



ASIC

Australian Securities & Investments Commission

REGULATORY GUIDE 214

Guidance on ASIC market integrity rules for ASX and ASX 24 markets

November 2015

About this guide

This guide is for participants of the Australian Securities Exchange and ASX 24 (formerly the Sydney Futures Exchange) markets.

It gives guidance on how market participants can comply with their obligations under ASIC market integrity rules for these markets.

About ASIC regulatory documents

In administering legislation ASIC issues the following types of regulatory documents.

Consultation papers: seek feedback from stakeholders on matters ASIC is considering, such as proposed relief or proposed regulatory guidance.

Regulatory guides: give guidance to regulated entities by:

- explaining when and how ASIC will exercise specific powers under legislation (primarily the Corporations Act)
- explaining how ASIC interprets the law
- describing the principles underlying ASIC's approach
- giving practical guidance (e.g. describing the steps of a process such as applying for a licence or giving practical examples of how regulated entities may decide to meet their obligations).

Information sheets: provide concise guidance on a specific process or compliance issue or an overview of detailed guidance.

Reports: describe ASIC compliance or relief activity or the results of a research project.

Document history

This guide was issued in November 2015 and is based on the legislation and regulations as at the date of issue. It has been amended to include information on the submission of applications and notifications using ASIC's Market Entity Compliance System (MECS) portal.

Previous version:

- Superseded Regulatory Guide 214, issued July 2010, reissued August 2010, February 2014 and May 2015

Disclaimer

This guide does not constitute legal advice. We encourage you to seek your own professional advice to find out how the Corporations Act and other applicable laws apply to you, as it is your responsibility to determine your obligations.

Examples in this guide are purely for illustration; they are not exhaustive and are not intended to impose or imply particular rules or requirements.

Contents

A	Overview	4
	Supervision of domestic licensed financial markets	4
	ASIC market integrity rules	5
	Complying with ASIC market integrity rules	5
	Our approach to supervising compliance	6
	Communicating with ASIC	6
	Scope of this regulatory guide	6
B	Supervision of domestic licensed financial markets	7
	ASIC’s supervisory responsibilities	7
	Responsibilities retained by Australian market licensees	7
	Transitional arrangements	8
C	ASIC market integrity rules	9
	What are the market integrity rules?	9
	Our approach to making market integrity rules	10
	Waivers	11
	Areas of overlap with Corporations Act	12
	Future reviews and additions to the market integrity rules	13
D	Complying with ASIC market integrity rules	14
	Guidance notes	14
	Client agreements	16
	Client detail record keeping	16
	Significant breach reporting to ASIC	17
	ASX participant specific issues	17
	ASX 24 participant specific issues	24
E	Our approach to supervising compliance	26
	Supervision of compliance with market integrity rules	26
	How ASIC will work together with ASX and ASX 24	28
F	Communicating with ASIC	29
	Forms	29
	Contacting ASIC	30
	When to contact ASIC	31
	Where to find further information	32
	Key terms	33
	Related information	36

A Overview

Key points

ASIC is responsible for supervising domestic licensed financial markets in Australia.

As part of its supervisory responsibilities, ASIC makes market integrity rules and monitors compliance by market participants with those rules.

Supervision of domestic licensed financial markets

RG 214.1 On 24 August 2009, the Australian Government announced its decision to transfer the responsibility for supervising Australia's domestic licensed financial markets from market operators to the Australian Securities and Investments Commission (ASIC).

Note: This is in addition to ASIC's existing supervision of Australian financial services (AFS) licensees under the *Corporations Act 2001* (Corporations Act).

RG 214.2 To support this decision, the *Corporations Amendment (Financial Market Supervision) Act 2010* (Financial Market Supervision Act) was enacted in March 2010 to provide that responsibility for supervising trading on Australian domestic licensed financial markets be transferred from the operators of those markets to ASIC.

RG 214.3 The Financial Market Supervision Act, which commenced on 1 August 2010, inserts a new Pt 7.2A into the Corporations Act. From this date, ASIC has responsibility for supervising trading activities and conduct of business by market participants in relation to domestic licensed markets (i.e. those operated by persons licensed under s795B(1) of the Corporations Act).

Note: Transfer of supervision did not take place on 1 August 2010 for the following markets: BGC Partners (Australia) Pty Limited, Bloomberg Tradebook Australia Pty Ltd, Mercari Pty Ltd and Yieldbroker Pty Limited: see reg 10.14.02 of the Corporations Regulations 2001 (Corporations Regulations).

RG 214.4 Australian market licensees continue to be responsible for the operation of their markets and for monitoring and enforcing compliance with their market's operating rules, which include their listing rules.

RG 214.5 Under the Financial Market Supervision Act, a number of transitional arrangements are in place to make the transfer as smooth as possible.

ASIC market integrity rules

- RG 214.6 Part 7.2A of the Corporations Act established a new rule-making regime whereby ASIC is able to make market integrity rules dealing with activities and conduct in relation to licensed financial markets, including participants of the relevant market.
- RG 214.7 ASIC is responsible for supervising compliance with these rules. We are also responsible for granting waivers from the obligation to comply with a provision of the market integrity rules. We will consider and determine all requests for a waiver of a market integrity rule on the basis of the facts, circumstances and merits of each request.
- RG 214.8 Our approach in making market integrity rules has been to not change at this time the substance of the pre-existing obligations that apply to market participants of the Australian Securities Exchange (ASX) and ASX 24 (formerly Sydney Futures Exchange (SFE)).
- Note: ASX Limited is the market licensee that operates ASX. Australian Securities Exchange Limited (known as Sydney Futures Exchange Limited prior to 1 August 2010) is the market licensee that operates ASX 24 (known as SFE prior to 1 August 2010).
- RG 214.9 We intend to review the market integrity rules and will consult on future amendments.

Complying with ASIC market integrity rules

- RG 214.10 This regulatory guide provides guidance on a range of topics, which will be expanded on with the benefit of experience. These topics include our approach to existing ASX and SFE interpretation of pre-existing market rules now contained in the market integrity rules, including pre-existing ASX guidance notes and SFE procedures, determinations and practice notes, and our expectations in relation to references in existing documents to pre-existing ASX Market Rules and SFE Operating Rules.
- RG 214.11 The guide also explains our expectations of market participants regarding their compliance with requirements about:
- (a) client detail record keeping;
 - (b) significant breach reporting;
 - (c) management structures;
 - (d) information barriers;
 - (e) automated order processing (AOP);
 - (f) professional indemnity (PI) insurance;
 - (g) accreditation for retail client advisers for ASX derivatives;
 - (h) qualifications for responsible executives;
 - (i) designated trading representatives (DTRs); and
 - (j) ASX 24 trading principles.

Our approach to supervising compliance

- RG 214.12 ASIC takes a risk-based approach to surveillance under the Corporations Act and will continue to do so in assessing compliance with the market integrity rules in addition to provisions under the Corporations Act.
- RG 214.13 We anticipate that, from a market participant's perspective, the supervision of markets will not be significantly different following the transfer of market supervisory responsibilities to ASIC under the amendments to the Corporations Act.
- RG 214.14 We will work with ASX and ASX 24 to ensure there is no undue regulatory burden placed on market participants and to minimise overlap of regulatory obligations at a day-to-day level.

Communicating with ASIC

- RG 214.15 Market participants can contact ASIC directly to ensure that market integrity matters are known and addressed in an efficient and timely manner.
- RG 214.16 The substance of the information that must be provided to ASIC has not changed from pre-existing requirements under the ASX Market Rules and SFE Operating Rules. A list of the information which must be provided to ASIC is shown in Table 3.
- RG 214.17 Contact points include the Market Entity Compliance System (MECS) (which can be accessed through [our website](#)), direct email and by telephone to the relevant ASIC teams to communicate issues and queries in relation to markets, trading and participant conduct.

Scope of this regulatory guide

- RG 214.18 This regulatory guide covers the ASIC market integrity rules for ASX and ASX 24 markets only. This guide does not cover the operating rules of clearing and settlement facility operators.
- RG 214.19 The disciplinary process for breaches of the market integrity rules is contained in a separate ASIC regulatory guide: see Regulatory Guide 216 *Markets Disciplinary Panel* (RG 216). The Markets Disciplinary Panel (MDP) will exercise ASIC's power to issue infringement notices and accept enforceable undertakings relating to breaches of the market integrity rules. RG 216 provides guidance on the processes by which matters will be referred to, and dealt with by, the MDP.

B Supervision of domestic licensed financial markets

Key points

Following the commencement of the Financial Market Supervision Act, ASIC has assumed responsibility for supervising trading on Australian domestic licensed financial markets.

Australian market licensees will retain responsibility for monitoring and enforcing compliance with their market's operating rules, which include their listing rules.

ASIC's supervisory responsibilities

- RG 214.20 The Financial Market Supervision Act amends the Corporations Act to provide that responsibility for supervising trading on Australian domestic licensed financial markets be transferred from the operators of these markets to ASIC. This change means that we are responsible for supervising trading activities and conduct of business by market participants in relation to Australian domestic licensed markets. These participants are subject to the market integrity rules and will be directly supervised by ASIC.
- RG 214.21 The supervisory responsibilities that have been transferred to ASIC relate to trading on Australia's domestic licensed financial markets. They do not extend to foreign-based markets that are licensed to operate in Australia under s795B(2) or to financial markets that are exempt from being licensed.

Responsibilities retained by Australian market licensees

- RG 214.22 Australian market licensees retain responsibility for the operation of their markets.
- RG 214.23 They are required to set rules for their markets, which continue to be referred to in the Corporations Act as 'operating rules'. These operating rules govern how trading can take place on the market and may, where relevant, deal with entities trading on the market's official list. The content of these rules is prescribed by reg 7.2.07 such as admission of trading participants. The operating rules of a licensed market have effect as a contract under seal between the licensee and each participant, and between all participants: s793B.
- RG 214.24 Market operators may set rules for their market in relation to operational, monitoring and enforcement issues. Operational issues deal with the day-to-day administration of the market. They address administrative and technical matters.

Transitional arrangements

- RG 214.25 ASIC is responsible for any investigation and action in relation to an alleged breach of the market integrity rules occurring on and from the date of handover of supervisory responsibilities to us. Breaches of operating rules that occurred before that handover remain the responsibility of the market operator.
- RG 214.26 The amendments to the Corporations Regulations, which took effect on 1 August 2010, sought to make the transfer of supervisory responsibility to ASIC as smooth as possible. For that reason they provide that:
- (a) any written waiver, exemption, consent, recognition, accreditation, approval, determination or notification given by market operators to participants under the operating rules of a market, where such rules are incorporated into the market integrity rules, are to be taken as given by ASIC and will continue in their prior form and effect unless we determine otherwise;
 - (b) any written notifications or certifications given by market participants to market operators under the operating rules of a market, where those rules are incorporated into the market integrity rules, are taken to be given to ASIC and will continue in their prior form and effect unless we determine otherwise; and
 - (c) any breach under the Corporations Act should be notified to ASIC as normal in line with participants' obligations under s912D of the Corporations Act and as outlined in Regulatory Guide 78 *Breach reporting* (RG 78).

C ASIC market integrity rules

Key points

The Financial Market Supervision Act provides for a new type of rule called the market integrity rules. The market integrity rules are made by ASIC and apply to market operators, market participants, other prescribed entities and financial products traded on a licensed market.

ASIC is responsible for supervising compliance with the market integrity rules. We are also responsible for granting waivers from the obligation to comply with a provision of the market integrity rules.

Our approach in making market integrity rules has been to not change the substance of the pre-existing obligations that apply to ASX and ASX 24 market participants at this time.

We intend to review the market integrity rules and will consult on future amendments.

What are the market integrity rules?

- RG 214.27 The Financial Market Supervision Act provides for a new type of rule called the market integrity rules, which are made by ASIC.
- RG 214.28 The market integrity rules are legislative instruments and will be subject to parliamentary scrutiny and possible disallowance by Parliament.
- RG 214.29 The market integrity rules deal with the activities or conduct of:
- (a) licensed markets;
 - (b) persons in relation to licensed markets; and
 - (c) persons in relation to financial products traded on licensed markets.
- RG 214.30 The market integrity rules are limited to on-market trading.
- RG 214.31 The licensed markets that are covered by the market integrity rules are Australian financial markets licensed under s795B(1). The rules do not apply to overseas financial markets that are licensed to operate in Australia under s795B(2).
- RG 214.32 Market operators, participants in licensed markets and any entities prescribed by the Corporations Regulations must comply with the market integrity rules. The entity to which each individual market integrity rule applies is specified in each rule.
- RG 214.33 The market integrity rules address matters that were previously covered in the operating rules of market operators. They include matters such as participant conduct, participant–client relations, general trading matters and transparency matters. We have created the ASIC market integrity rules for the functions contemplated by the transfer to ASIC of real-time supervision for Australian markets.

Our approach to making market integrity rules

RG 214.34 Our approach in making market integrity rules has been to not change the substance of the existing obligations applicable to ASX and ASX 24 market participants at this time. From early 2010, we have worked with ASX and ASX 24 to identify rules from the ASX Market Rules and SFE Operating Rules that deal with market integrity. These identified rules have been converted, with minimal modification, into two sets of market integrity rules: see ASIC Market Integrity Rules (ASX Market) 2010 and ASIC Market Integrity Rules (ASX 24 Market) 2010. This is consistent with our intention to transfer supervision smoothly and with minimal disruption for the markets.

Note: In this guide 'ASIC Market Integrity Rules (ASX)' refers to the ASIC Market Integrity Rules (ASX Market) 2010 and 'ASIC Market Integrity Rules (ASX 24)' refers to the ASIC Market Integrity Rules (ASX 24 Market) 2010.

RG 214.35 In considering the appropriate division of supervisory responsibility, we have adopted the general view that:

- (a) existing operational/mechanical style rules, including the core operational functioning of the market, are the responsibility of the market operator;
- (b) admission of participants is the responsibility of the market operator;
- (c) rules relating to market integrity are the responsibility of ASIC;
- (d) rules that assist the real-time monitoring of trading for protecting market conduct are the responsibility of ASIC; and
- (e) rules relating to general participant conduct, including participant conduct with clients, are the responsibility of ASIC.

RG 214.36 We note that there are a small number of rules where, due to the nature of the rule, we considered it appropriate for both ASIC and ASX and ASX 24 to have some element of supervisory responsibility. We also note that there are a small number of rules that we considered appropriate for ASX and ASX 24 to retain for a further transitional period of 12 months from the date of the transfer of supervision to ASIC.

RG 214.37 We have based the ASIC market integrity rules on the ASX Market Rules and SFE Operating Rules in effect before 1 August 2010. We have made the market integrity rules in consultation with market operators and the industry. We note that the ASX and SFE operating rules have been amended to take effect on 1 August 2010.

Note: The new ASX and SFE operating rules are referred to in this regulatory guide as ASX Operating Rules and ASX 24 Operating Rules, respectively.

RG 214.38 We have made minor modifications to the pre-existing ASX Market Rules and SFE Operating Rules that are contained in the market integrity rules to include necessary or relevant information from the forms, procedures, guidance notes and determinations of the ASX Market Rules and SFE Operating Rules.

Note: See the appendices to the ASIC market integrity rules for the relevant market to track where the pre-existing ASX Market Rules and SFE Operating Rules are contained.

Waivers

Power to grant a waiver of a market integrity rule

- RG 214.39 ASIC has responsibility for granting waivers from the obligation to comply with a provision of the market integrity rules.
- RG 214.40 Any such waiver may be general, or limited to a particular case or category, and may be limited by such conditions as we think fit. If conditions are imposed on a waiver, all of the conditions must be complied with for the waiver to be effective. Failure to comply with a condition imposed on a waiver is a contravention of Rule 1.2.2 (ASX) or (ASX 24). Further, failure to comply with a condition on a waiver may amount to a possible breach of the relevant market integrity rule waived.

Note: In this guide, 'Rule 1.2.2 (ASX) or (ASX 24)' (for example) refers to a particular rule of the ASIC Market Integrity Rules (ASX) or the ASIC Market Integrity Rules (ASX 24) (in this example numbered 1.2.2).

- RG 214.41 We may withdraw a waiver at any time. The waiver will cease to be effective from the time it is expressed to be withdrawn in writing. We will not grant a waiver retrospectively.

Approach to a market integrity rule waiver

- RG 214.42 We will consider and determine all requests for a waiver of a market integrity rule on the basis of the facts, circumstances and merits of each request. In determining whether such a request should be granted, we will take into account commercial considerations against the need to maintain the integrity of the market.
- RG 214.43 Where appropriate, we may grant a waiver to a class of persons.

The process of requesting a waiver

- RG 214.44 Any request for a waiver must be in writing. It should also include details of the market integrity rule to be waived, the requested start and end dates, the rationale for the waiver, all relevant facts and circumstances in support of the request, and any other relevant information.
- RG 214.45 Market participants may be refused a request if they fail to address all of the relevant issues and, similarly, failure to supply relevant information may cause a delay in finalising the request.
- RG 214.46 Should a commercially time-sensitive situation arise, we can consider such requests on an urgent basis, providing the participant has clearly demonstrated that the urgency results from factors beyond their reasonable control and that those factors could not reasonably have been foreseen. Self-imposed deadlines will not be a sufficient basis for urgent consideration.

RG 214.47 Applications for waivers should be made in writing and emailed to:
Senior Executive Leader, Market and Participant Supervision, ASIC
market.participants@asic.gov.au.

Note: See Section F for more details.

Publication of waivers

RG 214.48 ASIC may publish notice of a waiver on [our website](#). We will maintain a public register of waivers on our website that will contain details of:

- (a) the date a waiver takes effect;
- (b) the person or persons relieved from the obligation in the market integrity rule;
- (c) the provision of the market integrity rule to which the waiver applies;
- (d) brief reasons for the waiver; and
- (e) any conditions that apply to the waiver.

Transitional arrangements

RG 214.49 Any written waiver given by ASX or written exemption given by SFE to participants under the pre-existing operating rules of a market, where such rules are incorporated into the market integrity rules, are to be taken as given by ASIC and will continue in their prior form and effect unless we determine otherwise.

RG 214.50 Should we propose to make a determination that a waiver is no longer appropriate and amend or revoke the waiver, we will give reasonable notice to the participant before making such a determination.

RG 214.51 We note that the arrangements for waivers outlined above are transitional and for the purposes of ensuring a smooth transition. In time, ASIC may consider a uniform approach for applications to ASIC for relief that is more in line with Regulatory Guide 51 *Applications for relief* (RG 51). We expect to consult on any changes to the current approach at the relevant time.

Areas of overlap with Corporations Act

RG 214.52 Although we have tried to minimise duplication with existing obligations contained in the Corporations Act, we recognise that there are a small number of market integrity rules that deal with the same or similar subject matters as dealt with by other provisions of the Corporations Act. In due course we intend to review the market integrity rules to further minimise duplication with the Corporations Act.

Future reviews and additions to the market integrity rules

- RG 214.53 In the next 12 to 18 months, we intend to review the market integrity rules to make any adjustments required as a result of our experience in administering the rules, the developments in the market and the international regulatory environment. However, we recognise that some topics will have to be dealt with earlier (e.g. the introduction of competition), and we will be consulting comprehensively on these issues.

Consultation

- RG 214.54 We have consulted with stakeholders in relation to the introduction of the market integrity rules. Similarly, we expect to consult on the future amendment of these rules.

Ministerial consent to market integrity rules

- RG 214.55 ASIC may not make a market integrity rule unless we have the written consent of the Minister. An exception applies for the making of emergency rules that are necessary, or are in the public interest, to protect people dealing in a financial product.

Legislative instrument

- RG 214.56 The market integrity rules are legislative instruments and, as such, will be subject to parliamentary scrutiny and possible disallowance by Parliament.

D Complying with ASIC market integrity rules

Key points

This section provides guidance on a range of topics, which will be expanded on with the benefit of experience.

Where we have not provided guidance on a topic, market participants should maintain compliance functionality as required under the pre-existing ASX Market Rules and SFE Operating Rules before commencement of the ASIC market integrity rules.

Guidance notes

- RG 214.57 In assessing a market participant's compliance with the market integrity rules, ASIC will seek to follow existing relevant published interpretation as contained in pre-existing ASX guidance notes and SFE procedures, determinations and practice notes. In some instances, we have incorporated content from the SFE procedures, determinations and practice notes into the ASIC market integrity rules.
- RG 214.58 However, with the benefit of time, we will review and issue ASIC regulatory guides on these issues. We expect to consult on such regulatory guides at the relevant time.
- RG 214.59 Table 1 and Table 2 list the pre-existing ASX guidance notes and SFE procedures, determinations and practice notes relevant to the ASIC market integrity rules.

Table 1: Pre-existing ASX guidance notes that are relevant to ASIC Market Integrity Rules (ASX)

Guidance note (GN)	
GN 1	Prevention of manipulative trading
GN 3	Reporting to clients—Confirmations
GN 4	New clients
GN 5	New clients—Electronic client agreements for derivatives market transactions
GN 6	Management requirements
GN 7	Management requirements—Good fame and character—Reliance on APRA requirements
GN 8	Insurance requirements
GN 11	Client order priority
GN 12	Client money and property—Client funds deposited with third parties

Guidance note (GN)	
GN 13	Prohibition of advice to clients
GN 19	Automated order processing: Certification
GN 21	Automated order processing: Authorised persons
GN 22	Automated order processing: Operational requirements
GN 23	New clients or clients trading in new products for the first time—Dispatch of ASX explanatory booklets
GN 27	Ongoing compliance and supervision—Responsibilities of responsible executives
GN 29	Managed discretionary accounts
GN 31	Client agreements—Requirements: The requirement for participants to enter into client agreements with clients
GN 32	Bulk authorisation of index arbitrage orders in ITS
GN 33	Trading records
GN 37	Maintenance of an orderly market when closing out settlement failures

Table 2: Pre-existing SFE procedures, determinations and practice notes that are relevant to ASIC Market Integrity Rules (ASX 24)

SFE Procedures, determinations and practices notes (PDP)	
PDP 1.13	Order records and accounting records
PDP 2.2.23	Order records and accounting records
PDP 2.2.25	Client documentation
PDP 2.2.26	Clients' segregated account obligations
PDP 2.2.28	Mandatory recording of information by the exchange and its participants
PDP 3.1.5	Market manipulation and misleading acts or practices regarding price
PDP 3.1.4	Market manipulation and misleading acts or practices regarding price
PDP 3.1.6	Entering orders without an intent to trade
PDP 3.1.7	Orders to be transmitted as soon as received
PDP 3.1.8	Orders to be transmitted and executed in the sequence received
PDP 3.1.9	Aggregation of orders
PDP 3.1.10	Disclosure
PDP 3.1.11	Withholding orders
PDP 3.1.12	Withdrawing orders
PDP 3.1.13	Pre-arrangement
PDP 3.1.14	Trading to the exclusion of others

SFE Procedures, determinations and practices notes (PDP)

PDP 3.1.15	Wash trades
PDP 3.1.17	Personal account trading
PDP 3.1.18	Dual trading prohibition
PDP 3.1.19	Trades to be allocated in sequence of order receipt
PDP 3.2	Strategy trades
PDP 3.3	Pre-negotiated business
PDP 3.4	Block trades
PDP 3.5	Exchange for physical transactions

Client agreements

- RG 214.60 ASIC has assumed responsibility for some of the client agreement requirements under the pre-existing ASX Market Rules (in relation to futures, options, warrants and partly paid securities) and SFE Operating Rules (in relation to all contracts).
- RG 214.61 We think it is likely that existing client agreements will remain effective despite the introduction of the market integrity rules.
- RG 214.62 However, we expect, as a matter of good practice, that market participants will review their existing client agreements and templates as soon as possible to check that they remain effective. If necessary, market participants should amend their existing client agreements and templates to ensure they are effective.
- RG 214.63 Where market participants conclude that their existing client agreements and templates remain effective, we consider that market participants should update their client agreement templates within a reasonable period of time (e.g. to ensure they reference the new rules). We think it is good practice for market participants to update their client agreement templates within 12 months of the introduction of the market integrity rules (i.e. by August 2011).

Client detail record keeping

- RG 214.64 The market integrity rules require that details of clients, client consents and client trades are kept by market participants. Records must be kept as specified by the relevant rules and held for the specified period. They must be maintained in English (whether audio or in writing), or in a manner that can be easily converted into English, to enable access by ASIC: see Chapter 4 (ASX) and Rule 2.2.4 (ASX 24). The ASIC Market Integrity Rules (ASX) also articulate in what circumstances a participant may rely on records kept by the market operator: see Rules 4.1.5–4.1.6 (ASX).

Significant breach reporting to ASIC

RG 214.65 Breaches (or likely breaches) of market integrity rules may constitute reportable breaches for AFS licensees under s912D. If certain breaches of the market integrity rules are required to be reported under s912D, they need to be reported to ASIC. The process for reporting breaches to ASIC under s912D and reporting breaches of market integrity rules to ASIC is the same.

RG 214.66 Guidance on how to notify ASIC of significant breaches (or likely breaches) by AFS licensees under s912D is set out in RG 78. Written breach reports should be emailed to fsr.breach.reporting@asic.gov.au.

Note: See RG 78 for further guidance on the correct process for reporting breaches to ASIC, and what happens if you notify us of a breach as required under s912D.

Trust account reconciliation reporting

RG 214.67 ASX participants should note the specific obligation that Rule 3.5.10 (ASX) imposes on them to notify ASIC in writing in relation to the reconciliation of trust accounts. The information required to be notified to ASIC (within two business days) is the same as that required under pre-existing ASX Market Rule 7.11.11.

RG 214.68 These notifications should be given to us by the same process we require for reporting of significant breaches: see RG 214.65–RG 214.66.

ASX participant specific issues

RG 214.69 To ensure a smooth transition of supervisory responsibility, we have identified several issues and provided specific guidance below for ASX market participants.

Management requirements

RG 214.70 Market participants must have appropriate management structures and supervisory policies and procedures to comply with the Corporations Act, relevant market integrity rules and ASX Operating Rules.

RG 238.71 Rule 2.1.2(1) (ASX) imposes an obligation on market participants to provide a copy of their management structure to ASIC within three months of the commencement date. Notification to ASIC can be submitted using the relevant form on MECS, which can be accessed through [our website](#). Alternatively, a market participant may send the notification by email to market.participants@asic.gov.au.

Note: See Section F for more details.

RG 214.72 Market participants should note that copies of the management structure that have been submitted to ASX under pre-existing ASX Market Rule 3.6.1(b), and which accurately reflect the participant's arrangements as at 1 August 2010, we will regard as current at the commencement date. Within three months of the transition, every participant will need to give us a copy of the up-to-date management structure.

ASIC's expectations of management structure and supervisory procedures

RG 214.73 We do not expect that management structure records will differ significantly from records that are already in existence and compliant with the participants' pre-transition obligations under pre-existing ASX Market Rule 3.6.1.

RG 214.74 In assessing the market participant's compliance with Rules 2.1.1 (ASX) (management structure) and 2.1.3 (ASX) (supervisory procedures), we will take into consideration:

- (a) Regulatory Guide 104 *Licensing: Meeting the general obligations* (RG 104);
- (b) Regulatory Guide 105 *Licensing: Organisational competency* (RG 105);
- (c) Australian Standard on Compliance (AS 3806 2006);
- (d) Australian Standard on Customer Satisfaction (AS ISO 10002-2006);
- (e) Australian Standard on Risk Management (AS NZ 4360 2004);
- (f) ASX Guidance Note 6 *Management requirements*; and
- (g) Stockbrokers Association of Australia (formerly known as the Securities & Derivatives Industry Association) and Securities Institute Best Practice Guidelines for Research Integrity.

Note: See RG 104.14–RG 104.16 for more information on our existing approach to the extent that we place reliance on relevant standards.

Significant changes to management structure

RG 238.75 Rule 2.1.2(3) (ASX) continues the pre-existing ASX Market Rule obligation on market participants to notify ASIC of any significant change in their management structure. Market participants must notify ASIC in writing, within 10 business days of the change using the relevant form on MECS, which can be accessed through [our website](#). Alternatively, a market participant may send the notification by email to market.participants@asic.gov.au.

RG 214.76 We consider that the following may constitute a significant change in a participant's management structure:

- (a) a change in responsible executives, directors or key staff, including staff responsible for the compliance function;
- (b) a new business model;
- (c) new products;
- (d) rapid growth and expansion; and
- (e) takeovers and mergers.

Note: This is not intended to be an exhaustive list of examples.

- RG 214.77 Whether a change is significant or not will depend on the individual circumstances of the market participant. We consider that the nature, scale and complexity of your business might also affect whether a particular change is significant or not. You will need to decide whether a change is significant and requires notification. When you are not sure whether a change is significant, we encourage you to notify us.

Information barriers

- RG 214.78 Market participants should be aware that Rule 3.6.3 (ASX) imposes the same obligations on the participant in relation to the implementation of information barriers as the pre-transition obligations under pre-existing ASX Market Rule 7.18, which in that rule is referred to as a ‘Chinese wall’. However, there is no longer a requirement to notify ASIC of the mechanisms that have been put in place to restrict trading (as previously required under pre-existing ASX Market Rule 7.18).

Automated order processing

- RG 214.79 A market participant must at all times have appropriate automated filters and ensure that these do not interfere with the integrity of the market or the proper functioning of the trading platform. Market participants should note that the certification and any necessary confirmation or further certification processes are not significantly different from the obligations under pre-existing ASX Market Rule 13.3.

AOP certification

- RG 214.80 Before using their system for AOP, a market participant must ensure that they:
- (a) provide certification of their AOP system; and
 - (b) receive a written confirmation from ASIC.
- RG 214.81 The certification includes the items set out in Rule 5.6.6(2) (ASX). Market participants should note that the requirements for certification under Rule 5.6.6 (ASX) are the same as the requirements under their pre-transition certification obligations under pre-existing ASX Market Rule 13.3.4. In considering their obligations under Rule 5.6.6 (ASX), market participants should take into consideration pre-existing ASX Market Rule Procedures Appendix 13.3.4.
- RG 214.82 Market participants with existing confirmation from ASX of their AOP certification are not required to provide certification to ASIC unless a material change is proposed: see RG 214.84–RG 214.88.
- RG 238.83 Certifications should be provided in writing and can be submitted using the relevant form on MECS, which can be accessed through [our website](#). Alternatively, a market participant may send the certification by email to market.participants@asic.gov.au with the subject line ‘Attention: Senior Executive Leader, Market and Participant Supervision, ASIC’.

Note: See Section F for more details.

Material changes

- RG 214.84 Under Rule 5.6.7 (ASX) a market participant who proposes to make any material changes to their AOP systems continues to be required to immediately notify of the proposed change.
- RG 238.85 This notification (in the form of a confirmation or a further certification) should be provided in writing and can be submitted using the relevant form on MECS, which can be accessed through [our website](#). Alternatively, a market participant may send the certification by email to market.participants@asic.gov.au with the subject line 'Attention: Senior Executive Leader, Market and Participant Supervision, ASIC'.

Note: See Section F for more details.

- RG 214.86 The market participant should wait for a written confirmation from us under Rule 5.6.7(2)(b) (ASX) before implementing the change.
- RG 214.87 For the purposes of Rules 5.6.9(1)(c) (ASX) and 5.6.10(1)(c) (ASX), we consider that the broad functional description of the material changes to the AOP system may be an internally drafted description or a description provided by the third-party supplier of the AOP system. If the product release notes address all the material changes this may be sufficient to satisfy this requirement.
- RG 214.88 In assessing the market participant's compliance with Rule 5.6 (ASX), we will consider pre-existing ASX Guidance Note 19 *Automated order processing: Certification*.

Professional indemnity insurance

- RG 214.89 A market participant must at all times maintain an adequate level of PI insurance cover having regard to the nature and extent of their participation in the market and the risks and responsibilities assumed in relation to this: see Rule 2.2.1 (ASX). Market participants are required to notify ASIC of any claims, potential or threatened claims, or circumstances that might give rise to a claim, under their PI insurance cover: see Rule 2.2.4 (ASX).
- RG 214.90 These notifications can be submitted using the relevant form on MECS, which can be accessed through [our website](#). Alternatively, a market participant may send the notification by email to market.participants@asic.gov.au with the subject line 'Attention: Senior Executive Leader, Market and Participant Supervision, ASIC'.

Note: See Section F for more details.

Accreditation for retail client advisers for ASX derivatives

- RG 214.91 ASIC has assumed supervisory responsibility for the accreditation of retail client advisers for ASX derivatives. These advisers will continue to be required to be accredited and trained.
- RG 214.92 To ensure a smooth transition of supervisory responsibility, there is a need for transitional arrangements, including the grandfathering of existing accreditations and courses. This will continue in its prior form and effect unless we determine otherwise.

Advisers already accredited

- RG 214.93 Advisers with existing accreditation given by ASX are not required to obtain new accreditation. Their existing accreditation will be taken to be given by ASIC in accordance with transitional arrangements in Section B: see RG 214.25–RG 214.26.
- RG 214.94 However, where renewal of accreditation is required, advisers will need to obtain this according to ASIC's requirements as set out in the market integrity rules.

Advisers seeking accreditation after transition

- RG 214.95 ASIC will not be providing training courses for advisers as ASX did. However, we will publish a list of approved courses on [our website](#). For transitional purposes, we will recognise the courses for accreditation prescribed by ASX before the commencement date. Upon successful completion of these approved courses, market participants need to apply to ASIC for their adviser(s) to be recognised as an accredited derivatives adviser.
- RG 214.96 This application can be submitted using the relevant form on MECS, which can be accessed through [our website](#). Alternatively, a market participant may submit the application by email to market.participants@asic.gov.au with the subject line 'Attention: Senior Executive Leader, Market and Participant Supervision, ASIC'.

Note: See Section F for more details.

- RG 214.97 Market participants should ensure that the required supporting material, as specified in Rules 2.4.6(2) (ASX) and 2.4.7(2) (ASX), is included.

Extent of advice to clients: Level one accredited derivatives adviser

- RG 214.98 In considering their obligations under Rules 2.4.2 (ASX) and 2.4.3 (ASX), market participants should refer to the examples of covered call option writing strategies in pre-existing ASX Market Rule Procedure 8.4.1.
- RG 214.99 Level one accredited derivatives advisers are not permitted to advise on strategies which are not buying warrants or options (that are not low exercise price options (LEPOs)), covered call writing and are not buy-write strategies

such as buying one class of underlying financial products (e.g. BHP) and writing call options over a different class of underlying financial products (e.g. NAB) or buying a lesser number of underlying financial products than are required to meet the written call option obligations (e.g. buying 500 BHP and writing one BHP call option (with a price quotation factor/contract size equal to 1,000)).

Qualifications of responsible executives

- RG 214.100 ASIC has assumed supervisory responsibility for setting the qualification standards of responsible executives. These persons will continue to be required to be qualified and participate in continuing education.
- RG 214.101 To ensure a smooth transition of supervisory responsibility, there is a need for transitional arrangements, including the grandfathering of existing courses. This will continue in its prior form and effect unless we determine otherwise in the future.

Responsible executives already qualified

- RG 214.102 Responsible executives already recognised by ASX as satisfying the qualification requirements under pre-existing ASX Market Rule 3.6.5(b) before 1 August 2010 are not required to attend new training courses. Their existing qualifications will be taken to be recognised by ASIC in accordance with the transitional arrangements outlined in Section B: see RG 214.25–RG 214.26.

Persons seeking responsible executive qualification after transition

- RG 214.103 A list of approved courses will be published on the ASIC website. For transitional purposes, we will recognise the courses prescribed pre-transition for responsible executive qualification requirements.

Continuing education

- RG 214.104 For the purposes of Rule 2.3.4 (ASX), we consider that if the responsible executive is a member of any of the following:
- (a) Australian Compliance Institute (ACI);
 - (b) Australasian Financial Markets Association (AFMA);
 - (c) Financial Planning Association (FPA);
 - (d) Stockbrokers Association of Australia (SAA);
 - (e) an Accountant Professional Standards Scheme recognised under Australian state or federal professional standards legislation; or
 - (f) a Solicitors Professional Standards Scheme recognised under Australian state or federal professional standards legislation,

the responsible executive will meet the continuing education requirement by successfully completing eight hours (or eight hours equivalent) of education or professional development that meets the quality and measurement standards of continuing education or continuing professional development established by that professional body.

- RG 214.105 We consider that the responsible executive will otherwise meet the continuing education requirement by successfully completing eight hours (or eight hours equivalent) of education or professional development that meets the quality and measurement standards of continuing education or continuing professional development established by ACI or SAA for their members.
- RG 214.106 ASIC expects foreign participants to meet continuing education requirements equivalent to a measurement standard and quality that is currently expected of them.

Notification requirements

- RG 214.107 Rule 2.3.5 (ASX) imposes an obligation on market participants to notify ASIC by 31 July of each year of specific information relating to their responsible executives. The information required to be notified to ASIC under Rule 2.3.5 (ASX) is the same as the information required under pre-transition obligations under pre-existing ASX Market Rules 4.1.3 and 4.8.1.
- RG 214.108 Rule 2.3.1 (ASX) imposes a new obligation on market participants to notify ASIC within 10 business days of the appointment of a new responsible executive, or if a person ceases to be a responsible executive of the market participant.
- RG 214.109 These notifications can be submitted using the relevant form on MECS, which can be accessed through [our website](#). Alternatively, a market participant may send the notification by email to market.participants@asic.gov.au.

Note: See Section F for more details.

Designated trading representatives

- RG 214.110 Rules 2.5.2 (ASX) and 2.5.3 (ASX) continue to require all trading (other than AOP trading) to be done by DTRs.
- RG 214.111 DTRs are representatives of market participants who have been authorised by the ASX market participant to submit trading messages to the ASX trading platform on behalf of the participant.
- RG 214.112 In permitting this delegation, Rule 2.5.5 (ASX) requires the ASX market participant to continue to ensure that their DTRs:
- (a) have the authority to deal in the financial products for which the DTR submits orders on behalf of the market participant;

- (b) do not execute orders which will directly or indirectly benefit themselves, their associates, or relatives, without the prior written approval of the market participant; and
 - (c) do not intentionally take advantage of an error, breakdown or malfunction.
- RG 214.113 We will no longer require DTRs to be registered with ASX or to pass an examination before becoming a DTR. However, ASX market participants must continue to ensure their DTRs are suitably qualified and experienced to deal in the relevant financial products and have demonstrated to the ASX market participant knowledge of the dealing rules and relevant practices of the market operator as an AFS licensee and market participant. The market participant will be expected to retain records of how this has been demonstrated.
- RG 214.114 ASX will no longer administer system limits (e.g. special liability limits) or privileges (e.g. trader authorisation privileges) for DTRs. ASIC expects ASX market participants to consider implementing these limits and privileges themselves if they consider it necessary to meet their obligations as an AFS licensee.
- RG 214.115 The ASX market participant must determine how they will meet the DTR requirements, taking into consideration any limits on the DTR's access to the trading platform and the financial products in which the DTR is authorised to trade. ASX market participants may wish to consider:
 - (a) providing their DTRs with a copy of, or access to, the current documentation published by ASX in relation to its trading platform (e.g. the ASX Integrated Trading System (ITS) Reference Manual); and
 - (b) providing or arranging training for, and testing of, the DTR on the:
 - (i) operation of the market participant's order entry system;
 - (ii) operation of the trading platform; and
 - (iii) relevant market integrity rules and market operating rules.
- RG 214.116 ASX market participants will continue to be responsible for allocating unique identifiers to their DTRs. As a practical matter, ASX will continue to issue those unique identifiers to ASX market participants.

ASX 24 participant specific issues

Trading principles

- RG 214.117 Market participants should be aware that, while there have been minor modifications in the wording of the rules in Chapter 3 of the ASIC Market Integrity Rules (ASX 24) to include information previously contained in the Determinations of the SFE Operating Rules, the nature of the obligations in relation to trading principles has not changed.

RG 214.118 These modifications have been made to provide greater legal certainty. The substance of the rules on trading principles and the nature of the obligations attached to the rule(s) remains the same. Similarly, the manner in which those obligations will be complied with be largely unchanged.

E Our approach to supervising compliance

Key points

ASIC takes a risk-based approach to surveillance under the Corporations Act and will continue to do so in assessing compliance with the market integrity rules in addition to provisions under the Corporations Act.

We anticipate that, from a market participant's perspective, the supervision of markets will not be significantly different to pre-transition processes and arrangements.

We will work with ASX and ASX 24 to ensure there is no undue regulatory burden placed on market participants and to minimise overlap of regulatory obligations at a day-to-day level.

Supervision of compliance with market integrity rules

RG 214.119 ASIC is responsible for supervising market participants, market operators and other relevant entities for compliance with the market integrity rules. This is in addition to our role in supervising compliance by market participants with the market misconduct provisions of the Corporations Act (e.g. the prohibitions against insider trading, market manipulation and the making of false and misleading statements) and with the AFS licensing provisions.

Note: For our approach to supervising compliance with the AFS licensing obligations, see RG 104 and RG 105.

RG 214.120 We take a risk-based approach to surveillance under the Corporations Act and will continue to do so in assessing compliance with the market integrity rules in addition to the provisions under the Corporations Act. In doing so, we consider the *Objectives and principles of securities regulation* set out by the International Organization of Securities Commissions (IOSCO). We anticipate that, from a market participant's perspective, the supervision of markets will not be significantly different to pre-transition processes and arrangements.

RG 214.121 While there may be some obligations under the AFS licensing regime that appear to be similar to obligations under the market integrity rules, participants should be aware that to be in full compliance with the law, the requirements under both sets of obligations need to be carried out.

Example 1: Change of management structure

Participant A has changed their responsible manager (under their AFS licence), who is also their responsible executive (under the market integrity rules). Participant A needs to:

- fill out Form FS20 (available on [our website](#)) and return this to ASIC by mail or online (to comply with their AFS licence obligation: see RG 105.76–RG 105.87); and
- notify ASIC in writing within 10 business days of the change to their management structure by using the relevant form on MECS, which can be accessed through [our website](#) (to comply with their market integrity rule obligations: see RG 214.12 and RG 214.42). Alternatively, a market participant may send the notification by email to market.participants@asic.gov.au.

Market surveillance

RG 214.122 To maintain market integrity, we monitor on-market trading activity, including activity in relation to equities, options, warrants and futures, through a variety of computerised systems. Relevant regulatory action will be taken where trading activities that compromise the integrity of the market are identified.

RG 214.123 Our Market Surveillance team will make inquiries of market operators, participants, listed entities, clients and others, under the Corporations Act. These requests for information would come as a market inquiry in a similar way that ASX makes such inquiries now, or as a notice under powers afforded by the Corporations Act.

Participant supervision

RG 214.124 This involves a coordinated approach to monitoring the conduct of market participants and assessing their compliance with their relevant responsibilities under the Corporations Act, market integrity rules and their AFS licence. We will perform risk assessments of participants and, where necessary, conduct targeted surveillance on suspected misconduct and discuss remedial action with participants.

Client agreements

RG 214.125 The ASIC market integrity rules require clauses to be contained in client agreements which are linked to market integrity or participant–client relationships. Any requirement to have clauses which relate to the market operator–participant relationship or clearing obligations is the subject of market operator rules.

How ASIC will work together with ASX and ASX 24

- RG 214.126 ASIC will work with ASX and ASX 24 not only to ensure a smooth and seamless transition but, on an ongoing basis, to ensure that there is no undue regulatory burden placed on market participants. ASIC, ASX and ASX 24 will conduct site visits of market participants and, where appropriate, will share information on supervisory practices and also on reducing regulatory burden where possible.
- RG 214.127 There will be an ongoing dialogue between ASIC, ASX and ASX 24 to ensure cooperation on managing supervision and establishing protocols on the monitoring and enforcement of market integrity rules and market operating rules to minimise unnecessary duplication.

Overlap with operating rules of the market operator and ASIC market integrity rules

- RG 214.128 A small number of market integrity rules duplicate obligations contained in the ASX and ASX 24 Operating Rules. The overlap is not extensive and typically lies in areas where ASX and ASX 24 have an 'operational' interest, while ASIC has an interest from a market integrity perspective. We are currently developing protocols and cooperation processes with ASX and ASX 24, which outline our complementary approach to supervision and enforcement. This will minimise overlap at a working level.

Transitional operating rules of the market operator

- RG 214.129 A small number of ASX and ASX 24 Operating Rules have been retained on a transitional basis for a period of 12 months from the date of the transfer of supervision to ASIC.

F Communicating with ASIC

Key points

Market participants can contact ASIC directly to ensure that market integrity matters are known and addressed in an efficient and timely manner.

Contact points include MECS, direct email and telephone access to the relevant ASIC teams to communicate issues and queries in relation to markets, trading and participant conduct.

Breaches of the market integrity rules and/or provisions of the Corporations Act should not be reported using the direct contact points listed in this section. For correct procedures for breach reporting, see RG 214.65–RG 214.66.

Forms

- RG 214.130 Details about the type of information that is required to be submitted to ASIC in writing are now contained in the market integrity rules rather than, as previously, in the associated material accompanying the pre-existing ASX Market Rules and SFE Operating Rules (e.g. forms and appendices to procedures). The substance of the information that must be provided to ASIC has not changed from the pre-existing ASX and SFE obligations. However, our current market integrity rules do not prescribe forms or a format in which to submit such information.
- RG 238.131 Market participants may use the forms available on MECS, which can be accessed through [our website](#), to submit certain information to us as required under the market integrity rules. We will also accept information by any reasonable means, including by email to market.participants@asic.gov.au and in the format which was prepared to comply with the pre-existing ASX Market Rules or SFE Operating Rules.
- RG 214.132 Table 3 lists the topics for which information should be sent to ASIC.

Table 3: What market participants should notify ASIC about

All market participants	Significant breaches	Section 912D
ASX market participants	Trust account reconciliation breaches	Rule 3.5.10 (ASX)
	Management structure	Rule 2.1.2 (ASX)
	Management structure: Significant change	Rule 2.1.2 (ASX)
	Responsible executive: Appointment or cessation	Rule 2.3.1 (ASX)
	Responsible executive: Continuing education requirements	Rule 2.3.5 (ASX)
	PI insurance: With related body corporate	Rule 2.2.2 (ASX)

	PI insurance: Claims	Rule 2.2.4 (ASX)
	Legal proceedings	Rule 2.2.5 (ASX)
	Suspicious activity reports	Rule 5.11.1 (ASX)
ASX 24 market participants	Investigations into participants	Rule 2.1 (ASX 24)

Contacting ASIC

RG 214.133 The market integrity rules require market participants to provide ASIC with various pieces of information in certain circumstances and other notifications. Information should be provided in the manner detailed in the relevant market integrity rule.

Written applications and requests

RG 214.134 Where certain requests and applications are to be made to ASIC these can be made using the relevant form on MECS, which can be accessed through [our website](#). Alternatively, these can be submitted by email to market.participants@asic.gov.au with the subject line ‘Attention: Senior Executive Leader, Market and Participant Supervision, ASIC’.

MECS

RG 214.135 Market participants can submit a range of applications and notifications using the forms available on MECS, which can be accessed through [our website](#). Where a form is available on MECS, it is our preference that the application or notification is made using MECS.

Telephone hotline

RG 214.136 Market participants are able to directly contact the relevant ASIC teams on a hotline between 9 am and 5 pm Eastern Standard Time on market trading days. This is for communicating with ASIC about live markets trading issues, non-live markets queries, general participant queries, notifications and exemptions. Participants can also call ASIC’s Infoline on 1300 300 630.

Email

RG 214.137 There are three email addresses set up for use by market participants for the purposes of market and participant related matters: see Table 4.

Table 4: ASIC email addresses for use by market participants

Email address	To be used for:	Examples of information, applications and notifications
markets@asic.gov.au	Matters relating to markets and trading	Concerns or queries about trading anomalies. Queries about unexplained market events. Reports of suspicious market trades or behaviour. Concerns about misconduct in the market.
market.participants@asic.gov.au	Participant-related matters	Applications, including: <ul style="list-style-type: none"> • waiver applications; and • AOP certification. Notifications, including: <ul style="list-style-type: none"> • notification of a claim, potential claim, or circumstances that might give rise to a claim, under the participant's PI insurance; • management structures and any changes to these; • issues relating to responsible executives; • commencement of legal proceedings that may impact on market integrity rules; and • any other notifications to ASIC required under the market integrity rules relating to the participant's business; and Other information, including: <ul style="list-style-type: none"> • retail adviser accreditation; and • any other information relating to the participant.
fsr.breach.reporting@asic.gov.au	Significant breaches under s912D of Corporations Act	

When to contact ASIC

- RG 214.138 As stated above, we are responsible for supervising trading activities by market participants to ensure market integrity. As such, we can be contacted in relation to activities and conduct that occur on domestic licensed financial markets.
- RG 214.139 Australian market licensees retain responsibility for the operation of their markets. Queries about the operations and processes of markets should be directed to the relevant market operator.
- RG 214.140 In general terms, if your issue relates to an obligation or conduct covered by the market integrity rules or provisions of the Corporations Act, you should contact ASIC. The following examples are an indication of the sorts of matters that might arise and who to contact.

Example 2: Expiry of a futures contract

Participant A has a trading-related query about the expiry of a futures contract.

- Where the query is in relation to the delivery or process of the futures contract, Participant A should contact ASX or ASX 24.
- Where the query is about possible manipulation in relation to the futures contract or market misconduct, Participant A should contact ASIC.

Example 3: Crossings

Participant A has a trading-related query about conducting crossings.

- Participant A should contact ASX or ASX 24 as this is an operational issue.

Example 4: Market manipulation

Participant A has a trading-related query about possible market manipulation by one of their clients.

- Participant A should contact ASIC.

Example 5: Trade cancellations

Participant A has a trading-related query about trade cancellations.

- Participant A should contact ASX or ASX 24.

Where to find further information

- RG 214.141 For up-to-date information about the transfer of market surveillance powers to ASIC, market participants should refer to www.asic.gov.au/markets.

Key terms

Term	Meaning in this document
ACI	Australian Compliance Institute
AFS licence	An Australian financial services licence under s913B of the Corporations Act that authorises a person who carries out a financial services business to provide financial services Note: This is a definition contained in s761A of the Corporations Act.
AFS licensee	A person who holds an AFS licence under s913B of the Corporations Act Note: This is a definition contained in s761A of the Corporations Act.
AOP (automated order processing)	The process by which orders are registered in a market participant's system, which connects it to a market. Client or principal orders are submitted to an order book without being manually keyed in by an individual (referred to in the rules as a DTR). It is through AOP systems that algorithmic programs access our markets
ASIC	Australian Securities and Investments Commission
ASIC Market Integrity Rules (ASX)	ASIC Market Integrity Rules (ASX Market) 2010—rules made by ASIC under s798G of the Corporations Act for trading on ASX
ASIC Market Integrity Rules (ASX 24)	ASIC Market Integrity Rules (ASX 24 Market) 2010—rules made by ASIC under s798G of the Corporations Act for trading on ASX 24
ASX	ASX Limited or the exchange market operated by ASX Limited
ASX 24	The exchange market formerly known as Sydney Futures Exchange (SFE), operated by Australian Securities Exchange Limited
ASX 24 Operating Rules	Australian Securities Exchange Limited's new operating rules, which replace the pre-existing SFE Operating Rules
ASX guidance notes	Guidance notes providing assistance to ASX market participants on ASX's interpretation of the former ASX Market Rules
ASX Limited	The market licensee that operates the exchange market known as 'ASX'
ASX Market Rules	Previous operating rules made by ASX dealing with activities or conduct of its market and of persons in relation to the market

Term	Meaning in this document
ASX Operating Rules	ASX's new operating rules, which replace the pre-existing ASX Market Rules
Australian domestic licensed financial market	A financial market licensed under s795B(1) of the Corporations Act
Australian market licence	Australian market licence under s795B of the Corporations Act that authorises a person to operate a financial market
Australian Securities Exchange Limited	Formerly known as Sydney Futures Exchange Limited, the market licensee that operates ASX 24 (formerly known as SFE)
commencement date	The commencement date of the Financial Market Supervision Act (i.e. 1 August 2010)
Corporations Act	<i>Corporations Act 2001</i> including regulations made for the purposes of that Act
Corporations Regulations	Corporations Regulations 2001
DTR	designated trading representative
enforceable undertaking	An enforceable undertaking that may be accepted by ASIC under reg 7.2A.01 of the Corporations Regulations
Financial Market Supervision Act	<i>Corporations Amendment (Financial Market Supervision) Act 2010</i>
GN 1 (for example)	An ASX guidance note (in this example, numbered 1)
infringement notice	An infringement notice issued under reg 7.2A.04 of the Corporations Regulations
market integrity rules	Rules made by ASIC, under s798G of the Corporations Act, for trading on domestic licensed markets
market licensee	Holder of an Australian market licence
market participant	As defined in s761A of the Corporations Act
Markets Disciplinary Panel (MDP)	ASIC's Markets Disciplinary Panel, through which ASIC will exercise its power to issue infringement notices and to accept enforceable undertakings in relation to breaches of the market integrity rules
MECS (Market Entity Compliance System)	Our online regulatory compliance portal that provides market participants with tools and information to assist them in complying with their regulatory obligations Note: MECS can be accessed through our website .
PI insurance	Professional indemnity insurance

Term	Meaning in this document
Pt 7.2A (for example)	A part of the Corporations Act (in this example, numbered 7.2A), unless otherwise specified
reg 10.14.02 (for example)	A regulation under the Corporations Regulations (in this example, numbered 10.14.02), unless otherwise specified
responsible executive	As defined in Rule 1.4.3 (ASX)
RG 216 (for example)	An ASIC regulatory guide (in this example, numbered 216)
Rule 1.2.2 (ASX) (for example)	A rule of the ASIC Market Integrity Rules (ASX) (in this example, numbered 1.2.2)
Rule 1.2.2 (ASX 24) (for example)	A rule of the ASIC Market Integrity Rules (ASX 24) (in this example, numbered 1.2.2)
s795B (for example)	A section of the Corporations Act (in this example, numbered 795B), unless otherwise specified
SAA	Stockbrokers Association of Australia
SFE	The market formerly known as Sydney Futures Exchange (now ASX 24)
SFE Operating Rules	Previous operating rules made by SFE dealing with activities or conduct of its market and of persons in relation to a market

Related information

Headnotes

ASX, ASX 24, financial markets, licensed financial markets, market integrity rules, market operators, participants, supervision, transitional arrangements

Regulatory guides

RG 51 *Applications for relief*

RG 78 *Breach reporting*

RG 104 *Licensing: Meeting the general obligations*

RG 105 *Licensing: Organisational competency*

RG 215 *Guidance on ASIC market integrity rules for IMB, NSXA and SIM VSE markets*

RG 216 *Markets Disciplinary Panel*

RG 224 *Guidance on ASIC market integrity rules for Chi-X and APX markets*

Legislation

Corporations Act, Pt 7.2A, Pt 9.4B, s5, 791A, 793B, 795B(1), 795B(2), 798G, 912D, 913B

Corporations Regulations, reg 7.2.07, 7.2A.01, 7.2A.04, 10.14.02

Financial Market Supervision Act

Market integrity rules

ASIC Market Integrity Rules (ASX)

ASIC Market Integrity Rules (ASX 24)

Consultation papers and reports

CP 131 *Proposed ASIC market integrity rules: ASX and SFE markets*

CP 152 *ASIC's conversion of ASX and SFE guidance: General operational obligations*

CP 222 *Reducing red tape: Proposed amendments to the market integrity rules*

REP 204 *Response to submissions on CP 131 Proposed ASIC Market Integrity Rules: ASX and SFE markets*

REP 432 *Response to submissions on CP 222 Reducing red tape: Proposed amendments to the market integrity rules*