 Relevant factors

Subrule 5A.3.3(1) sets out the factors that are relevant in considering whether Rule 5A.3.2. has been complied with. The factors set out in the subrule are that:

- (a) the Market Participant acts in accordance with its instructions;
- (b) Orders that do not involve the exercise of discretion by the Market Participant in relation to the time or price or quantity of the Order are entered in the Crossing System in the sequence in which they are received, and otherwise as expeditiously as practicable;
- (c) Orders of a client (which is not a Prescribed Person) that involve the exercise of discretion by the Market Participant in relation to the time or price or quantity of the Order are given preference, within the meaning of subrule (2), over the Market Participant's Orders as Principal, unless the client otherwise consents;
- (d) if the sequence of entry of Orders into the Crossing System is not clearly established by the time the Orders were received, and one of the Orders is for the Market Participant trading as Principal, the Market Participant gives preference to the Order of a client over the Market Participant's Orders as Principal;
- (e) if the Market Participant has acted in accordance with its procedures to ensure that a person initiating, transmitting or executing an Order who is aware of instructions of a client (which is not a Prescribed Person) to deal in the relevant financial products that has not been entered in the Crossing System does not use that information to the disadvantage of that client;
- (f) the Market Participant buys or sells for a wholesale client;
- (g) allocation of transactions executed on the Crossing System occurs fairly; and
- (h) a Participant's Orders as Principal are not knowingly interposed between Orders of its clients that would otherwise have Crossed.

Subrule 5A.3.3(2) provides that in Rule 5A.3.3 (1)(c), a reference to a Market Participant giving preference to an Order of a client over the Market Participant's Orders as Principal, means that from the time of receipt of the Order until it is fully executed, the Market Participant does not enter into, as Principal, a transaction executed on the Crossing System for the same financial products on the same terms, having regard to subrule (3), unless:

- (a) the financial products are allocated to the client in accordance with the client's instructions; or
- (b) the financial products are allocated to the client pursuant to an allocation policy previously disclosed to the client, to which the client consents, under which the Market Participant may buy or sell (and be allocated) the same Financial Products as Principal.

Subrule 5A.3.3(3) provides that for the purposes of subrule (2), a limit Order which cannot be executed owing to price differences is not on the same terms.

Rule 5A.3.3 substantially reflects Pre-Commencement Market Integrity Rule 4A.4.3 (Competition).

Rule 5A.3.4 – Opting out of Crossing Systems

Rule 5A.3.4 provides that a Market Participant that operates a Crossing System must permit a client or other user of the Crossing System to opt out of having its Orders sent to the Participant's Crossing System (including any other Crossing System that may be accessible through the Participant's Crossing System), and the Market Participant must not impose on a user that opts out any additional operational or administrative requirements as a consequence of opting out of the Crossing System.

Rule 5A.3.4 substantially reflects Pre-Commencement Market Integrity Rule 4A.4.4 (Competition).

Part 5A.4 – Crossing Systems—Monitoring and suspicious activity reporting

Rule 5A.4.1 – Monitoring activities in a Crossing System

Subrule 5A.4.1(1) provides that a Market Participant that operates a Crossing System must monitor use of its Crossing System for compliance with the obligations of users described in subrule 5A.2.2(5); monitor use of its Crossing System for compliance with the operating procedures of the Crossing System; and take action to ensure breaches identified under paragraphs (a) and (b) do not recur.

Subrule 5A.4.1(2) provides a Market Participant must notify ASIC, in writing, of all significant breaches identified by the Participant during the course of monitoring undertaken under subrule 5A.4.1(1) as soon as practicable after identification of the relevant breach.

Subrule 5A.4.1(3) provides that a Market Participant must keep records that demonstrate the monitoring activities it undertakes under Rule 5A.4.1, and of all breaches identified under Rule 5A.4.1 for a period of seven years.

Rule 5A.4.1 substantially reflects Pre-Commencement Market Integrity Rule 4A.5.1 (Competition).

Rule 5A.4.2 – Crossing System suspicious activity reporting

Subrule 5A.4.2(1) provides that if a Market Participant that operates a Crossing System has reasonable grounds to suspect that:

- (a) a person has placed an Order into or entered into a transaction on the Crossing System operated by the Participant in relation to a financial product while in possession of inside information (within the meaning of section 1042A of the Act), whether or not the Market Participant is aware of the identity of the Insider, or all of the details of the Order or transaction; or
- (b) a transaction or an Order transmitted to or executed on the Crossing System operated by the Market Participant has or is likely to have the effect of:
 - (i) creating an artificial price for trading in financial products on a financial market operated in this jurisdiction;
 - (ii) maintaining at a level that is artificial (whether or not it was previously artificial) a price for trading in financial products on a financial market operated in this jurisdiction;
 - (iii) creating, or causing the creation of, a false or misleading appearance of active trading in financial products on a financial market operated in this jurisdiction; or
 - (iv) creating, or causing the creation of, a false or misleading appearance with respect to the market for, or the price for trading in, financial products on a financial market operated in this jurisdiction,

whether or not the Market Participant is aware of the intention of any party to the transaction or Order, or all of the details of the transaction or Order, the Market Participant must, as soon as practicable, notify ASIC in writing of the details of the transaction or Order (to the extent known to the Participant) and the reasons it suspects the matter set out in paragraphs (a) and/or (b).

Subrule 5A.4.2(2) provides Market Participant is not required to notify ASIC under subrule (1) if the Market Participant has reported the information that would otherwise be required to be contained in the notification to ASIC under subrule (1) to the Australian Transaction Reports and Analysis Centre under section 41 of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* or under section 16 of the *Financial Transaction Reports Act 1988*.

Rule 5A.4.2 substantially reflects Pre-Commencement Market Integrity Rule 4A.5.2 (Competition).

Rule 5A.4.3 – Confidentiality

Rule 5A.4.3 provides that a Relevant Participant who notifies ASIC under Rule 5A.4.2(1) must not

disclose that the notification was made, or the information contained in the notification, to any person other than for the purposes of seeking legal advice or as required by law.

Rule 5A.5.3 substantially reflects Rule 4A.5.3 (Competition).

Part 5A.5 – Crossing System Tick Sizes and system controls

Rule 5A.5.1 – Crossing System operators to use standard Tick Sizes

Subrule 5A.5.1(1) provides that a Relevant Participant that operates a Crossing System must not accept, display or queue Orders in its Crossing System 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 admitted to quotation on the ASX Market or admitted to quotation on the Chi-X Market under the Chi-X operating rules priced at less than \$0.10.

Subrule 5A.5.1(2) provides that Rule 5A.6.1 (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 6.2.3, a transaction at the Best Mid-Point.

Rule 5A.5.1 substantially reflects Pre-Commencement Market Integrity Rule 4A.6.1 (Competition).

Rule 5A.5.2 – Crossing System—efficiency and integrity controls

Subrule 5A.5.2(1) provides, that subject to subrule (3), a Market Participant that operates a Crossing System must at all times have appropriate automated filters designed to ensure the efficiency and integrity of the Crossing System.

Subrule 5A.5.2(2) provides a Market Participant that operates a Crossing System must ensure it has controls that enable immediate:

- (a) suspension of, limitation of, or prohibition on, the entry into any Crossing System operated by the Relevant Participant of Orders in a series of related Orders where the Relevant Participant has identified that Orders in the series have entered the Crossing System operated by the Relevant Participant and have interfered with or are likely to interfere with the efficiency or integrity of the Crossing System; and
- (b) cancellation of Orders in a series that have already entered a Crossing System operated by the Relevant Participant where the entry of further Orders in the series has been suspended,

limited or prohibited under paragraph (a).

Subrule 5A.5.2(3) provides that a Market Participant that is subject to Rule 5.6.1 and 5.6.3 of the Rules does not have to comply with this Rule. Rules 5.6.1 and 5.6.3 require Market Participants to have automated filters and controls.

Rule 5A.5.2 substantially reflects Pre-Commencement Market Integrity Rule 4A.6.2 (Competition).

Chapter 6 Pre- and Post-Trade Transparency

Part 6.1 Orders must be Pre-Trade Transparent

Rule 6.1.1AA Application of Part

Subrule 6.1.1AA(1) provides that Part 6.1 applies to:

- (a) the operator of a Market on or through which offers to acquire or dispose of Equity Market Products are made or accepted;
- (b) Participants of the Markets referred to in paragraph (a);
- (c) the operator of a CGS Market;
- (d) CGS Market Participants; and
- (e) Orders and transactions in Equity Market Products and CGS Depository Interests.

Subrule 6.1.1AA(2) provides that, in Part 6.1, Relevant Products means Equity Market Products and CGS Depository Interests; Relevant Participant means a participant referred to in subparagraph 1(b) or (d); and Operator means any of the operators referred to in subparagraph 1(a) and (c).

Rule 6.1.1AA substantially reflects Pre-Commencement Market Integrity Rule 4.1A.1 (Competition).

Rule 6.1.1 – Relevant Participants to enter into transactions on Pre-Trade Transparent Order Book, subject to exceptions

Subrule 6.1.1(1) provides that, subject to subrule (2), a Relevant 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.

Subrule 6.1.1(2) lists the exceptions to the requirements of subrule 6.1.1(1). Relevant Participants are not required to comply with subrule 6.1.1(1) in relation to:

- (a) Block Trades;

- (b) Large Portfolio Trades;
- (c) a Trade with Price Improvement;
- (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.

Subrule 6.1.1(3) provides that a Relevant Participant that enters into a transaction in reliance on a pre-trade transparency exception in subrule (2) must keep, for a period of seven years from the date of the transaction, records that enable the Relevant Participant to demonstrate that the relevant transaction met the criteria for the relevant exception. Subrule 6.1.1(3) further specifies that a Relevant Participant that executes a transaction in reliance on the exception in paragraph (2)(c) for a Trade with Price Improvement, must keep a record of the Best Available Bid and Best Available Offer, if applicable, at the time the transaction was executed.

Rule 6.1.1 substantially reflects Pre-Commencement Market Integrity Rule 4.1.1 (Competition).

Rule 6.1.2 – Operator to immediately make available Pre-Trade Information subject to exceptions

Subrule 6.1.2(1) provides that an Operator must make available Pre-Trade Information for each Market it operates, 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. Subrule 6.1.2(1) also sets out the timing requirements for the availability of the Pre-Trade Information. For all Orders received during Trading Hours for the Market, the Operator must make available Pre-Trade Information Continuously and in Real-Time. For all Orders received outside of Trading Hours for the Market, the Operator must make available Pre-Trade Information by no later than the time Trading Hours next resume

Subrule 6.1.2(1A) provides that an Operator must keep the records referred to in subrule (1) for a period of seven years.

Subrule 6.1.2(2) lists the exceptions to the requirements of subrule (1). Operators are not required to comply with subrule 6.1.2(1) if the Order or Orders would result in a Block Trade, a Large Portfolio Trade or a Trade with Price Improvement.

Subrule 6.1.2(3) provides that a Market Operator must take reasonable steps to ensure that the Pre-Trade Information it makes available is and remains complete, accurate and up-to-date at all times..

Rule 6.1.2 substantially reflects Pre-Commencement Market Integrity Rule 4.1.2 (Competition).

Rule 6.1.3 – Operator to make available Pre-Trade Information on reasonable commercial terms and on a non-discriminatory basis

Rule 6.1.3 provides that subject to Rule 6.2.1, where a person in this jurisdiction seeks access to Pre-Trade Information for a Market, the Operator of that Market must make the Pre-Trade Information available on reasonable commercial terms, and on a non-discriminatory basis

Rule 6.1.3 substantially reflects Pre-Commencement Market Integrity Rule 4.1.3 (Competition).

Rule 6.1.4 – Pre-Trade Information—Equity Market Products

Rule 6.1.4 provides a definition for Pre-Trade Information in relation to an Order for an Equity Market Product.

Rule 6.1.4 substantially reflects Pre-Commencement Market Integrity Rule 4.1.4 (Competition).

Rule 6.1.4A – Pre-Trade Information—CGS Depository Interests

Rule 6.1.4A provides a definition for Pre-Trade Information in relation to an Order for a CGS Depository Interest.

Rule 6.1.4A substantially reflects Pre-Commencement Market Integrity Rule 4.1.4A (Competition).

Rule 6.1.5 – Partly Disclosed Orders

Subrule 6.1.5(1) provides a definition for the term Partly Disclosed Order.

Subrule 6.1.5(2) provides that for the purposes of subrule (1), a Partly Disclosed Order includes an Order on an Order Book which the operating rules of the relevant Market or CGS Market (as applicable):

- (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 part 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.

Rule 6.1.5 substantially reflects Pre-Commencement Market Integrity Rule 4.1.5 (Competition).

Rule 6.1.6 – Application to partly filled Orders

Rule 6.1.6 provides that where an exception referred to in subrule 6.1.1(2) or subrule 6.1.2(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.

Rule 6.1.6 substantially reflects Pre-Commencement Market Integrity Rule 4.1.6 (Competition).

Rule 6.1.7 – Priority for Disclosed Orders and Partly Disclosed Orders

Rule 6.1.7 provides that an Operator must not permit a Hidden Order on an Order Book of its market to have Time Priority over a Disclosed Order or Partly Disclosed Order in the same Equity Market Product, at the same price, as the Hidden Order.

Rule 6.1.7 substantially reflects Pre-Commencement Market Integrity Rule 4.1.7 (Competition).

Rule 6.1.8 – Deals to which this Part does not apply

Rule 6.1.8 provides, for the avoidance of doubt, that Part 6.1 does not apply to transactions arising from:

- (a) the terms of a Relevant Product, including a redemption;
- (b) primary market actions, including an issue or allotment of, or an application or subscription for, a Relevant Product;
- (c) acceptance of an offer under an Takeover Off-Market Bid; and
- (d) the delivery of a Relevant Product under a securities lending arrangement.

Rule 6.1.8 substantially reflects Pre-Commencement Market Integrity Rule 4.1.8(Competition).

Part 6.2– Pre-Trade Information—Exceptions

Rule 6.2.1AA – Application of Part

Subrule 6.2.1AA(1) provides that 1 provides that Part 6.2 applies to:

- (a) the operator of a Market on or through which offers to acquire or dispose of Equity Market Products are made or accepted;
- (b) Participants of the Markets referred to in paragraph (a);
- (c) the operator of a CGS Market;

- (d) CGS Market Participants; and
- (e) Orders and transactions in Equity Market Products and CGS Depository Interests.

Subrule 6.2.1AA(2) provides that 1 provides that in Part 6.2 Relevant Products means Equity Market Products and CGS Depository Interests; Relevant Participant means a participant referred to in subparagraph 1(b) or (d); and Operator means any of the operators referred to in subparagraph 1(a) and (c).

Rule 6.2.1AA substantially reflects the application provisions of Pre-Commencement Market Integrity Rule 4.1A.1 (Competition).

Rule 6.2.1 – Exception—Block Trades

Subrule 6.2.1(1) provides a definition for the term Block Trade. The subrule reflects the provisions of Pre-Commencement Market Integrity Rule 4.2.1(1), with amendments to that rule that clarify that:

- (a) a Block Trade cannot include orders from more than one client on both sides of the transaction, but may include orders from a buying or selling client on one side of the transaction and on behalf of one or more clients on the other side;
- (b) may have multiple clients on one side of the transaction and a principal on the other side of the transaction; and
- (c) allows aggregation of client and principal orders on the same side of a Block Trade transaction once the block trade consideration threshold has been met by the client orders on each side of the transaction.

Subrule 6.2.1(2) provides that for the purposes of paragraph 6.2.1(1)(b), Relevant Products that differ only in relation to the amount of dividend or distribution payable are in the same class.

Subrule 6.2.1(3) provides definitions of Tier 1, Tier 2 and Tier 3 Equity Market Products for the purposes of calculating the consideration for a Block Trade transaction.

Subrule 6.2.1(4) provides for ASIC to determine Tier 1, Tier 2 and Tier 3 Equity Market Products in writing.

Subrule 6.2.1(5) provides for the commencement date of the instrument referred to in subrule (4). The instrument is a legislative instrument.

Rule 6.2.1 reflects Pre-Commencement Market Integrity Rule 4.2.1 (Competition).

Rule 6.2.2 – Exception—Large Portfolio Trades

Subrule 6.2.2(1) provides a definition for the term Large Portfolio Trade in the Rules.

Rule 6.2.2(2) provides that a Large Portfolio Trade can comprise additional purchases or sales in other classes where the consideration for those classes is less than \$200,000, without affecting the classification of the transaction as a Large Portfolio Trade.

Rule 6.2.2 reflects Pre-Commencement Market Integrity Rule 4.2.2 (Competition), with amendments that clarify that a Large Portfolio Trade may only be executed off-Order Book as a Crossing with a single party on each side of the transaction.

Rule 6.2.3 – Exception—Trades with Price Improvement

Subrule 6.2.3(1) defines a Trade with Price Improvement and provides that a transaction is a Trade with Price Improvement where:

- (a) the transaction is executed at a price per Relevant Product which is either higher than the Best Available Bid and lower than the Best Available Offer by one or more Price Steps, or at the Best Mid-Point; or
- (b) if the transaction is entered into other than by matching of Orders on an Order Book, the Relevant Participant acts either on behalf of both buying and selling clients to that transaction on behalf of a buying or selling client on one side of that transaction and as Principal on the other side.

Subrule 6.2.3(2) provides that for the purposes of Rule 6.2.3, the Best Mid-Point is not limited to standard Price Steps for the Relevant Product.

Rule 6.2.3 substantially reflects Pre-Commencement Market Integrity Rule 4.2.3 (Competition).

Rule 6.2.4 – Exception—Permitted Trades during the Post-Trading Hours Period

Rule 6.2.4 provides a definition for the term Permitted Trade during the Post-Trading Hours Period.

Rule 6.24 substantially reflects Pre-Commencement Market Integrity Rule 4.2.4 (Competition).

Rule 6.2.5 – Exception—Permitted Trades during the Pre-Trading Hours Period

Rule 6.2.5 provides a definition for the term Permitted Trade during the Pre-Trading Hours Period.

Rule 6.2.5 substantially reflects Pre-Commencement Market Integrity Rule 4.2.5 (Competition).

Rule 6.2.6 – Exception—Out of Hours Trade

Rule 6.2.6 provides a definition for the term Out of Hours Trade.

Rule 6.2.6 substantially reflects Pre-Commencement Market Integrity Rule 4.2.6 (Competition).

Part 6.3 – Transactions must be post-trade transparent

Rule 6.3.1AA– Application of Part

Subrule 6.3.1AA(1) provides that provides that Part 6.3 applies to:

- (a) the operator of a Market on or through which offers to acquire or dispose of Equity Market Products are made or accepted;
- (b) Participants of the Markets referred to in paragraph (a);
- (c) the operator of a CGS Market;
- (d) CGS Market Participants; and
- (e) Orders and transactions in Equity Market Products and CGS Depository Interests except Rule 6.3.6A which applies to transactions in financial products executed on a Market or reported to a Market operator.

Subrule 6.3.1AA(2) provides that, in Part 6.3, Relevant Products means Equity Market Products and CGS Depository Interests; Relevant Participant means a participant referred to in subparagraph 1(b) or (d);and Operator means any of the operators referred to in subparagraph 1(a) and (c).

Rule 6.3.1AA substantially reflects the application provisions of Pre-Commencement Market Integrity Rule 5.1A.1 (Competition).

Rule 6.3.1AB – Dealings to which this Part does not apply

Rule 6.3.1AB provides that Part 6.3 of the Rules does not apply to:

- (a) a Relevant 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 a Relevant Product, or acceptance of an offer under an Off-Market Bid;
- (c) the delivery of a Relevant Product under a securities lending arrangement; and
- (d) Exchange-Traded Fund Special Trades within the meaning of the term “ETF Special Trade” given by the operating rules of a Market.

Rule 6.3.1AB substantially reflects the application provisions in Pre-Commencement Market Integrity Rule 5.2.2 (Competition).

Rule 6.3.1 – Relevant Participants to report transactions done other than on an Order Book of a Market

Subrule 6.3.1(1) provides that the Reporting Participant must report Post-Trade Information for a transaction entered into otherwise than matching of Orders on an Order Book, to an Operator.

Sub-paragraph 6.3.1(2)(a)(i) provides that the Reporting Participant must report Post-Trade Information for a transaction referred to in subrule 6.3.1(1) immediately after the transaction is executed, if the transaction is matched or executed during Normal Trading Hours, unless exceptions in paragraph 6.3.1(2)(b) apply.

Sub-paragraph 6.3.1(2)(a)(ii) provides that if a transaction is matched or executed during a period in which there is an Auction on the Market to which the transaction will be reported, the Reporting Participant must report Post-Trade information for a transaction referred to in subrule 6.3.1(1) immediately after that Auction, unless exceptions in paragraph 6.3.1(2)(b) apply.

Sub-paragraph 6.1.1(2)(a)(iii) provides that if a transaction is executed outside of the times referred to in sub-paragraphs 6.1.1(2)(a)(i) and (ii), the Reporting Participant must report Post-Trade information for a transaction referred to in subrule 6.1.1(1) 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, unless exceptions in paragraph 6.1.1(2)(b) apply.

Paragraph 6.3.1(2)(b) provides exceptions to paragraph 6.3.1(2)(a) by providing that if the transaction is a Large Principal Transaction or a Large Portfolio Trade in which the Reporting Participant acts as Principal as either buyer or seller, the Reporting Participant must report Post-Trade Information for the transaction 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 6.3.1(3).

Subrule 6.3.1(3) provides that if the transaction referred to in paragraph 6.1.1(2)(b) is executed before 1.00 pm on a Trading Day, the Reporting Participant must report the Post-Trade Information relating to that transaction by no later than 15 minutes prior to the next Trading Day of the Market on which the Reporting Participant determines the transaction has taken place, or if the transaction is executed after 1.00 pm on a Trading Day, the Reporting Participant must report the Post-Trade Information relating to that transaction by no later than 1.00 pm on the next Trading Day of the Market on which the Reporting Participant determines the transaction has taken place.

Subrule 6.3.1(4) provides that the Reporting Participant must take reasonable steps to ensure that all Post-Trade Information it reports under subrule 1(2) is and remains complete, accurate and up-to-date.

Subrule 6.3.1(4A) provides that, without limiting subrule (4), a Reporting Participant must have in place systems and controls to ensure that each Transaction it reports under subrule (2) and (3) meets all of the criteria for:

- (a) the exception in subrule 6.1.1(2) relied upon by the Reporting Participant to enter into the transaction other than in accordance with subrule 6.1.1(1); and
- (b) the exception in paragraph 6.3.1(2)(b), if the Reporting Participant has relied upon that exception to report the transaction other than in accordance with the times set out in paragraph 6.3.1(2)(a).

Subrule 6.3.1(4B) provides that a Reporting Participant that is notified by an Operator under paragraph 6.3.4A(3)(b) in relation to a transaction it has reported, must immediately amend or cancel the transaction or take other appropriate measures in relation to the transaction, having regard to the Reporting Participant's obligations under Rule 6.3.1 and Rule 6.1.1.

Subrule 6.3.1(5) provides where a Relevant Participant that enters into more than one transaction as Principal and in the same class of Relevant 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, the Participant must take reasonable steps to ensure that those transactions are reported as a single transaction.

Rule 6.3.1 reflects Pre-Commencement Market Integrity Rule 5.1.1 (Competition).

Rule 6.3.2 – Reporting Participant

Subrules 6.3.2(1) and (2) provide definitions for the terms Reporting Participant and Executing Participant.

Subrule 6.3.2(3) provides that if a Relevant Participant is deemed to be the Executing Participant in accordance with (2)(b)(ii), the Relevant Participant that is the seller or is acting on behalf of the seller must document the agreement reached.

Subrule 6.3.2(4) provides that each Relevant Participant that is a party to a transaction to which subrule (1) applies, must take reasonable steps to determine, prior to the transaction being executed, which party is the Reporting Participant.

Rule 6.3.2 substantially reflects Pre-Commencement Market Integrity Rule 5.1.2 (Competition).

Rule 6.3.3 – Application to constituent parts of portfolio trade

Rule 6.3.3 provides that, where a Relevant Participant enters into a single agreement to buy or sell more than one class of products, the Relevant Participant may consider each class of Relevant Products to be bought or sold under the agreement as a separate transaction for the purpose of determining whether that Transaction is a Large Principal Transaction.

Rule 6.3.3 substantially reflects Pre-Commencement Market Integrity Rule 5.1.3 (Competition).

Rule 6.3.4 – Operator to immediately make available Post-Trade Information

Subrule 6.3.4(1) provides that an Operator must make available Post-Trade Information for each Market it operates to all persons in this jurisdiction who have entered into an arrangement with the Operator to access the Post-Trade Information on that basis.

Subrule 6.3.4(1) also sets out the timing requirements for display of Post-Trade Information by an Operator in relation to transactions executed or reported during Trading Hours, subrule 6.3.4(1) requires the Market Operator to display the Post-Trade Information Continuously and in Real-Time. If the Post-Trade Information relates to transactions executed or reported outside Normal Trading Hours, subrule 6.3.4(1) requires the Operator to display the Post-Trade Information before Trading Hours next resume.

Subrule 6.3.4(1A) requires an Operator to keep records of the Post-Trade Information referred to in subrule (1) for a period of 7 years.

Subrule 6.3.4(2) provides that an Operator must take reasonable steps to ensure that the information it makes available under subrule 6.3.4(1) is and remains complete, accurate and up-to-date.

Rule 6.3.4 substantially reflects Pre-Commencement Market Integrity Rule 5.1.4 (Competition).

Rule 6.3.4A – Operator to validate Post-Trade Information

Subrule 6.3.4A(1) provides that without limiting subrule 6.3.4(2), an Operator that receives a report of Post-Trade Information for a transaction from a Reporting Participant under Rule 6.3.1 must have in place arrangements to determine whether the transaction as reported meets the criteria for:

- (a) the exception in subrule 6.1.1(2) relied upon by the Reporting Participant to enter into the transaction other than in accordance with subrule 6.1.1(1); and
- (b) where applicable, the exception in paragraph 6.3.1(2)(b) relied upon by the Reporting Participant to report the transaction other than in accordance with the times set out in paragraph 6.3.1(2)(a).

Subrule 6.3.4A(2) provides that, without limiting subrule (1), the Operator must have in place arrangements that enable the Operator to determine that the applicable criteria set out in column 3 of the Table in subrule 6.3.4A(2) are met in relation to each transaction of the kind set out in column 1, as follows:

- (a) for all applicable criteria in relation to a transaction, other than the criteria in items 3, 5 or 12, before accepting a report of Post-Trade Information for the transaction; and
- (b) for the applicable criteria in items 3, 5 or 12, as soon as practicable after the report of Post-Trade Information for the transaction is received, and by no later than the end of the same Trading Day.

The Table in subrule 6.3.4A(2) sets out specific criteria to be validated against specific transaction types (i.e. Block Trades, Large Portfolio Trades, Trade with Price Improvement, Permitted Trades During the Post-Trading Hours Period, Permitted Trades During the Pre-Trading Hours Period, Out of Hours Trades and Large Principal Transactions).

Subrule 6.3.4A(3) provides that where an Operator determines under Rule 6.3.4A that a transaction reported to it under Rule 6.3.1 does not meet one or more of the applicable criteria set out in the Table in subrule 6.3.4A(2), other than the criteria in item 3, 5 or 12, the Operator:

- (a) must not accept the report of Post-Trade Information for the transaction;
- (b) must notify the Reporting Participant that the Operator will not accept the report of Post-Trade Information for the transaction; and
- (c) must not make available Post-Trade Information for the transaction under Rule 6.3.4.

Subrule 6.3.4A(4) provides that where an Operator determines under Rule 6.3.4A that a transaction reported to it under Rule 6.3.1 does not meet one or more of the applicable criteria in items 3, 5 or 12 of the Table in subrule (2), the Operator must take steps to cancel the transaction or take other appropriate measures in relation to the transaction, having regard to the Operator's obligations under Rule 6.3.4A and Rule 6.3.4.

Rule 6.3.4A substantially reflects Pre-Commencement Market Integrity Rule 5.1.4A (Competition).

Rule 6.3.5 – Operator to make available Post-Trade Information on reasonable commercial terms and on a non-discriminatory basis

Rule 6.35 provides that, subject to Rule 9.2.1, where a person in this jurisdiction seeks access to Post-Trade Information, the Operator must make that Post-Trade Information available on reasonable commercial terms and on a non-discriminatory basis.

Rule 6.3.5 reflects Pre-Commencement Market Integrity Rule 5.1.5 (Competition).

Rule 6.3.6 – Operator to make available Trading Information on a website within 20 minutes

Subrule 6.3.6(1) provides that an Operator must make available Trading Information for each Market it operates, on a website that is publicly accessible, free of charge and on a delayed basis of no more than 20 minutes.

Subrule 6.3.6(2) provides the definition of Trading Information used in subrule 6.3.6(1) for Equity Market Products. The information is: Product identification, last traded price, bid price, offer price, transaction high price, transaction low price, trading day transaction volume, trading status of products and the time delay for which the above information is made available.

Subrule 6.3.6(3) provides the definition of Trading Information used in subrule 6.3.6(1) for CGS Depository Interests. The information includes, in addition to the information in subrule (2), coupon information, maturity date information, and face value of CGS Depository Interests.

Rule 6.3.6 substantially reflects Pre-Commencement Market Integrity Rule 5.1.6 (Competition).

Rule 6.3.6A – Operator to make available Course of Sales information within three days

Subrule 6.3.6A(1) requires an Operator to make available Course of Sales Information for each transaction in a financial product executed or reported to its Market.

Subrule 6.3.6A(1A) requires an Operator to keep records of the Course of Sales Information referred to in subrule (1) for a period of seven years.

Subrule 6.3.6A(2) provides a definition for "Course of Sales Information" in relation to each financial product that is quoted on the Operator's Market. It includes product identification, transaction time, price and volume of each financial product subject of each transaction, value of each transaction, the buy and sell participant identifier for each transaction, the applicable code if the transaction involved was a Crossing, and the code identifying the venue on which the transaction was executed including market, Crossing System or other facility.

Subrule 6.3.6A(3) requires an Operator to make available the information required in subrule (1) for each transaction in a financial product was executed on, or reported to its Market on the third business day after each transaction, on reasonable commercial terms, and on a non-discriminatory basis.

Subrule 6.3.6A(4) provides that ASIC may determine in writing the execution venue codes that are referred to in the 'Course of Sales Information' in subrule (2). The determination is a legislative instrument.

Rule 6.3.6A substantially reflects Pre-Commencement Market Integrity Rule 5.1.6A (Competition).

Rule 6.3.7 – Post-Trade Information—Equity Market Products

Rule 6.3.7 provides a definition for the term Post-Trade Information, for transactions in Equity Market Products: for on Order Book matching of orders, for matching otherwise than on an Order Book, and for transactions that are cancelled. The information includes, depending, whether it is on Order Book, a cancellation or off Order Book: the date and time of the transaction, the product identifier, the volume, the price, the currency, if the transaction was cancelled, a cancellation indicator and the original trade date, and the exception code for off Order Book or without pre-trade information transactions.

Rule 6.3.7 substantially reflects Pre-Commencement Market Integrity Rule 5.1.7 (Competition).

Rule 6.3.7A – Post-Trade Information—CGS Depository Interests

Rule 6.3.7A provides a definition of Post-Trade Information for transactions in CGS Depository Interests. The information includes the date and time of the transaction, the product identifier, the volume, the price, if the transaction was cancelled, a cancellation indicator and the original trade date, and the exception code for off Order Book or without pre-trade information transactions

Rule 6.3.7A substantially reflects Pre-Commencement Market Integrity Rule 5.1.7A (Competition).

Part 6.4 – Delayed reporting

Rule 6.4.1AA – Application of Part

Subrule 6.4.1AA provides that provides that Part 6.4 applies to:

- (a) the operator of a Market on or through which offers to acquire or dispose of Equity Market Products are made or accepted;
- (b) Participants of the Markets referred to in paragraph (a);
- (c) the operator of a CGS Market;
- (d) CGS Market Participants; and
- (e) Orders and transactions in Equity Market Products and CGS Depository Interests.

Subrule 6.4.1AA(2) provides that, in Part 6.4, Relevant Products means Equity Market Products and CGS Depository Interests; Relevant Participant means a participant referred to in subparagraph 1(b) or (d); and Operator means any of the operators referred to in subparagraph 1(a) and (c).

Rule 6.4.1AA substantially reflects the application provisions of Pre-Commencement Market Integrity Rule 5.1A.1 (Competition).

Rule 6.4.1 – Delayed reporting, - Large Principal Transaction

Subrules 6.4.1(1) and (3) provide definitions for terms used in these Rules for:

- (a) "Large Principal Transaction";
- (b) "Category A Equity Market Products";
- (c) "Category B Equity Market Products";
- (d) "Category C Equity Market Products"; and
- (e) "Category D Equity Market Products".

Subrule 6.4.1(2) provides that for the purposes of a transaction in which one party to the transaction is the Relevant Participant acting as Principal and the other party to the transaction is the Relevant Participant acting as agent for a client, the client may be a Funds Manager acting on behalf of more than one fund.

Subrule 6.4.1(3) provides that for the purposes of paragraph 6.4.1(1)(b):

- (a) ***Category A Equity Market Products*** means those Equity Market Products admitted to Official Quotation or Trading Status on a Market and notified by the operator of that Market under the operating rules of that Market in accordance with subrule (4);

- (b) **Category B Equity Market Products** means those Equity Market Products admitted to Official Quotation or Trading Status on a Market and notified by the operator of that Market under the operating rules of that Market in accordance with subrule (4);
- (c) **Category C Equity Market Products** means those Equity Market Products admitted to Official Quotation or Trading Status on a Market and notified by the operator of that Market under the operating rules of that Market 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.

Subrule 6.4.1(4) provides that, for the purposes of subrule 6.4.1(3), the notification given by a Market operator must be published on its website and notified in writing to the operators of any other Market where the Equity Market Product is able to be traded, and will take effect from the day following that notification.

Rule 6.4.1 substantially reflects Pre-Commencement Market Integrity Rule 5.2.1 (Competition).

Rule 6.4.2 – Dealings to which this Part does not apply

Rule 6.4.2 provides that Part 6.4 does not apply to:

- (a) a Relevant 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) delivery of an Equity Market Product under a Securities Lending Arrangement; and
- (d) Exchange-Traded Fund Special Trades.

Rule 6.4.2 substantially reflects Pre-Commencement Market Integrity Rule 5.2.2 (Competition).

Chapter 7 Regulatory Data and data feeds

Part 7.1 Data Feeds

Rule 7.1.1 Provision of live electronic data from the Trading Platform

Subrule 7.1.1(1) provides that a Market operator must deliver, or procure delivery of a live feed of the electronic items set out in subrule (2) as generated on or by its Trading Platform, to ASIC or a service provider nominated by ASIC and notified to the Market operator under Rule 7.1.2.

Subrule 7.1.1(1A) requires a Market operator to keep the data referred to in subrule (1) for seven years.

Subrule 7.1.1(2) sets out the content of the data items and fields that must be provided under subrule (1). These items include, order price and volume entries, order amendments, trade price and volume entries. Special trade condition codes, broker numbers and broker identifier codes, participant operator data, tick size, lot size, quotation basis, time stamps and unique order or series identifiers.

Subrule 7.1.1(3) requires the data required by subrule (1) to be provided to ASIC in such format as ASIC notifies to an operator.

Subrule 7.1.1(4) requires the data required by subrule (1) to comply with data security requirements notified to ASIC and be redelivered in certain circumstances.

Subrule 7.1.1(5) requires the data required by subrule (1) to be delivered in a manner, and to a location as ASIC notifies to an operator.

Rule 7.1.1 substantially reflects Pre-Commencement Market Integrity Rule 7.1.1 (APX, ASX and Chi-X).

Rule 7.1.2 – Notification

Rule 7.1.2 provides that ASIC may notify the Market operator in writing of the following details, and changes to these details on provision of a reasonable period of notice to the Market Operator:

- (a) a service provider to whom the live feed of information should be sent;
- (b) additional data items generated on or by the Market Operator's Trading Platform which are not specifically referred to in Rule 7.1.1;
- (c) any data format requirements;
- (d) any data security requirements or requests for redelivery of the data; or
- (e) any requirements around the manner and location of delivery.

Rule 7.1.2 substantially reflects Pre-Commencement Market Integrity Rule 7.1.2 (APX, ASX and Chi-X).

Part 7.2 – Information

Rule 7.2.1 – Provision of information about Market Participants

Rule 7.2.1 requires the Market operator to advise ASIC in writing of changes to specified information about each Market Participant of its Market within 2 Business Days of the change being made. The information includes:

- (a) changes to the Market Participant name;
- (b) changes to the unique identifiers used by the Market Operator to identify trading activities of the Market Participant on the Market operator's Trading Platform; and
- (c) changes to the types of Market Participant, including Trading Participant, Market Maker, or Principal Trader, as applicable; and
- (d) changes to the permissions provided to each Market Participant, being permissions to trade in Cash Market Products; or Derivatives Market Contracts.

Rule 7.2.1 substantially reflects Pre-Commencement Market Integrity Rule 7.2.1 (APX, ASX and Chi-X).

Part 7.3 – Material changes to operating rule procedures

Rule 7.3.1 – Market operator to notify material changes to operating rule procedures

Subrule 7.3.1(1) requires a Market operator to notify ASIC of material changes to the procedures made under its operating rules within a reasonable time before adopting the change.

Subrule 7.3.1(2) provides that where a Market operator is required to make an urgent material change to the written procedures made under its operating rules, the Market operator is required to notify ASIC as soon as practicable after making the change.

Rule 7.3.1 substantially reflects Pre-Commencement Market Integrity Rule 6.5.1 (Competition).

Part 7.4 – Requirements to record and provide Regulatory Data

Rule 7.4.1 – Application of Part

Subrule 7.4.1(1) provides Part 7.4 applies to:

- (a) the operator of a Market on or through which offers to acquire or dispose of Equity Market Products are made or accepted;

- (b) Participants of the Markets referred to in paragraph (a);
- (c) the operator of a CGS Market; and
- (d) CGS Market Participants.

Subrule 7.4.1(2) provides Part 7.4 applies to orders and transactions in financial products able to be traded on a Market referred to in paragraph 1(a) (other Options Market Contracts), and to CGS Depository Interests.

Rule 7.4.1 substantially reflects the application provisions of Pre-Commencement Market Integrity Rule 5A.1.1 (Competition).

Rule 7.4.2 Participant to provide Regulatory Data with Orders and Trade Reports

Subrule 7.4.2(1) provides that Participant must provide Regulatory Data to a Market operator in an Order transmitted in an Order Book of that Market operator.

Subrule 7.4.2(2) provides that a Participant must provide Regulatory Data to a Market operator in a Trade Report made to that Market operator, for each side of transaction for which the Participant acted as agent on behalf of a client, or as Principal.

Subrule 7.4.2(3) provides that a Participant must not disclose the Regulatory Data it provides to a Market operator under subrules 7.4.2.1(1) and (2) in connection with the Order or Trade Report other than:

- (a) to a person acting as agent on behalf of the Participant, to the extent there is a legitimate business reason for the person to have access to the Regulatory Data;
- (b) to the Market operator to which the Regulator Data is provided; or
- (c) to ASIC
- (d) for the purposes of seeking legal advice; or
- (e) as otherwise required or permitted by law.

and must take reasonable steps to ensure that a person acting as agent on behalf of the Participant does not disclose the Regulatory Data to any person other than in accordance with the subrule.

Rule 7.4.2 substantially reflects Pre-Commencement Market Integrity Rule 5A.2.1 (Competition).

Rule 7.4.3 Market operator to record Regulatory Data

Subrule 7.4.3(1) provides that a Market operator must keep a record of Regulatory Data provided to it

by a Participant in a record of a new Order that is received, or an existing Order that is amended, matched or cancelled, on an Order Book of the Market operator's Market; a transaction on an Order Book of the Market operator's Market; and a Trade Report accepted by the Market operator.

Subrule 7.4.3(1A) provides that a Market operator must keep records of Regulatory Data referred to in subrule (1) for a period of 7 years.

Subrule 7.4.3(2) provides that Market Operator must not disclose Regulatory Data provided to it by a Participant other than by:

- (a) providing the Regulatory Data to ASIC;
- (b) disclosing the Regulatory Data to a person acting as agent for the Market operator;
- (c) making available the Regulatory Data to the Participant, or a person acting on behalf of the Participant, the Regulatory Data provided by that Participant;
- (d) using or disclosing the Regulatory Data for a purpose that is otherwise required or permitted by law.

Subrule 7.4.3(2) also provides that Market If a Market Operator discloses Regulatory Data to a person acting as agent for the Market Operator, the Market Operator must take all reasonable steps to ensure that person does not use or disclose the Regulatory Data other than in a manner that the Market Operator would be permitted to use or disclose the Regulatory Data under the Rule.

Rule 7.4.3 substantially reflects Pre-Commencement Market Integrity Rule 5.A.2.2 (Competition).

Rule 7.4.4 – Regulatory Data

Subrule 7.4.4(1) provides that in the Rules, items 1-5 of the Table in Rule 7.4.4 sets out Regulatory Data in relation to a Trade Report and, in relation to an order transmitted to an Order Book and any transaction resulting from that order, Regulatory Data is set out in items 2-5 of the Table.

Subrule 7.4.4(2) provides that information in items 3, 4 and 5 of the Table in Rule 7.4.4 does not need to be provided by a Participant if the Participant has taken all reasonable steps to determine the information and is unable to do so.

Subrule 7.4.4(3) provides that ASIC may in writing format or content requirements for a code, notation or number referred to in the Table in Rule 7.4.4. The determination is a legislative instrument.

Subrule 7.4.4(4) provides that Participants and Market operators must provide or record Regulatory

Data in orders, transactions and Trade Reports in accordance with requirements notified by ASIC under subrule (3) within the timeframe specified in the notification, if the timeframe specified in the notification is reasonable.

Subrule 7.4.4(5) provides that where a Participant provides a notation, code or number to identify information set out in items 1 to 5 of the Table in Rule 7.4.4 in an Order or Trade Report, it must take all reasonable steps to consistently provide the same code, notation or number to identify the same information in subsequent orders or Trade Reports.

The Table in Rule 7.4.4 specifies that Regulatory Data includes: Execution venue, capacity of Participant, origin of order or transaction, intermediary ID, and, if applicable, a directed wholesale indicator.

Rule 7.4.4 substantially reflects Pre-Commencement Market Integrity Rule 5.A.2.3 (Competition).

Chapter 8 Extreme price movements

Part 8.1AA Application

Rule 8.1AA.1 Application of Chapter

Subrule 8.1AA.1(1) provides that Chapter 8 applies to the operator of a Market on or through which offers to acquire or dispose of Equity Market Products or Equity Index Futures are made or accepted; and CGS Market operators.

Subrule 8.1AA.1(2) provides, in Chapter 8, Operator means any of the operators referred to in subrule (1) and Relevant Products means Equity Market Products, CGS Depository Interests.

Rule 8.1AA.1 substantially reflects the application provisions Pre-Commencement Market Integrity Rule 2.1A.1 (Competition)

Part 8.1 Order entry controls for Anomalous Orders

Rule 8.1.1 Requirement to have Anomalous Order Thresholds

Subrule 8.1.1(1) provides that an Operator must determine an Anomalous Order Threshold for each Relevant Product that is quoted on its Market.

Subrule 8.1.1(2) provides that an Operator must notify ASIC In Writing of the Anomalous Order Threshold for each Relevant Product that is quoted on its Market not less than 45 days before first adopting the Threshold for the purposes of Rule 8.1.3.

Subrule 8.1.1(3) provides that ASIC may notify an Operator that its Anomalous Order Threshold is not appropriate to promote market integrity or a fair, orderly or transparent market.

Subrule 8.1.1(4) requires an Operator to determine a new Anomalous Order Threshold for the Relevant Product if ASIC notifies the Operator that an Anomalous Order Threshold is not appropriate to promote market integrity or a fair, orderly or transparent market, and notify ASIC in writing of the new Anomalous Order Threshold before adopting it for the purposes of Rule 8.1.3.

Subrule 8.1.1(5) provides that a Market Operator must, in determining the Anomalous Order Threshold for an Equity Market Product, take into account at a minimum the price at which an Order substantially deviates from prevailing market conditions and historical trading patterns, and the Tick Size for the relevant Equity Market Product.

Rule 8.1.1 substantially reflects Pre-Commencement Market Integrity Rule 2.1.1 (Competition). It omits references to ASX SPI 200 Futures and Equity Index Futures in those Pre-Commencement Market Integrity Rules. The Anomalous Order Threshold market integrity rules for ASX SPI 200 Futures and Equity Index Futures are in the *ASIC Market Integrity Rules (Futures Markets) 2017*.

Rule 8.1.2 Requirement to make Anomalous Order Thresholds publicly available

Rule 8.1.2 provides that an Operator must make an Anomalous Order Threshold determined under Rule 8.1.1 publicly available before adopting the Anomalous Order Threshold for the purposes of Rule 8.1.3.

Rule 8.1.2 substantially reflects Pre-Commencement Market Integrity Rule 2.1.2 (Competition).

Rule 8.1.3 Requirement to prevent Anomalous Orders from entering Markets

Rule 8.1.3 provides that an Operator must have in place adequate controls to prevent Anomalous Orders from entering an Order Book of its Market at all times on a Trading Day other than a time during which:

- (a) Orders for Relevant Products are not matched and transactions are not executed on a continuous basis on the Relevant Order Book; or
- (b) an Auction is being conducted on the Relevant Order Book

Rule 8.1.3 substantially reflects Pre-Commencement Market Integrity Rule 2.1.3 (Competition).

Rule 8.1.4 Requirement to have adequate arrangements in relation to Anomalous Order Thresholds

Subrule 8.1.4(1) provides that an Operator must have in place adequate arrangements for determining, regularly reviewing, monitoring and amending or adjusting the effectiveness of its Anomalous Order Thresholds, to ensure that the controls are adequate to prevent Anomalous Orders from entering its Market.

Paragraph 8.1.4(2)(a) provides that an Operator must notify ASIC in writing of its arrangements for determining an Anomalous Order Threshold in accordance with Rule 8.1.1 not less than 21 days before first adopting an Anomalous Order Threshold for the purposes of Rule 8.1.3 in accordance with those arrangements.

Paragraph 8.1.4(2)(b) provides that an Operator must notify ASIC in writing each time it revises the arrangements for determining Anomalous Order Thresholds in accordance with Rule 8.1.1, not less than two business days before adopting the revised arrangements.

Subrule 8.1.4(3) provides that ASIC may notify an Operator that its arrangements for determining Anomalous Order Thresholds are not appropriate to promote market integrity or a fair, orderly or transparent Market.

Subrule 8.1.4(4) requires an Operator, as soon as practicable, revise its arrangements for determining an Anomalous Order Threshold, if ASIC notifies the Operator that its arrangements are not appropriate to promote market integrity or a fair, orderly or transparent market, and to notify ASIC in writing of the new arrangements not less than two business days before adopting them for the purposes of paragraph 8.1.4(1)(a).

Subrule 8.1.4(5) provides that an Operator must record the arrangements required by subrule 8.1.4(1) in writing.

Rule 8.1.4 substantially reflects Pre-Commencement Market Integrity Rule 2.1.4 (Competition).

Part 8.2 Extreme Trade Range

Rule 8.2.1 Extreme Trade Range

Subrule 8.2.1(1) defines Extreme Trade Range for an Equity Market Product, by reference to the Table in the subrule. The Table specifies the Extreme Trade Range for products, depending on their Reference Prices.

Subrule 8.2.1(2) defines Extreme Trade Range for a CGS Depository Interest, as all prices greater than 20% away from the Reference Price for the product on the CGS Market.

Rule 8.2.1 substantially reflects Pre-Commencement Market Integrity Rule 2.2.1 (Competition). It omits references to ASX SPI 200 Futures and Equity Index Futures in those Pre-Commencement Market Integrity Rules. Market integrity rules for ASX SPI 200 Futures and Equity Index Futures are in the *ASIC Market Integrity Rules (Futures Markets) 2017*.

Rule 8.2.2 Obligation on Responsible Market Operator to determine and notify Reference Price

Subrule 8.2.2(1) requires the Responsible Market Operator to determine a Reference Price for each Relevant Product after each Trading Reset. If there is an Auction in the Relevant Product after a Trading Reset and before the first transaction after a Trading Reset, the Responsible Market Operator must determine the Reference Price for Relevant Product as the price established by the Auction.

Subrule 8.2.2(1) goes on to provide that if the Responsible Market Operator determines, acting reasonably, that the price established by the Auction is Invalid, or if the Auction does not establish a price, or if there is no Auction in the Relevant Product after the Trading Reset and before the first transaction after a Trading Reset, the Market Operator must determine the Reference Price as the price of the first transaction. If the price of the first Transaction is Invalid, the Reference Price is a price determined by the Responsible Market Operator, acting reasonably, to be not Invalid.

Subrule 8.2.2(2) provides that the Responsible Market Operator must, each time it determines a new Reference Price for a Relevant Product in accordance with subrule 8.2.2(1), immediately use the Reference Price to determine the Extreme Trade Range for the Relevant Product in accordance with Rule 8.2.1, until the next Trading Reset for the Relevant Product. The Responsible Market Operator must also notify ASIC, and, subject to subrules 6.2.1(1) and (6), the Operator of each other Market on which the Relevant Product is quoted, of the Reference Price for the Relevant Product.

Subrule 8.2.2(3) provides that, subject to subrule 8.2.2(4), each Operator that receives a notification under paragraph 8.2.2(2) of the Reference Price for a Relevant Product, must immediately use that Reference Price to determine the Extreme Trade Range for the Relevant Product in accordance with Rule 8.2.1, until the Operator next receives a notification from the Responsible Market Operator paragraph 8.2.2(2)(b) in relation to the Relevant Product.

Subrule 8.2.2(4) provides that an Operator that operates an Order Book other than ASX TradeMatch; the central Order Book of the Responsible Market Operator for CGS Depository Interests; and the central order book of Chi-X; must determine the Reference Price for each Relevant Product for that Order Book after each Trading Reset on that Order Book as the price of the first transaction after a Trading Reset. If the price of the first Transaction is Invalid, the Reference Price for each Relevant Product for that Order Book is a price determined by the Operator, acting reasonably, to be not Invalid, until the Operator receives a notification of the Reference Price for the Relevant Product under paragraph (2)(b).

Rule 8.2.1 substantially reflects Pre-Commencement Market Integrity Rule 2.2.2 (Competition).

Rule 8.2.2A Requirement to prevent extreme price movements

Rule 8.2.2A provides an Operator must have in place adequate controls to prevent a transaction in a Relevant Product executing on an Order Book of its Market in the Extreme Trade Range for the Relevant Product, at all times during a Trading Day other than at a time during which Orders are not matched and transactions are not executed on a continuous basis on the Relevant Order Book, or an Auction is being conducted on the Relevant Order Book.

Rule 8.2.2A substantially reflects Pre-Commencement Market Integrity 2.2.2A (Competition).

Rule 8.2.2B Requirement to identify and notify of ETR Event

Subrule 8.2.2B(1) requires an Operator to identify when an ETR Event occurs on an Order Book of its Market, at all times on a Trading Day other than at a time during which orders for financial products are not matched and transactions are not executed on a continuous basis on the Relevant Order Book or a time when an Auction is being conducted on the Relevant Order Book.

Subrule 8.2.2B(2) provides that where an Operator (other than the Responsible Market Operator) identifies that an ETR Event has occurred on an Order Book of its Market, the Operator must immediately notify the Responsible Market Operator of the ETR Event, subject to subrule 9.2.1(1).

Subrule 8.2.2B(3) provides that where a technical problem (including a power outage) prevents an Operator from making a notification referred to in subrule 8.2.2B(2) immediately, the notification must be made to the Responsible Market Operator without delay by another appropriate means

Rule 8.2.2B substantially reflects Pre-Commencement Market Integrity Rule 2.2.2B (Competition).

Rule 8.2.2C Requirement to impose Trading Pause

Subrule 8.2.2C(1) requires the Responsible Market Operator, when it identifies an ETR Event on its own Market, or receives a notification of an ETR Event from another Operator, to immediately impose a Trading Pause on the Relevant Product for a period of two minutes. The Responsible Market Operator must also notify ASIC and, subject to subrules 9.2.1(1) and (6), the Operator of each other Market on which the Relevant Product is quoted, that the Trading Pause has been imposed.

Subrule 8.2.2C(2) requires an Operator that receives a notification under subrule (1) that a Trading Pause has been imposed on a Relevant Product must immediately place the Relevant Product the subject of the notification into a Trading Pause on its own Market.

Subrule 8.2.2C(3) provides that an Operator may only lift or remove that Trading Pause after receives a notification under subrule (4) from the Responsible Market Operator that the Trading Pause in the Relevant Product has been removed or lifted.

Subrule 8.2.2C(4) provides the Responsible Market Operator must immediately notify ASIC and, subject to subrules 9.2.1(1) and (6), the Operator of each other Market on which the Relevant Product is quoted when it lifts or removes the Trading Pause imposed on the Relevant Product under subrule (1).

Subrule 8.2.2C(5) provides that where a technical problem (including a power outage) prevents the Responsible Market Operator from making a notification of the imposition, lifting or removal of a Trading Pause immediately, the notification must be made to ASIC and the Operator of each other Market on which the Relevant Product is quoted, without delay by another appropriate means.

Subrule 8.2.2C(6) requires the Responsible Market Operator to make publicly available, information concerning:

- (a) the fact that a Trading Pause will result from an ETR Event;
- (b) the length of a Trading Pause resulting from an ETR Event (under paragraph 2.2.2C(1)(c), two minutes); and
- (c) how the Responsible Market Operator will resume trading in the Relevant Product on its

Market after a Trading Pause resulting from an ETR Event (for example, by way of Auction or straight into continuous trading).

Rule 8.2.2C substantially reflects Pre-Commencement Market Integrity Rule 2.2.2C (Competition).

Rule 8.2.3 Notification of transactions in Extreme Trade Range

Rule 8.2.3 provides that if a transaction is executed on a Market within the Extreme Cancellation Range for an Equity Market Product, the relevant Market Operator must notify the price and time of the relevant transaction executed to ASIC and the Operators of all other Markets on that Relevant Product is quoted, notify the Market Participants which executed the relevant transaction that it was executed in the Extreme Cancellation Range, and make the price and time of the relevant transaction publicly available, or, where more than one transaction in the same Relevant Product was executed in the Extreme Cancellation Range on the Market of the relevant Operator at or around the same time, the range of prices and times at which the transactions were executed, and the total number of such transactions. This must occur as soon as practicable after becoming aware that the Transaction was executed.

Rule 8.2.3 substantially reflects Pre-Commencement Market Integrity Rule 2.2.3 (Competition).

Rule 8.2.4 Operator arrangements in relation to Extreme Trade Range

Subrule 8.2.4(1) provides that the Responsible Market Operator must have adequate arrangements in place to notify ASIC and other Operators of the Reference Prices in accordance with subrule 8.2.2(2). The Responsible Market Operator must also notify ASIC and other Operators of the imposition and lifting or removal of Trading Pauses under paragraph 8.2.2C(1)(d) and subrule 8.2.2C(4).

Subrule 8.2.4(2) provides that an Operator must have adequate arrangements for identifying when when an ETR Event occurs on its Market, in accordance with subrule 8.2.2B(1), for notifying the Responsible Market Operator that an ETR Event has occurred on its Market, in accordance with subrule 8.2.2B(2), unless the Operator is the Responsible Market Operator, notifying ASIC, Operators and the relevant Market Participants when it becomes aware that a transaction in the Extreme Cancellation Range was executed on its Market, in accordance with paragraphs 8.2.3(a) and (b), and 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 Trade Range at or about the same time, in accordance with paragraph 8.2.3(c).

Rule 8.2.4B substantially reflects Pre-Commencement Market Integrity Rule 2.2.4 (Competition).

Part 8.3 Transparent cancellation policies

Rule 8.3.1 Operator to have transparent cancellation policies

Subrule 8.3.1(1) provides that an Operator must have adequate policies and procedures for the cancellation of transactions entered into on its Market.

Subrule 8.3.1(2) requires an Operator's policies and procedures for the cancellation of transactions in Relevant Products entered into on its Market to include:

- (a) a policy to cancel all transactions identified by or to the Operator that are executed on its Market within the Extreme Trade Range; and
- (b) set out the circumstances, if any, in which transactions in Relevant Products other than transactions referred to in paragraph (a) will be cancelled, may be cancelled subject to a discretion; or will not be cancelled;
- (c) provide for the timely cancellation of transactions in Relevant Products; and
- (d) describe how the Operator will communicate with relevant Market Participants about the cancellation of transactions in Relevant Products.

Subrule 8.3.1(3) provides that an Operator must comply with the policies and procedures it has in place for the cancellation of transactions in Relevant Products entered into on its Market.

Subrule 8.3.1(4) provides that an Operator must ensure that the policies and procedures it has in place to comply with subrule 8.3.1(1), and any changes to those policies and procedures, are published to Market Participants of its Market before those policies and procedures, or those changes, take effect.

Rule 8.3.1 substantially reflects Pre-Commencement Market Integrity Rule 2.3.1 (Competition).

Chapter 9: Market operators—other obligations

Part 9.1 Trading Suspensions

Rule 9.1AA Application

Subrule 9.1.1AA(1) provides that Part 9.1 applies to:

- (a) the operator of a Market on or through which offers to acquire or dispose of Equity Market Products are made or accepted, if those Equity Market Products are able to be traded on

- another Market;
- (b) the operator of the other Market referred to in paragraph (a) (referred to in the Part as the Other Market Operator);
 - (c) the operator of a CGS Market on or through which offers to acquire or dispose of CGS Depository Interests are made or accepted, if those CGS Depository Interests are able to be traded on another CGS Market; and
 - (d) the operator of the other CGS Market referred to in paragraph (c) (referred to in the Part as the Other CGS Market Operator).

Subrule 9.1.1AA(2) defines Relevant Products for Part 9.1 as Equity Market Products and CGS Depository Interests.

Rule 9.1.1AA substantially reflects the application provisions of Pre-Commencement Market Integrity Rule 6.1A.1 (Competition).

Rule 9.1.1 Market operator to notify of Trading Suspensions

Subrule 9.1.1(1) provides that subject to subrules 9.1.1(2) and (3) and Rule 9.2.1, a Market operator must immediately notify each other Market Operator or Other CGS Market Operator of the placing, lifting or removal of a Trading Suspension each time the First Market Operator places a Relevant Product into a Trading Suspension and lifts or removes a Trading Suspension on a Relevant Product.

Subrule 9.1.1(2) provides that where a technical problem (including a power outage) prevents the First Market Operator from making available a notification referred to in paragraphs 6.1.1(1)(a) or (b) immediately, the notification must be made to the Other Market Operator or Other CGS Market Operator without delay by another appropriate means.

Subrule 9.1.1(3) provides that the First Market Operator is not required to comply with subrule (1) if the First Market Operator has placed the Relevant Product into a Trading Suspension, or lifted or removed the Trading Suspension, as a result of a notification from a Market Operator under paragraphs (1)(a) or (b).

Rule 9.1.1 substantially reflects Pre-Commencement Market Integrity Rule 6.1.1 (Competition).

Rule 9.1.2 Market operator to place Relevant Products into a Trading Suspension

Subrule 9.1.2(1) provides that a Market operator or CGS Market operator that receives a notification under paragraph 9.1.1(1)(a) must immediately place each Relevant Product the subject of the

notification into a Trading Suspension on its Market.

Subrule 9.1.2(2) provides that a Market operator or CGS Market operator that places a Relevant Product into a Trading Suspension in accordance with subrule 9.1.2(1) may only lift or remove that Trading Suspension after the Market operator receives a notification under paragraph 9.1.1(1)(b) in relation to the same Relevant Product.

Rule 9.12 substantially reflects Pre-Commencement Market Integrity 6.1.2 (Competition).

Rule 9.1.3 Market operator to notify of system outages

Rule 9.1.3 requires a Market operator or CGS Market operator to notify ASIC, Other Market Operators or Other CGS Market Operators and Participants of its Market 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.

Rule 9.13 substantially reflects Pre-Commencement Market Integrity Rule 6.13 (Competition).

Part 9.2 Information Sharing

Rule 9.2.1AA Application

Subrule 9.2.1AA(1) provides that Part 9.2 applies to:

- (a) the operator of a Market on or through which offers to acquire or dispose of Equity Market Products are made or accepted, if those Equity Market Products are able to be traded on another Market;
- (b) the operator of the other Market referred to in paragraph (a) (the Other Market Operator);
- (c) the operator of a CGS Market on or through which offers to acquire or dispose of CGS Depository Interests are made or accepted, if those CGS Depository Interests are able to be traded on another CGS Market; and
- (d) the operator of the other CGS Market referred to in paragraph (c) (the Other CGS Market Operator).

Subrule 9.2.1AA(2) defines Relevant Products for Part 9.2 as Equity Market Products and CGS Depository Interests.

Rule 9.2.1AA substantially reflects the application provisions of Pre-Commencement Market Integrity

Rule 6.1A.1 (Competition).

Rule 9.2.1 Provision of information by electronic data feed to other Market operators

Subrule 9.2.1(1) provides that subject to subrules 9.2.1(2) to (5) and Rule 9.1.3, a Market operator and a CGS Market operator must make available to each Other Market Operator or Other CGS Market Operator, through an electronic data feed and in a machine-readable format, notifications referred to in subrule 8.2.2(2) and Rules 8.2.2B and 8.2.2C; Pre-Trade Information referred to in subrule 6.1.2(1); Post-Trade Information referred to in subrule 6.3.4(1); notifications referred to in Rule 9.1.1; and information about the status of trading in each Relevant Product.

Subrule 9.2.1(2) provides that, notwithstanding Rules 6.1.3 and 6.3.5, the First Market Operator must make available a data feed referred to in subrule 9.2.1(1) to each Other Market Operator or Other CGS 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.

Subrule 9.2.1(3) provides that where the First Market Operator makes available a data feed referred to in subrule 9.2.1(1), the first Market Operator may make that data feed available on terms that limit the purposes for which the Other Market Operator or Other CGS Market Operator may make use of the data feed to purposes directly related to, in the case of a notification referred to in paragraph (1)(a):

- (a) determining the Extreme Trade Range for a Relevant Product; or
- (b) identifying an ETR Event in relation to Relevant Product; and
- (c) placing an Relevant Product into a Trading Pause, or lifting or removing that Trading Pause.

In the case of a notification referred to in paragraph (1)(b), (c) or (e), the terms may limit the purposes to compliance with the Other Market Operator's or Other CGS Market Operator's (as applicable) obligations under Part 7.2 and Part 7.2A of the Corporations Act, including, the obligation to monitor and enforce compliance with its listing rules.

In the case of a notification referred to in paragraph (1)(d) the terms may limit the purposes to placing a Relevant Product into a Trading Suspension, or lifting or removing that Trading Suspension, on the Market of the Other Market Operator or Other CGS Market Operator (as applicable).

Subrule 9.2.1(4) provides that a Market Operator need only make available a data feed referred to in subrule 9.2.1(1) in accordance with subrule 9.2.1(2) in relation to Relevant Product to another Market Operator, within a reasonable time of receiving a notification from that Market Operator under subrule 9.2.1(5) in relation to that Relevant Product.

Subrule 9.2.1(5) provides that for the purposes of subrule 9.2.1(4), the Other Market Operator or Other CGS Market Operator may give notice to the First Market Operator that the Other Market Operator or Other CGS Market Operator requires a data feed referred to in subrule 9.2.1(1) for a purpose referred to in subrule (3) in relation to a Relevant Product.

Subrule 9.2.1(6) provides that a 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 Other Market Operator under subrule 9.2.1(7) in relation to that Equity Market Product.

Subrule 9.2.1(7) provides that for the purposes of subrule 9.2.1(6), a Market operator intends to allow an Equity Market Product to be available for trading on its Market and that Equity Market Product was not first admitted to quotation by that Market operator, the Market operator must notify the Market operator that first admitted the Equity Market Product to quotation of the intention for the Equity Market Product to be available for trading on its Market.

Rule 9.2.1 substantially reflects Pre-Commencement Market Integrity Rule 6.2.1 (Competition).

Rule 9.2.2 Market operator must assign unique identifiers to each Participant

Subrule 9.2.2(1) provides that 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 Relevant Products.

Subrule 9.2.2(2) provides that 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 9.2.2(1).

Rule 9.2.2 substantially reflects Pre-Commencement Market Integrity Rule 6.2.2 (Competition).

Rule 9.2.3 Market operator must use unique symbols for Relevant Products

Subrule 9.2.3(1) provides that if a Market operator is the first Market operator to admit an Equity Market Product to quotation on its Market, that Market operator must assign each such 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.

Subrule 9.2.3(2) provides that if a unique symbol has been assigned under subrule (1) each other

Market operator must assign the same unique symbol to the Equity Market Product in records of Orders, transaction and other Trading Messages on their Market.

Subrule 9.2.3(3) provides that Responsible Market Operator for CGS Depository Interests must assign each CGS Depository Interest a unique symbol for the purposes of identifying that CGS Depository Interest in records of Orders, transactions and other Trading Messages on its Market.

Subrule 9.2.3(4) provides that a CGS Market operator other than the Responsible Market Operator for CGS Depository Interests must assign the same unique symbol assigned by the Responsible Market Operator under subrule (3) to that CGS Depository Interest for the purposes of identifying that CGS Depository Interest in records of Orders, transactions and other Trading Messages on its Market.

Rule 9.2.3 substantially reflects Pre-Commencement Market Integrity Rule 6.2.3 (Competition).

Part 9.3 Synchronised clocks

9.3.1AA Application

Rule 9.3.1AA provides that Part 9.3 applies to:

- (a) the operator of a Market on or through which offers to acquire or dispose of Equity Market Products are made or accepted, if those Equity Market Products are able to be traded on another Market;
- (b) the operator of the other Market referred to in paragraph (a) (the Other Market Operator);
- (c) the operator of a CGS Market on or through which offers to acquire or dispose of CGS Depository Interests are made or accepted, if those CGS Depository Interests are able to be traded on another CGS Market; and
- (d) the operator of the other CGS Market referred to in paragraph (c) (the Other CGS Market Operator).

Rule 9.3.1AA substantially reflects the application provisions in Pre-Commencement Market Integrity Rule 6.1A.1 (Competition).

Rule 9.3.1 Market operators to synchronise clocks

Subrule 9.3.1(1) provides that a Market operator must synchronise the clock it uses for recording the time and date in its trading, compliance monitoring and reporting systems to within 20 milliseconds of the UTC(AUS).

Subrule 9.3.1(2) provides that where a Market operator relies on another person to provide any aspect of their trading, compliance monitoring or reporting systems that records the date and time, the Market operator must also 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.

Rule 9.3.1 substantially reflects Pre-Commencement Market Integrity Rule 6.3.1 (Competition).

Rule 9.3.2 Market operator to have arrangements for compliance

Subrule 9.3.2(1) provides that a Market operator must have adequate arrangements in relation to the clock it uses for recording the time and date in its trading, compliance monitoring and reporting systems, in that it is regularly monitored to ensure it remains synchronised, and when required, the clock is re-set.

Subrule 9.3.2(2) provides that 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 9.3.2(1).

Rule 9.3.2 substantially reflects Pre-Commencement Market Integrity Rule 6.3.2 (Competition).

Part 9.4 Tick Sizes

Rule 9.4.1AA Application

Rule 9.4.1AA provides that Part 9.4 applies to:

- (a) the operator of a Market on or through which offers to acquire or dispose of Equity Market Products are made or accepted, if those Equity Market Products are able to be traded on another Market;
- (b) the operator of the other Market referred to in paragraph (a) (the Other Market Operator);
- (c) the operator of a CGS Market on or through which offers to acquire or dispose of CGS Depository Interests are made or accepted, if those CGS Depository Interests are able to be traded on another CGS Market; and
- (d) the operator of the other CGS Market referred to in paragraph (c) (the Other CGS Market Operator).

Rule 9.4.1AA substantially reflects the application provisions of Pre-Commencement Market Integrity Rule 6.1A.1 (Competition).

Rule 9.4.1 Market operators to use standard Tick Sizes

Subrule 9.4.1(1) provides that subject to subrules 9.4.1(2) a Market operator must not accept, display or queue orders in an Order Book in Tick Sizes less than those outlined in the Rule.

Subrule 9.4.1(2) provides that subrule 9.4.1(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 6.2.3, a transaction at the Best Mid-Point.

Rule 9.4.1 substantially reflects Pre-Commencement Market Integrity Rule 6.4.1 (Competition).

Part 9.5 Record keeping

Rule 9.5.1 Market operators to keep records which demonstrate compliance

Rule 9.5.1 provides that a Market operator must keep records which allow it to demonstrate its compliance with the Rules and Part 7.2 of the Corporations Act, including without limitation records of the matters set out in the Rule.

Rule 9.5.1 is a new provision and is not reflected in the Pre-Commencement Market Integrity Rules (APX, ASX, Chi-X and Competition).

Rule 9.5.2 Records to be retained for prescribed period

Rule 9.5.2 provides that a Market operator must keep records referred to in Part 9.5 for 7 years from the date the record is made.

Rule 9.5.2 is a new provision and is not reflected in the Pre-Commencement Market Integrity Rules (APX, ASX, Chi-X and Competition).

Rule 9.5.3 Records kept outside of Australia

Rule 9.5.3 provides that a Market operator must, if directed in writing by ASIC to produce records kept by that Market operator under Chapter 9 outside Australia, must produce those records at a place in Australia by a specified time and comply with that direction within the time specified in the direction if that is a reasonable time; or in any other case, within a reasonable time.

Rule 9.5.3 is a new provision and is not reflected in the Pre-Commencement Market Integrity Rules (APX, ASX, Chi-X and Competition).

ATTACHMENT B

Statement of Compatibility with Human Rights

Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011

ASIC Market Integrity Rules (Securities Markets) 2017

This legislative instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

Overview of the legislative instrument

The *ASIC Market Integrity Rules (Securities Markets) 2017* (the **Instrument**) applies to:

- (a) the activities and conduct of the domestic financial market (the *Markets*) operated by:
 - (i) ASX Limited (the *ASX Market*) under *Australian Market Licence (Australian Stock Exchange Limited) 2002*;
 - (ii) Chi-X Australia Pty Limited (the *Chi-X Market*) under *Australian Market Licence (Chi-X Australia Pty Ltd) 2011*;
 - (iii) IR Plus Securities Exchange Limited (the *IR Plus Market*)(formerly SIM Venture Securities Exchange Limited under *Australian Market Licence (SIM Venture Securities Exchange Ltd(SIM VSW)) 2002*;
 - (iv) National Stock Exchange of Australia Limited (the *NSXA Market*) under *Australian Market Licence (National Stock Exchange of Australia Limited) 2002*; and
 - (v) Sydney Stock Exchange Limited (the *SSX Market*)(formerly Asia Pacific Stock Exchange Limited)(the *APX Market*)) under *Australian Market Licence (Sydney Stock Exchange Limited) 2004*;
- (b) the activities or conduct in relation to the *Markets*; and
- (c) the activities or conduct of persons in relation to financial products traded on the *Markets*.

The Instrument repeals the following legislative instruments:

- (a) *ASIC Market Integrity Rules (APX Market) 2013*;
- (b) *ASIC Market Integrity Rules (ASX Market) 2010*;
- (c) *ASIC Market Integrity Rules (Chi-X Australia Market) 2011*;
- (d) *ASIC Market Integrity Rules (Competition in Exchange Markets) 2011*; and
- (e) *ASIC Market Integrity Rules (Sim VSE Market) 2010*.

The Instrument replaces the repealed legislative instruments with a consolidated instrument serving as a single point of reference for participants of like markets. The Instrument imposes substantively similar obligations as those in the five repealed legislative instruments.

The differences between the market integrity rules in the five repealed legislative instruments are set

out in detail in Consultation Paper 277 – *Proposals to consolidate the ASIC market integrity rules*, and in Report 547 – *Response to submissions on CP 277 - Proposals to consolidate the ASIC market integrity rules*.

In summary the differences between the obligations imposed by the repealed legislative instruments and the Instrument are that:

- (a) the Rules derived from the Competition Rules will apply to SSX, IR Plus and their participants, but ASIC intends to grant SSX IR Plus and their participants a waiver from the obligation to comply with many of the Rules that derive from the Competition Rules;
- (b) the Rules will not contain requirements for market participants of APX, ASX and Chi-X to:
 - (i) notify ASIC of the appointment or cessation of a responsible executive;
 - (ii) not appoint a responsible executive unless specific competence and continuing education standards are met
 - (iii) ensure that responsible executives complete an annual review of their allocated supervision and control procedures;
 - (iv) ensure responsible executives meet annual continuing education requirements; and
 - (v) notify ASIC annually of its responsible executives and self-assess responsible executive satisfaction of requirements on competence, character and continuing education;
 - (vi) keep records, and notify ASIC of management structures, allocations of responsibilities, and changes to management structures;
- (c) the definition of "principal" in all (not just a subset) of the Rules will carve out trustees of a trust that have less than 5% beneficial interest in the trust all of which was acquired by the trustee in lieu of fees for administering the trust;
- (d) the prohibition on charging a client brokerage, commission or other fees where a market participant enters into a market transaction as principal will apply to all securities markets covered by the Rules;
- (e) the Rules clarify that a block trade cannot include orders from more than one client on both sides of the transaction and may have multiple client' on one side of the transaction and a principal on the other side of the transaction;
- (f) the Rules provide that a large portfolio trade may only be executed off-order book as a crossing with a single party on each side of the transaction;
- (g) the Rules will provide that aggregation of client and principal orders on the same side of a block trade transaction are permitted once the block trade consideration threshold has been met by the client orders on each side of the transaction (Option 2 of Proposal C9 in CP 277);
- (h) the Rules require a market operator to keep for 7 years, records to demonstrate it has complied with its obligations in the market integrity rules and in Part 7.2 of the Corporations Act.

Human rights implications

Article 17 of the International Covenant on Civil and Political Rights

The Instrument may engage the right to privacy and reputation in Article 17 of the International Covenant on Civil and Political Rights (“Article 17”). Article 17 prohibits unlawful or arbitrary interferences with a person's privacy, family, home (which the UN Human Rights Committee has interpreted as including a person’s workplace) and correspondence. It also prohibits unlawful attacks on a person’s reputation. It provides that persons have the right to the protection of the law against such interference or attacks. The UN Human Rights Committee has not defined ‘privacy’. The Commonwealth Attorney-General’s Department has provided guidance that privacy should be understood to comprise freedom from unwarranted and unreasonable intrusion into activities that society recognises as falling into the individual sphere of autonomy. To avoid being considered arbitrary, any interference with privacy must be in accordance with the provisions, aims and objectives of the ICCPR and should be reasonable in the particular circumstances.¹

The Instrument continues a range of obligations first imposed on market participants in the repealed instruments, relating to obligations to notify ASIC about aspects of trading activity by individuals on the regulated Markets, to keep records of trading activity on those Markets, and to provide trading data to ASIC to enable it to supervise domestic licensed markets as required by the Corporations Act. These obligations may engage the right to privacy and reputation in Article 17.

The records and notifications required by the Instrument may contain ‘personal information’ as defined in the *Privacy Act 1988*, being information or an opinion (including information or an opinion forming part of a database), whether true or not, and whether recorded in a material form or not, about an individual whose identity is apparent, or can reasonably be ascertained, from the information or opinion. This may be the case where the person to whom the record relates (e.g. an employee or representative of the market participant or a client) is an individual.

The Instrument is compatible with the rights recognised in Article 17 of the ICCPR by reason that any interference with a person's privacy or reputation resulting from compliance with the Instrument will be lawful and not arbitrary. In particular:

- (a) the Instrument is made in accordance with ASIC’s power to make market integrity rules dealing with the activities or conduct of persons in relation to licensed markets and in relation to financial products traded on licensed markets (see subsection 798G(1) of the Corporations Act), and with the consent of the Minister ;

¹ Australian Government Attorney-General’s Department : *Privacy and Reputation*
<http://www.ag.gov.au/Humanrightsandantidiscrimination/Humanrightsandthepublicsector/Humanrightsguidance/sheets/Pages/Privacyandreputation.aspx>

- (b) the Instrument will assist ASIC to perform its function of supervising financial markets, the operators of which are licensed under subsection 795B(1) of the Act (see section 798F of the Act);
- (c) the Instrument will further the objects of Chapter 7 of the Act, including promoting fair, orderly and transparent markets for financial products (see paragraph 760A(c) of the Act);
- (d) the Instrument will assist ASIC to perform its function of monitoring and promoting market integrity and consumer protection in relation to the Australian financial system (see paragraph 12A(2) of the *Australian Securities and Investments Commission Act 2001 (The ASIC Act)*);
and
- (e) information required to be provided under the Instrument will be protected in accordance with ASIC's legislative obligations under s127 of the ASIC Act and, to the extent the information is personal information, under the *Privacy Act 1988*.

If the Instrument were considered to limit the right in Article 17 of the ICCPR, ASIC considers that the Instrument is nevertheless compatible with that right. The right in Article 17 is not absolute. As noted, the right has implied limitations ('unlawful' and 'arbitrary') and may be subject to a permissible limitation where that limitation aims to achieve a legitimate objective, there is a rational connection between the limitation and the objective and the limitation is reasonable, necessary and proportionate.