



Australian Market Licence (Chicago Mercantile Exchange Inc.) 2003

I, ROSS CAMERON, Parliamentary Secretary to the Treasurer, grant this Licence under subsection 795B (2) of the *Corporations Act 2001*.

Dated 23rd December 2003

Parliamentary Secretary to the Treasurer

1 Name of Licence

This Licence is the *Australian Market Licence (Chicago Mercantile Exchange Inc.) 2003*.

2 Commencement

This Licence commences when it is granted.

3 Definitions

In this Licence:

Act means the *Corporations Act 2001*.

Australia-based market means a market:

- (a) the principal place of operation of which is in Australia; and
- (b) that is operated by a person whose principal place of business is located in Australia.

Australian financial services licence has the same meaning as in section 761A of the Act.

Australian participant means a person in Australia who is a participant (within the meaning of section 761A of the Act) in the financial market that Chicago Mercantile Exchange Inc. is authorised to operate under this Licence.

futures brokers licence has the same meaning as in the old Corporations Act (within the meaning of subsection 1410 (1) of the Act).

4 Grant of licence

This Licence is granted to Chicago Mercantile Exchange Inc. to operate the financial market that includes the electronic trading system provided by Chicago Mercantile Exchange Inc. (currently known as GLOBEX).

5 Class of financial products

The class of financial products that can be dealt with on the market is derivatives.

6 Clearing and settlement arrangements

Clearing and settlement arrangements for transactions effected through the market must be provided by Chicago Mercantile Exchange Inc. or another clearing and settlement facility approved by the Minister.

7 Australian participants to be licensed

Chicago Mercantile Exchange Inc. must require an Australian participant to hold a futures brokers licence, or an Australian financial services licence, that permits trade in products of the same kind as those that can be dealt with on the market unless the participant is exempt under Australian law from the requirement to hold such a licence in relation to participation in the market.

8 Suspension or revocation of licence or trading permission

Chicago Mercantile Exchange Inc. must require an Australian participant to notify Chicago Mercantile Exchange Inc. as soon as practicable if:

- (a) the Australian participant's permission to trade in products offered on the market; or
- (b) the licence under which that permission exists; is suspended or revoked.

9 Disclosure to clients

Chicago Mercantile Exchange Inc. must require a participant to disclose to a client in Australia, before accepting the first order from the client to deal on the market, the differences between trading derivatives on the market to which the Licence relates and an Australia-based market, including but not limited to, the following:

- (a) that Chicago Mercantile Exchange Inc.'s principal place of business is located in the United States of America, and the market is regulated primarily under the regulatory regime of the United States of America;
- (b) that the rights and remedies of, and compensation arrangements for, investors who acquire products offered on the market differ from the rights and remedies of investors who acquire products offered on an Australia-based market;
- (c) that Australian investors who acquire products offered on the market may be subject to the effects of changes in currency exchange rates.

10 Reporting

(1) Chicago Mercantile Exchange Inc. must give the following information to ASIC within 30 days after the end of each reporting period:

- (a) for each kind of contract that can be traded on the market — the total trade volume originating from Australian participants for the reporting period; and
- (b) the proportion of worldwide trading volume on the market that was conducted by Australian participants for the reporting period; and
- (c) the current name and business address in Australia of each Australian participant.

(2) In this section:

reporting period means a period of 6 months ending on 30 June or 31 December in each year, during which the market is operated in Australia.

11 Submission to jurisdiction

Chicago Mercantile Exchange Inc. must submit to the non-exclusive jurisdiction of the Australian courts in actions brought by ASIC.