



ASIC

Australian Securities & Investments Commission

CONSULTATION PAPER 131

Proposed ASIC Market Integrity Rules: ASX and SFE markets

February 2010

About this paper

This consultation paper sets out ASIC's proposals for new Market Integrity Rules for ASX Limited (ASX) and Sydney Futures Exchange Limited (SFE) markets based on existing rules for these markets.

It explains our approach in developing these proposed rules and how we propose they would apply following the transfer of market supervision to ASIC.

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 paper was issued on 26 February 2010 and is based on the Corporations Act as at 26 February 2010.

Disclaimer

The proposals, explanations and examples in this paper do not constitute legal advice. They are also at a preliminary stage only. Our conclusions and views may change as a result of the comments we receive or as other circumstances change.

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The consultation process

You are invited to comment on the proposals in this paper, which are only an indication of the approach we may take and are not our final policy.

As well as responding to the specific proposals and questions, we also ask you to describe any alternative approaches you think would achieve our objectives.

We are keen to fully understand and assess the financial and other impacts of our proposals and any alternative approaches. Therefore, we ask you to comment on:

- the likely compliance costs; and
- other impacts, costs and benefits.

Where possible, we are seeking both quantitative and qualitative information.

We are also keen to hear from you on any other issues you consider important in relation to the proposed new ASIC Market Integrity Rules for ASX and SFE markets.

Your comments will help us develop our policy on the ASIC Market Integrity Rules. In particular, any information about compliance costs and other impacts, costs and benefits will be taken into account if we prepare a Business Cost Calculator Report and/or a Regulation Impact Statement: see Section E Regulatory and financial impact.

Making a submission

We will not treat your submission as confidential unless you specifically request that we treat the whole or part of it (such as any financial information) as confidential.

Comments should be sent by 26 March 2010 to:

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What will happen next?

Stage 1	26 February 2010	ASIC consultation paper released
Stage 2	26 March 2010	Comments due on the consultation paper Drafting of Market Integrity Rules
Stage 3	Before the commencement of the new market supervision function as contemplated by the Bill. The Australian Government has stated an aim to commence as early as possible in the third quarter of 2010.	Market Integrity Rules finalised

Finalisation of ASIC's proposed Market Integrity Rules is subject to the enactment of the Corporations Amendment (Financial Market Supervision) Bill 2009 and to the final content of the legislation and related regulations.

A Overview

Key points

The Australian Government has decided to change the way supervision of trading on Australia's financial markets occurs by enabling ASIC to supervise real-time trading on Australia's domestic licensed markets.

ASIC proposes to:

- implement a new Market Integrity Rule framework modelled on existing rules; and
- establish a markets disciplinary regime which will be as similar in approach to the ASX Disciplinary Tribunal as possible with penalties consistent with the current approach.

The proposed rules will generally be the same as the existing rules with clear delineation of supervisory responsibility between ASIC and ASX or SFE. So while we propose that the responsibility of supervising particular rules will change, we do not propose to change the substance of the rule itself.

Changes to supervision of trading on Australia's financial markets

- 1 On 24 August 2009, the Australian Government announced that ASIC would take over the supervision of real-time trading on Australia's domestic licensed markets.
- 2 As contemplated by the Corporations Amendment (Financial Market Supervision) Bill 2009 (Bill), ASIC proposes to make Market Integrity Rules which it will be responsible for supervising from the date of transfer of supervision.
- 3 In general, ASIC's proposed Market Integrity Rules for ASX and SFE are modelled on a subset of the existing ASX Market Rules and SFE Operating Rules. The Market Integrity Rules aim to:
 - (a) promote market integrity; and
 - (b) protect investors.
- 4 ASX and SFE will continue to make and supervise operational rules for their markets and ASX will continue to make and supervise its listing rules (including continuous disclosure).
- 5 In general at this stage we do not propose to change what market participants must comply with, and how they must comply with the rules from Day 1. While the responsibility of supervising a particular rule may change, we do not propose to change the substance of the regulatory regime.

- 6 We aim to have a markets disciplinary regime in place from the time of transfer on Day 1 which is as similar to the current ASX regime as possible. ASIC will review the rules further in the usual course after the markets disciplinary regime is implemented and will consult on any further proposed changes under consideration.
- 7 The Bill proposes no change to current arrangements for supervision and enforcement of clearing and settlement rules.

Scope of this consultation

- 8 This consultation covers the proposed ASIC Market Integrity Rules for ASX and SFE markets only. We are separately considering Market Integrity Rules that will apply to the other domestic Australian market licence holders and will advise on our approach in due course.
- 9 This paper does not cover the transitional and process issues related to the transfer of supervision. These will be dealt with separately.
- 10 The disciplinary process and related guides will be contained in separate ASIC publications.
- 11 At a later time, we also intend to conduct a harmonisation exercise so that only one set of ASIC Market Integrity Rules applies to all like markets. This harmonisation exercise will be the subject of further consultation.
- 12 These Market Integrity Rules do not anticipate competition for market services. New rules will be developed and consulted on if competition is to occur. Similarly, these rules do not contemplate a wider scope of topics which are currently the subject of international consideration (e.g. the issues raised in Securities Exchange Commission's recent *Concept Release on Equity Market Structure* relating to financial markets in the United States).

B Supervision of trading on Australia's financial markets

Key points

The Australian Government has decided to change the way supervision of trading on Australia's financial markets occurs by enabling ASIC to supervise real-time trading on Australia's domestic licensed markets.

ASIC proposes Market Integrity Rules which are modelled on existing rules.

This consultation paper covers proposed new ASIC Market Integrity Rules for ASX and SFE markets only. We are separately considering Market Integrity Rules that will apply to other domestic Australian market licence holders and will advise on our approach in due course.

Changes to existing arrangements

- 13 On 24 August 2009, the Australian Government decided to have ASIC supervise real-time trading on Australia's domestic licensed markets. This change will mean that ASIC is responsible for supervising trading activities by market participants that take place on a licensed financial market, and for supervising the conduct of persons in relation to domestic licensed financial markets. Market operators, such as ASX, will retain responsibility for monitoring and enforcing compliance with the remaining operating rules including listing rules for entities listed on their exchange.
- 14 Proposed amendments to the *Corporations Act 2001* (Corporations Act) that were needed to give effect to the change were the subject of consultation in Treasury's exposure draft and consultation paper *Reforms to the supervision of Australia's financial markets* issued in December 2009.¹
- 15 Legislation was introduced into Parliament on 10 February 2010 to give effect to this change. The legislation creates a structure, through amendments to the Corporations Act that authorises ASIC to make rules that deal with activities or conduct of domestic licensed markets and of persons in relation to licensed markets and in relation to financial products traded on a licensed market.
- 16 Market operators of, and participants in, domestic licensed markets must comply with the Market Integrity Rules. These rules are subject to approval by the Minister. ASIC will supervise compliance with its Market Integrity Rules.

¹ <http://www.treasury.gov.au/contentitem.asp?NavId=037&ContentID=1673>

- 17 We will have regard to any regulations that are made and review these proposed Market Integrity Rules if required.
- 18 The Australian Government intends that ASIC begins to perform its market supervisory functions in the third quarter of 2010.
- 19 ASX and SFE will continue to make operational rules for their markets and ASX will continue to make listing rules.

Current supervisory arrangements

- 20 At present, Australia is operating under a framework where financial market operators such as ASX are responsible for the supervision of market participants and listed entities, while ASIC is responsible for ensuring that the market operator meets its statutory obligations as a market licensee.
- 21 Under the existing legislative framework, ASX, for example, is the ‘frontline’ regulator of participants’ conduct in relation to its market and both ASX and ASIC have separate and complementary roles in the supervision of the market and of market participants. ASIC also supervises ASX.
- 22 In real-time both ASX and ASIC identify suspicious conduct that may impact on ASX’s market and which may constitute a breach of the listing rules, market rules or Corporations Act. ASX and ASIC also investigate suspicious behaviour and pursue enforcement action.
- 23 In practice ASX and ASIC cooperate extensively in the detection and investigation of potential breaches. These breaches might include market manipulation matters which are prohibited under both the market rules and the Corporations Act. Under the Corporations Act, ASX is required to notify ASIC of any actual or suspected significant breach of its operating rules or the Corporations Act.
- 24 To support these arrangements, ASIC and the ASX group have a Memorandum of Understanding (MOU) that notes their complementary roles.

Future supervisory arrangements

- 25 Under the proposed new arrangements, the ASX group of market and clearing and settlement licensees will retain:
- (a) monitoring of ASX listing rules including compliance with the continuous disclosure obligations;
 - (b) admission of new participants;
 - (c) trading operations; and
 - (d) the supervision of clearing and settlement participants.
- 26 The proposed new ASIC Market Integrity Rules enable us to perform the new function of supervising real-time trading on Australia's domestic licensed markets (including conduct of market participants).
- 27 Our approach to creating the proposed ASIC Market Integrity Rules is outlined in Section C.
- 28 The change to the supervisory arrangements results in a need for ASIC to revise existing MOUs that are in place with the ASX group to take into account the transfer of supervision. We are working with ASX and SFE to revise the MOU and develop relevant protocols which will be designed to ensure sharing of information and efficient supervision and, in particular, to facilitate the transition.

C Our approach to developing the ASIC Market Integrity Rules regulatory framework

Key points

We propose to create new ASIC Market Integrity Rules for ASX and SFE markets which will be supervised by ASIC. The proposed Market Integrity Rules will:

- replicate existing provisions in the current ASX Market Rules and SFE Operating Rules as far as possible and necessary, and
- take effect from the date of transfer of supervision.

We propose that all associated existing guidance and procedural material issued by ASX and SFE (e.g. guidance notes, procedures and appendices to procedures, determinations and practice notes) related to rules that are proposed to be part of the ASIC Market Integrity Rules will form part of the ASIC regulatory framework.

We intend to carry across to ASIC relevant existing decisions by ASX or SFE and information held by ASX or SFE relevant to the supervision of the rules for which we will have responsibility from the date of transfer of supervision.

Proposed new ASIC Market Integrity Rules

- 29 We propose to create new ASIC Market Integrity Rules for ASX and SFE markets for the functions contemplated by the transfer of real-time supervision for Australian markets.
- 30 To create the new ASIC Market Integrity Rules, we have reviewed the existing ASX Market Rules and SFE Operating Rules and identified subject areas which will fall within ASIC's new supervisory remit. We propose that the remaining subject areas will continue to be the supervisory responsibility of ASX and SFE. As a result, we have proposed a division of supervisory responsibility for existing ASX Market Rules and SFE Operating Rules. This proposal is summarised in Appendixes 1 and 2.
- 31 Appendixes 3 and 4 show the extent of proposed redrafting with marked-up changes indicating where we propose to deviate from the existing rules. The existing ASX Market Rules or SFE Operating Rules are shown on the left, while the proposed new ASIC Market Integrity Rules are shown on the right.
- 32 The proposed rules would apply from the date of transfer of supervision. Our aim has been to maintain status quo as much as possible on Day 1, while transferring the supervisory responsibility for certain subject areas from the market operator to ASIC.

Guiding principles

- 33 In considering the appropriate division of supervisory responsibility, we took the view that, in general:
- (a) existing operational/mechanical style rules, including the core operational functioning of the market, should be the responsibility of the market operator;
 - (b) admission of participants should be the responsibility of the market operator;
 - (c) rules relating to market integrity should be the responsibility of ASIC;
 - (d) rules that assist the real-time monitoring of trading for protecting market conduct should be the responsibility of ASIC; and
 - (e) rules relating to general participant conduct, including participant conduct with clients, should be the responsibility of ASIC.
- 34 We note that there are a small number of rules where, due to the nature of the rule, we consider it appropriate for ASX or SFE and ASIC to have some element of supervisory responsibility. These rules are identified in Appendixes 1 and 2.
- 35 We have based our proposal on the ASX Market Rules and SFE Operating Rules in effect at the date of the publication of this consultation paper.

Minimal redrafting of existing rules

- 36 For those ASX Market Rules and SFE Operating Rules which we propose will be supervised by ASIC, we have intentionally tried to maintain the existing drafting of rules and retain current concepts. This is to ensure market certainty and minimise impact on participants. We have made minimal amendments to ensure the proposed Market Integrity Rules are drafted in a way that reflects ASIC supervision rather than ASX or SFE supervision.
- 37 We have focused on using the provisions that are contained in existing ASX Market Rules and SFE Operating Rules, rather than creating new rules.
- 38 We also propose to reorder the arrangement of the Market Integrity Rules so that they are contained within the following proposed chapters.

Table 1: Proposed chapters for new ASIC Market Integrity Rules

ASIC/ASX Market Integrity Rules	ASIC/SFE Market Integrity Rules
Ch 1: Introduction	Ch 1: Introduction
Ch 2: Participants and representatives	Ch 2: The participants
Ch 3: Client relationships	Ch 3: Trading principles
Ch 4: Record keeping	
Ch 5: Trading	
Ch 6: Regulatory information requirements applicable to participants	

Further redrafting

- 39 We have sought to minimise duplication with existing framework requirements in the Corporations Act. For example, where there is an existing provision under the Corporations Act or *Acts Interpretation Act 1901*, we have not replicated it in the proposed Market Integrity Rules. However, there are a set of rules which we acknowledge still contain some overlap with the Corporations Act (e.g. reporting, client money and confirmation). We are giving further consideration as to whether any part or all of these rules are necessary in the Market Integrity Rules.

Automated Order Processing

- 40 Automated Order Processing is an important area for ASX or SFE and ASIC to have supervisory responsibility. We have proposed a division of responsibility whereby:
- (a) ASIC will be responsible for rules regarding filters, appropriateness, conduct and infrastructure;
 - (b) ASX or SFE will be responsible for rules in relation to operations, including logistics and connectivity.
- 41 The proposed Market Integrity Rules envisage that we will work closely with ASX or SFE to supervise Automated Order Processing and we see this is an area where a protocol for supervision will be developed. We intend to give greater clarity to stakeholders about how the supervision of the various elements of Automated Order Processing will work in practice, including how system failures resulting in a rule breach should be notified and how such breaches will be dealt with.

Retail client advisor accreditation for ASX derivatives

- 42 Under the proposed new framework, ASIC will assume supervisory responsibility for the accreditation of retail client advisors for ASX derivatives. We intend to retain the existing ASX obligations that retail client advisors for ASX derivatives will need to be accredited. We may engage a contractor to perform some of the functions associated with accreditation for this purpose.
- 43 We note that there will be a need for transitional arrangements, including the grandfathering of existing accreditations and courses, to deal with this transfer of supervisory responsibility. We intend to provide further information about the transition in due course.

Proposal

- c1 We propose to adopt:
- (a) the proposed division of supervisory responsibility for existing ASX Market Rules in Appendix 1 and the proposed ASIC/ASX Market Integrity Rules in Appendix 3;
 - (b) the proposed division of supervisory responsibility for existing SFE Operating Rules in Appendix 2 and the proposed ASIC/SFE Market Integrity Rules in Appendix 4.

Your feedback

- C1Q1 Do you agree with the approach we have taken in creating a set of ASIC Market Integrity Rules for ASX and SFE markets to take effect from date of transfer of supervision? If not, please provide an explanation.
- C1Q2 Are there any practical implications of dividing responsibility for existing ASX Market Rules and SFE Operating Rules in this manner?
- C1Q3 Are there any existing ASX Market Rules or SFE Operating Rules which you consider should or should not form part of the ASIC/ASX Market Integrity Rules or ASIC/SFE Market Integrity Rules?
- C1Q4 Do you have any technical comments on the proposed ASIC/ASX Market Integrity Rules in Appendix 3 or proposed ASIC/SFE Market Integrity Rules in Appendix 4?

Status of ASX and SFE guidance and procedures

- 44 The ASX Market Rules currently operate in conjunction with a set of associated materials (guidance notes, procedures and appendices to procedures). Similarly, at present the SFE Operating Rules currently operate in conjunction with procedures, determinations and practice notes.
- 45 The current procedures, appendices to procedures, guidance notes and determinations which are relevant to the rules for which we will have supervisory responsibility are listed in Appendixes 3 and 4 (at the end of each proposed chapter for ASIC/ASX Market Integrity Rules and after each relevant rule for ASIC/SFE Market Integrity Rules).
- 46 We are considering the form these associated materials should take in the ASIC regulatory framework for greatest clarity, efficiency and accessibility (e.g. how the material would be best presented in the form of either an ASIC regulatory guide, information sheet or form).
- 47 We are also in the process of determining whether there is any content in existing material which is of a substantive nature and needs to form part of an ASIC Market Integrity Rule rather than remain in associated material.

- 48 While the form of the content of existing associated material may change, we do not currently intend to change the substance of that material and the obligations imposed on participants by that material.
- 49 However, our policy position on topics which are the subject of guidance notes may change over time in light of changes in the market and as a result of broader ASIC reviews. We expect to consult on proposed changes to policy issues at the relevant time.

Proposal

c2 For the purpose of this consultation, we propose:

- (a) to interpret the ASIC/ASX Market Integrity Rules consistent with existing ASX Guidance Notes (unless explicitly stated otherwise);

Note: We expect to create new ASIC regulatory guides which we anticipate will be similar to existing ASX Guidance Notes.

- (b) that existing ASX procedures and appendices to procedures that relate to proposed ASIC rules will form part of the ASIC/ASX Market Integrity Rule regulatory framework;

Note: We expect to create new ASIC regulatory guides, information sheets and forms which cover the content in those procedures and appendices to procedures. In some instances, the content of existing procedures will be incorporated into the ASIC/ASX Market Integrity Rules.

- (c) that SFE procedures, determinations and practice notes form part of the ASIC/SFE Market Integrity Rule regulatory framework.

Note: We expect to review the procedures for their incorporation into the ASIC/SFE Market Integrity Rules.

Your feedback

C2Q1 Do you think our list of related material in Appendixes 3 and 4 is complete? If not, please indicate other existing related material that should also be incorporated into the ASIC/ASX or ASIC/SFE Market Integrity Rules framework.

C2Q2 Do you have any practical comments that should guide us on how we approach our publications, including what if any current ASX procedures content should be in the ASIC/ASX Market Integrity Rules?

Grandfathering of existing ASX and SFE decisions and information

- 50 We acknowledge that decisions made by ASX or SFE (e.g. existing waivers, notifications, certifications, accreditations and approvals) and information held by ASX or SFE (e.g. in the form of registers) are a key component of the regulatory framework.
- 51 We are considering how to ensure existing relevant ASX and SFE discretionary decisions have ongoing status under ASIC's Market Integrity Rules upon commencement.

D Proposed approach to breaches of the Market Integrity Rules

Key points

We propose to establish a markets disciplinary regime which will be as similar in approach to the ASX Disciplinary Tribunal as possible.

We propose to include a penalty amount for each Market Integrity Rule following a similar approach to ASX in determining appropriate penalties for breaches of the ASX Market Rules and the SFE Operating Rules.

The maximum level of penalty applicable to a rule breach will be consistent with the current maximum penalty applied by ASX and SFE.

- 52 Under the Bill, a breach of ASIC's Market Integrity Rules is a breach of a civil penalty provision. A court may order a person to pay the Commonwealth a pecuniary penalty if a declaration of contravention is made. The maximum amount that the court may order the person to pay for contravening a Market Integrity Rule is the penalty amount set out in the Market Integrity Rules for the rule. The penalty amount set out in a Market Integrity Rule must not exceed \$1,000,000. The maximum penalty is similar to the maximum fine the ASX Disciplinary Tribunal may impose.
- 53 The Bill also provides a framework for ASIC to pursue alternatives to civil proceedings for a person who is alleged to have breached a Market Integrity Rule. For this purpose, the regulations will establish an infringement notice and enforceable undertaking regime for a person to do one or more of:
- (a) pay a penalty;
 - (b) undertake or institute remedial measures (including education programs);
 - (c) accept sanctions other than the payment of a penalty.
- 54 The penalty payable under an infringement notice must not exceed three-fifths of the amount set out in the Market Integrity Rules for the rule.
- 55 ASIC will determine if a breach warrants referral to the court for determination as a civil penalty or whether to seek an infringement notice or enforceable undertaking.
- 56 We propose to establish a group of market experts who will be delegated the power to make decisions and pursue alternatives to civil proceedings in relation to breaches of the Market Integrity Rules. We may decide to pursue breaches of the Market Integrity Rules under our existing powers rather than referring the matter to delegated market experts.

- 57 The Market Integrity Rules may include a penalty amount for a rule. As noted above, the penalty amount must not exceed \$1,000,000.
- 58 In proposing a penalty amount for a relevant Market Integrity Rule, we have taken into account the Disciplinary Tribunal Sanction Guidelines in the ASX Disciplinary Processes and Appeals Rulebook. We have also taken into account past decisions of the ASX Disciplinary Tribunal in relation to breaches of the equivalent ASX Market Rules and SFE Operating Rules.
- 59 We are proposing that each Market Integrity Rule that includes a penalty amount be categorised as Tier 1, Tier 2 or Tier 3. The proposed penalty amounts are set out in Table 2.

Table 2: Proposed penalty amounts for Market Integrity Rules

	Penalty amount set for the rule	Maximum pecuniary penalty that the court may order a person to pay	Maximum penalty that a person may pay under an infringement notice
Tier 1	\$20,000	\$20,000	\$12,000
Tier 2	\$100,000	\$100,000	\$60,000
Tier 3	\$1,000,000	\$1,000,000	\$600,000

- 60 The proposed penalty amounts equate to the maximum amounts for Level 1, Level 2 and Level 3 contraventions set out in the Disciplinary Tribunal Sanction Guidelines in the ASX Disciplinary Processes and Appeals Rulebook.
- 61 Where we think a contravention of a particular Market Integrity Rule could in severe circumstances, warrant the maximum (Tier 3) penalty, we have categorised the rule as Tier 3. In certain cases, this has been determined for rules that may not typically attract penalties of this magnitude but for which it would be appropriate for the courts or the market expert delegates to have the flexibility to pursue the maximum penalty to deal with the most serious breaches of the rule in question.

Proposal

- D1** We propose to set penalty amounts for breaches of the Market Integrity Rules as set out in Appendixes 3 and 4 and Table 2.

Your feedback

- D1Q1 Are the proposed penalty amounts for each rule appropriate? Why/why not?
- D1Q2 Do you think the penalty amounts for any rule should be decreased or increased? If so, please give specific examples and reasons why.

E Regulatory and financial impact

- 62 In developing the proposals in this paper, we have carefully considered their regulatory and financial impact. On the information currently available to us we think they will strike an appropriate balance between:
- (a) protecting the integrity of the Australian markets; and
 - (b) protecting investors.
- 63 Before settling on a final policy, we will comply with the requirements of the Office of Best Practice Regulation (OBPR) by:
- (a) considering all feasible options;
 - (b) if regulatory options are under consideration, undertaking a preliminary assessment of the impacts of the options on business and individuals or the economy;
 - (c) if our proposed option has more than low impact on business and individuals or the economy, consulting with OBPR to determine the appropriate level of regulatory analysis; and
 - (d) conducting the appropriate level of regulatory analysis, that is, complete a Business Cost Calculator report (BCC report) and/or a Regulation Impact Statement (RIS).
- 64 All BCC reports and RISs are submitted to the OBPR for approval before we make any final decision. Without an approved BCC report and/or RIS, ASIC is unable to give relief or make any other form of regulation, including issuing a regulatory guide that contains regulation.
- 65 To ensure that we are in a position to properly complete any required BCC report or RIS, we ask you to provide us with as much information as you can about our proposals or any alternative approaches, including:
- (a) the likely compliance costs;
 - (b) the likely effect on competition; and
 - (c) other impacts, costs and benefits.
- See 'The consultation process' p. 4.

Key terms

Term	Meaning in this document
ASIC	Australian Securities and Investments Commission
ASIC/ASX Market Integrity Rules	ASIC's proposed Market Integrity Rules that would apply to ASX's market
ASIC/SFE Market Integrity Rules	ASIC's proposed Market Integrity Rules that would apply to SFE's market
ASX	ASX Limited
ASX group	ASX, Australian Clearing House Pty Limited, ASX Settlement and Transfer Corporation Pty Limited, SFE, SFE Clearing Corporation Pty Limited and Austraclear Limited
ASX Market Rules	Standards set by ASX for the behaviour of its market and trading participants
Bill	Corporations Amendment (Financial Market Supervision) Bill 2009
Corporations Act	<i>Corporations Act 2001</i> (Cth) including regulations made for the purposes of the Act
Market Integrity Rules	ASIC's proposed Market Integrity Rules that apply to a particular market, in this case ASX or SFE
s912D (for example)	A section of the Corporations Act (in this example, numbered 912D)
SFE	Sydney Futures Exchange Limited
SFE Operating Rules	Rules regulating the behaviour of SFE participants in their relationships with SFE, their clients and other participants

List of proposals and questions

Proposal	Your feedback
<p>C1 We propose to adopt:</p> <p>(a) the proposed division of supervisory responsibility for existing ASX Market Rules in Appendix 1 and the proposed ASIC/ASX Market Integrity Rules in Appendix 3;</p> <p>(b) the proposed division of supervisory responsibility for existing SFE Operating Rules in Appendix 2 and the proposed ASIC/SFE Market Integrity Rules in Appendix 4.</p>	<p>C1Q1 Do you agree with the approach we have taken in creating a set of ASIC Market Integrity Rules for ASX and SFE markets to take effect from date of transfer of supervision? If not, please provide an explanation.</p> <p>C1Q2 Are there any practical implications of dividing responsibility for existing ASX Market Rules and SFE Operating Rules in this manner?</p> <p>C1Q3 Are there any existing ASX Market Rules or SFE Operating Rules which you consider should or should not form part of the ASIC/ASX Market Integrity Rules or ASIC/SFE Market Integrity Rules?</p> <p>C1Q4 Do you have any technical comments on the proposed ASIC/ASX Market Integrity Rules in Appendix 3 or proposed ASIC/SFE Market Integrity Rules in Appendix 4?</p>
<p>C2 For the purpose of this consultation, we propose:</p> <p>(a) to interpret the ASIC/ASX Market Integrity Rules consistent with existing ASX Guidance Notes (unless explicitly stated otherwise);</p> <p>Note: We expect to create new ASIC regulatory guides which we expect will be similar to existing ASX Guidance Notes.</p> <p>(b) that existing ASX procedures and appendices to procedures that relate to proposed ASIC rules will form part of the ASIC/ASX Market Integrity Rule regulatory framework;</p> <p>Note: We expect to create new ASIC regulatory guides, information sheets and forms which cover the content in those procedures and appendices to procedures. In some instances, the content of existing procedures will be incorporated into the ASIC/ASX Market Integrity Rules.</p> <p>(c) that SFE procedures, determinations and practice notes form part of the ASIC/SFE Market Integrity Rule regulatory framework.</p> <p>Note: We expect to review the procedures for their incorporation into the ASIC/SFE Market Integrity Rules.</p>	<p>C2Q1 Do you think our list of related material in Appendixes 3 and 4 is complete? If not, please indicate other existing related material that should also be incorporated into the ASIC/ASX or ASIC/SFE Market Integrity Rules framework.</p> <p>C2Q2 Do you have any practical comments that should guide us on how we approach our publications, including what if any current ASX procedures content should be in the ASIC/ASX Market Integrity Rules?</p>

Proposal	Your feedback
<p>D1 We propose to set penalty amounts for breaches of the Market Integrity Rules as set out in Appendixes 3 and 4 and Table 2.</p>	<p>D1Q1 Are the proposed penalty amounts for each rule appropriate? Why/why not?</p> <p>D1Q2 Do you think the penalty amounts for any rule should be decreased or increased? If so, please give specific examples and reasons why.</p>

List of appendixes

The following appendixes are attached to this consultation paper. They may be downloaded and printed as part of the consultation paper, or downloaded and printed separately.

For more information, including the related media release, go to www.asic.gov.au/markets.

Appendix 1 to CP 131: Overview of proposed supervisory responsibility—current ASX Market Rules and proposed ASIC/ASX Market Integrity Rules

Appendix 2 to CP 131: Overview of proposed supervisory responsibility—current SFE Operating Rules and proposed ASIC/SFE Market Integrity Rules

Appendix 3 to CP 131: Detailed comparison of current ASX Market Rules and proposed ASIC/ASX Market Integrity Rules

Appendix 4 to CP 131: Detailed comparison of current SFE Operating Rules and proposed ASIC/SFE Market Integrity Rules

Appendix 1 to CP 131: Overview of proposed supervisory responsibility—current ASX Market Rules and proposed ASIC/ASX Market Integrity Rules

× = no proposed supervisory responsibility ✓ = proposed supervisory responsibility (in some cases, we propose that both ASX and ASIC will have supervisory responsibilities)

Existing ASX rule	ASX	ASIC	Nature and extent of redrafting in proposed ASIC/ASX Market Integrity Rules
Sections 1 and 2: Introduction and general rules			
Definitions and interpretation	✓	✓	<p>ASIC has drafted a framework rule covering:</p> <ul style="list-style-type: none"> • application • scope of entities that must comply • waivers • notices and service of documents • general principles of interpretation • conduct by officers, employees or agents • state of mind of a person. <p>Only those framework provisions which are required in addition to existing Corporations Act and Acts Interpretation Act provisions will be included. We are continuing to analyse these rules to see if any other content can be deleted. Minimal redrafting to reflect ASIC supervision of ASIC/ASX Market Integrity Rules rather than ASX supervision.</p> <p>ASIC will have a definitions section.</p> <p>ASIC will establish and maintain a register of waivers.</p>
Section 3: Participants and representatives			
3.6 Management requirements	✓	✓	<p>We have ASIC/ASX Market Integrity Rules on management requirements. Rule 3.6.6 (suitability qualified affiliate) has not been identified as ASIC responsibility.</p> <p>No other significant amendments to existing provisions in Section 3 that have been identified as ASIC responsibility.</p>
All other subsections	✓	×	N/A

Existing ASX rule	ASX	ASIC	Nature and extent of redrafting in proposed ASIC/ASX Market Integrity Rules
Section 4: Rights and obligations of market participants and responsible executives			
4.1 Ongoing compliance and supervision	×	✓	Rule 4.1 (ongoing compliance and supervision) has been shortened because the obligations are already covered or unnecessary with the exception of the prohibition on unprofessional conduct.
4.7 Business connections between market participants	×	✓	No significant amendments.
4.8 Continuing education of responsible executives	×	✓	We have retained the current responsible executive requirements.
4.10 Trading records	×	✓	We are still analysing Rule 4.10 (trading records) in the context of existing provisions in the Corporations Act.
4.11 Access to records	×	✓	No significant amendments.
4.18 Legal proceedings requirements	×	✓	No significant amendments.
4.2 Undertakings for new individuals involved in business	✓	×	N/A
4.3 Notification of change of details	✓	×	N/A
4.4 Notification of regulatory action	✓	×	N/A
4.5 Foreign market participants and other market participants with overseas activities	✓	×	N/A
4.6 Insurance requirements	✓	×	N/A
4.9 Records, accounts, audit and return	✓	×	N/A
4.12 Reporting open contracts to ASX	✓	×	N/A
4.13 Ongoing compliance with partnerships	✓	×	N/A

Existing ASX rule	ASX	ASIC	Nature and extent of redrafting in proposed ASIC/ASX Market Integrity Rules
4.14 Ongoing compliance with Chapter 7 of the Corps Act and AFSL	✓	×	N/A
4.15 Payment of levies	✓	×	N/A
4.16 Authorised signatories	✓	×	N/A
4.17 Records	✓	×	N/A
4.19 Information requirements	✓	×	N/A
Section 5: Clearing and settlement arrangements			
	✓	×	N/A
Section 6: Capital requirements			
	✓	×	N/A
Section 7: Relationship with clients and dealing for employees and related persons			
7.1, 7.3–7.11 and 7.15–7.20	×	✓	We propose to supervise some elements of Rule 7.10 (managed discretionary accounts). No other significant amendments to these provisions.
7.2 Updates to information given to clients	✓	×	N/A
7.12 Payment by client	✓	×	N/A
7.13 Death of a client and other circumstances—futures market transactions	✓	×	N/A
7.14 Default by client—futures market contracts	✓	×	N/A
7.21 National Guarantee Fund	✓	×	N/A
7.22 Division 3 compensation arrangements	✓	×	N/A

Existing ASX rule	ASX	ASIC	Nature and extent of redrafting in proposed ASIC/ASX Market Integrity Rules
Section 8: Designated trading representatives and accreditation of advisors			
8.1 General	✓	×	N/A
8.2 Registration of DTR	✓	×	N/A
8.3–8.12 Retail client advisor accreditation	×	✓	We have retained these current accreditation requirements.
Section 9: Legal description of classes of financial products			
	✓	×	N/A
Sections 10, 10A and 10B: Warrants, Aqua products and the Aqua trading market, Aqua quote display board			
	✓	×	N/A
Section 11: Derivatives market contracts			
	✓	×	N/A
Section 12: Trading permission			
	✓	×	N/A
Section 13: Trading obligations of trading participants			
13.1 Trading obligations of trading participants	✓	✓	No significant amendments.
13.3 Automated order processing	✓	✓	ASIC will supervise the general elements of Rule 13.3.
13.4 Prevention of manipulative trading	×	✓	No amendments.
13.5 Prohibition on wash trades, pre-arranged trades and dual trades—futures	×	✓	No amendments.
13.2 DTRS	✓	×	N/A

Existing ASX rule	ASX	ASIC	Nature and extent of redrafting in proposed ASIC/ASX Market Integrity Rules
Section 14: Market suspensions, technical failure and orderly market powers			
14.1 Fair and orderly markets power	✓	✓	Rule 14.1 (fair and orderly markets power) redrafted to reflect that ASIC already has certain relevant powers under the Corporations Act.
14.2 Technical failure	✓	×	N/A
14.3 Communication with a trading platform	✓	×	N/A
14.4 Efficiency and integrity of market	✓	×	N/A
14.5 State of emergency	✓	×	N/A
Section 15: Trade errors, cancellations and dealing disputes			
	✓	×	N/A
Section 16: Cash market products and cash only combinations			
16.1 Dealing in cash market products for which official quotation is required	×	✓	No amendments.
16.16 Expenses	×	✓	We have changed this provision into a prohibition; no significant change to substance.
16.2 Dealing in cash market products	✓	×	N/A
16.3 Overnight trading	✓	×	N/A
16.4 Suspensions and trading halts	✓	×	N/A
16.5 EFT special trades	✓	×	N/A
16.6 Quotation—corporate actions	✓	×	N/A

Existing ASX rule	ASX	ASIC	Nature and extent of redrafting in proposed ASIC/ASX Market Integrity Rules
16.7 Basis of quotation and dealing on a different basis of quotation	✓	×	N/A
16.9 Conditional trading	✓	×	N/A
16.10 Forward delivery	✓	×	N/A
16.11 Combinations	✓	×	N/A
16.12 Reporting	✓	×	N/A
16.14 Dealing to assist an issuer to aggregate small holdings	✓	×	N/A
16.15 Inability to satisfy client order for marketable parcel	✓	×	N/A
Sections 17 and 18: Crossings and special crossings-cash market products			
	✓	×	N/A
Section 19: Short selling—cash market products			
	✓	×	N/A
Section 20: Takeover bids, schemes and buy-backs conducted on-market			
	✓	×	N/A
Section 21: Derivative market contracts and derivative combinations			
	✓	×	N/A
Section 22: Crossings—derivative market products			
	✓	×	N/A

Existing ASX rule	ASX	ASIC	Nature and extent of redrafting in proposed ASIC/ASX Market Integrity Rules
Section 23: Market makers—derivative market contracts			
	✓	×	N/A
Section 24: Exchange for physical transactions—futures market transactions			
	✓	×	N/A
Section 25: Trading restrictions and limits—derivative market contracts			
25.4 Unexecuted order in underlying financial products	×	✓	No amendments.
All other subsections	✓	×	N/A
Section 26: Wholesale loan securities			
	✓	×	N/A
Section 27: Overseas market linkages			
	✓	×	N/A
Section 28: Supervision, disciplinary matters, tribunal proceedings and appeals			
	✓	✓	N/A—ASIC will have its own panel procedures and investigative powers.
Sections 29, 30 and 32: Transitional arrangements			
	✓	✓	Transitional arrangements to be settled separately.
Section 31: Trading platform			
	✓	×	N/A

Appendix 2 to CP 131: Overview of proposed supervisory responsibility—current SFE Operating Rules and proposed ASIC/SFE Market Integrity Rules

× = no proposed supervisory responsibility ✓ = proposed supervisory responsibility (in some cases, we propose that both SFE and ASIC will have supervisory responsibilities)

Existing SFE rule	SFE	ASIC	Nature and extent of redrafting in proposed ASIC/SFE Market Integrity Rules
Section 1: The Exchange			
1.1. Governing law and submission to jurisdiction	✓	✓	<p>ASIC has drafted a framework rule covering:</p> <ul style="list-style-type: none"> • application • scope of entities that must comply • waivers • notices and service of documents • general principles of interpretation • conduct by officers, employees or agents • state of mind of a person. <p>Only those framework provisions which are required in addition to existing Corporations Act and Acts Interpretation Act provisions will be included. We are continuing to analyse these rules to see if any other content can be deleted. Minimal redrafting to reflect ASIC supervision of ASIC/SFE Market Integrity Rules rather than SFE supervision.</p> <p>ASIC will have a definitions section.</p> <p>ASIC will establish and maintain a register of waivers.</p>
1.2. Effect and amendment of Operating Rules	✓	✓	
1.3–1.14	✓	×	N/A
Section 2: Participants			
2.1 The Participants	✓	×	N/A
2.2 Full participation	✓	×	N/A

Existing SFE rule	SFE	ASIC	Nature and extent of redrafting in proposed ASIC/SFE Market Integrity Rules
Continuous obligations	✓	✓	<p>ASIC/SFE Market Integrity Rules will deal with:</p> <ul style="list-style-type: none"> • minimum content of written agreements between participants and their clients, and connection of clients to the platform • clients' segregated account obligations, recordkeeping, and mandatory electronic recording of conversations relating to client instructions. <p>No operational content in ASIC rules.</p> <p>SFE will continue to be responsible for rules dealing with:</p> <ul style="list-style-type: none"> • approval, admission, suspension of trading rights, termination and resignation of participants • participants' obligations to communicate with the exchange, prudent risk management, and operational rules for client connections, and • margin calls by participants, payment of fees, indemnities, capitalisation and registration of trades.
2.3 Local Participants	✓	×	N/A
2.4 Use of SFE systems	✓	×	N/A
Section 3: Trading principles			
3.1 Trading principles for orders entered on the trading platform	✓	✓	<p>ASIC/SFE Market Integrity Rules will deal with market manipulation, misleading acts and dealing with client orders, with minimal redrafting.</p> <p>SFE responsible for rules on information to be input when entering orders.</p>
3.2 Strategy trading	✓	✓	<p>ASIC/SFE Market Integrity Rules relate to allocation and recordkeeping. Only selected elements of rule kept with minimal redrafting.</p> <p>SFE operational rules on strip, spread and option strategy trades.</p>

Existing SFE rule	SFE	ASIC	Nature and extent of redrafting in proposed ASIC/SFE Market Integrity Rules
3.3–3.5 Pre-negotiated orders, block trades and EFPs	✓	✓	ASIC/SFE Market Integrity Rules deal with the relationship between participant and client (allocation, disclosure to client, client's instructions) exemptions from trading prohibitions and recordkeeping. Only selected elements of rule kept with minimal redrafting. SFE operational rules on pre-negotiated orders, block trades and EFPs.
Section 4: Allocation and clearing of trades			
4.1–4.2	✓	×	N/A
Section 5: Market regulation			
5.1–5.13	✓	✓	ASIC will have its own panel procedures and investigative powers.
Section 6: Contract specifications and associated rules			
6.1–6.4	✓	×	N/A
Section 7: Definitions and interpretations			
	✓	✓	ASIC will have definitions and interpretation of the rules it administers.

Appendix 3 to CP 131: Detailed comparison of current ASX Market Rules and proposed ASIC/ASX Market Integrity Rules

Chapter 1: Introduction

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
	<p><u>1.1 INTERPRETATION</u></p> <p><u>1.1.1 Application of these Rules</u></p> <p><u>These Rules apply to activities or conduct that take place on the Market unless otherwise stated in the Rules.</u></p> <p><u>1.1.2 Entities that must comply with these Rules</u></p> <p><u>The following entities must comply with these Rules:</u></p> <p><u>(a) the Market Operator; and</u></p> <p><u>(b) Market Participants,</u></p> <p><u>as specified in each Rule.</u></p>
<p>1.5 WAIVER</p> <p>1.5.1 Waiver of rules and procedures</p> <p>Subject to Rules 1.5.3 and 1.5.4, ASX may relieve any person or class of person from the obligation to comply with a provision of these Rules, either generally or in a particular case or category, and either unconditionally or subject to such conditions as ASX thinks fit. If any conditions on a waiver are imposed, all of the conditions must be complied with for the waiver to be effective. ASX may withdraw a waiver at any time. Any request by a Market Participant for a waiver under this Rule 1.5 must be in writing.</p> <p>1.5.2 Compliance with conditions</p> <p>Failure to comply with a condition imposed under Rule 1.5.1 is a contravention of that Rule.</p>	<p>1.2 WAIVER</p> <p>1.2.1 Waiver of rules and procedures</p> <p>Subject to Rules 1.5.3 and 1.5.4 <u>1.2.3</u>, ASICX may relieve any person or class of person from the obligation to comply with a provision of these Rules, either generally or in a particular case or category, and either unconditionally or subject to such conditions as ASICX thinks fit. If any conditions on a waiver are imposed, all of the conditions must be complied with for the waiver to be effective. ASICX may withdraw a waiver at any time. Any request by a Market Participant for a waiver under this Rule 1.2 must be in writing.</p> <p>1.2.2 Compliance with conditions</p> <p>Failure to comply with a condition imposed under Rule 1.2.1 is a contravention of that Rule.</p> <div data-bbox="1086 1332 1758 1380" style="border: 1px solid black; padding: 2px;">Proposed Penalty—Tier 3</div>

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>1.5.3 No relief from certain provisions</p> <p>ASX must not relieve any person or class of persons under Rule 1.5.1 from any obligation to comply with an indemnity or disclaimer provision of these Rules.</p> <p>1.5.4 Period during which relief applies</p> <p>ASX may specify the period or specific event during which any relief from an obligation to comply with a provision of these Rules may apply.</p> <p>1.5.5 Register of relief</p> <p>ASX must establish and maintain a register for recording details of relief granted under Rule 1.5.1 and must enter the following details in the register maintained under this Rule 1.5.5:</p> <ul style="list-style-type: none"> (a) the date that the relief takes effect; (b) the person or class of person relieved from the obligation; (c) the provision to which the relief applies; (d) brief reasons for the relief; and (e) any conditions that apply to the relief. <p>1.5.6 Inspection of register</p> <p>A copy of the register maintained under Rules 1.5.5 must be kept at the principal place of business of ASX and must be open for inspection by any person during business hours.</p> <p>1.5.7 Waiver generally</p> <p>A failure by ASX to exercise, or any delay in exercising, any of its rights, powers or remedies (in whole or in part) under the Rules does not operate as a waiver of those rights, powers or remedies upon that or any subsequent occasion, nor does any single or partial exercise of any right, power or remedy prevent any further exercise of that or any other right, power or remedy.</p>	<p>No relief from certain provisions</p> <p><input type="text" value="Propose no rule"/></p> <p>1.2.3 Period during which relief applies</p> <p>ASICX may specify the period or specific event during which any relief from an obligation to comply with a provision of these Rules may apply.</p> <p>Register of relief</p> <p><input type="text" value="Propose no rule"/></p> <p>Inspection of register</p> <p><input type="text" value="Propose no rule"/></p> <p>1.2.4 Waiver generally</p> <p>A failure by ASICX to exercise, or any delay in exercising, any of its rights, powers or remedies (in whole or in part) under the Rules does not operate as a waiver of those rights, powers or remedies upon that or any subsequent occasion, nor does any single or partial exercise of any right, power or remedy prevent any further exercise of that or any other right, power or remedy.</p>

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>1.6 NOTICE, NOTIFICATION AND SERVICE OF DOCUMENTS</p> <p>1.6.1 Notice must be in writing</p> <p>If any Rule requires or permits the giving of notice of any matters to any person, the Rule requires or permits the giving to that person of a written document containing those matters.</p> <p>1.6.2 Methods of giving notice in writing</p> <p>Without limiting any other provision of this Rule 1.6, any notice to be given by a Market Participant to ASX must be given to the person holding the position notified by ASX to Market Participants and may be given in the manner set out in the Procedures. Any notice to be given by ASX to a person, firm or corporation may be given in the manner set out in the Procedures.</p> <p>1.6.3 Delivery of notice</p> <p>For the purposes of any Rule that requires or permits a document to be given to a person, whether the expression 'serve', 'give' or 'send' or any other expression is used, the document may be given, and will be taken to have been received, at the time and in the manner set out in the Procedures.</p> <p>Nothing in this Rule 1.6.3 or the Procedures prevents documents being sent or given to, or served on, a person in any other manner required or permitted by law.</p> <p>1.6.4 Market Participant to have e-mail</p> <p>A Market Participant must acquire and maintain an operating e-mail system for the purposes of receiving notices under Rule 1.6.3.</p> <p>1.6.5 Failure to notify</p> <p>If under these Rules ASX is to give notice to some or all Market Participants, accidental omission by ASX to give notice to one or more Market Participants does not affect the validity or enforceability of any resolution, decision, proceeding or act in connection with which the notice was to be given.</p>	<p>1.3 NOTICE, NOTIFICATION AND SERVICE OF DOCUMENTS</p> <div data-bbox="1093 295 1980 399" style="border: 1px solid black; padding: 5px;"> <p>Only those framework provisions which are required in addition to existing Corporations Act and Acts Interpretation Act provisions will be included. We are continuing to analyse these rules to see if any other content is necessary.</p> </div>

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>2. DEFINITIONS AND INTERPRETATION</p> <p>2.1 GENERAL PRINCIPLES OF INTERPRETATION</p> <p>In these Rules unless the context otherwise requires:</p> <ul style="list-style-type: none"> (a) a reference to any legislation or legislative provision includes any statutory modification or re-enactment of, or any legislative provision substituted for, and any regulation or statutory instrument issued under, that legislation or legislative provision; (b) a reference to the operating rules of an Approved Clearing Facility, the operating Rules of an Approved Settlement Facility, these Rules or the Procedures is a reference to those operating rules, the Rules or the Procedures as modified or amended from time to time; (c) the singular includes the plural and vice-versa; (d) a reference to a person, body, corporation, trust, partnership, unincorporated body, firm, association, authority or government includes any of them; (e) a word denoting any gender includes all genders; (f) if a word or expression is given a particular meaning, another part of speech or grammatical form of that word or expression has a corresponding meaning; (g) a reference to power includes a reference to authority and discretion; (h) a reference to a Rule (eg Rule 2.4) includes a reference to all sub-Rules included under that Rule (eg Rule 2.4.3); (i) a reference to a Section (eg Section 2) includes a reference to all Rules and sub-Rules within that Section; (j) a reference to any Rule or Procedure is a reference to that Rule or Procedure as amended from time to time; (k) a reference to time is to the time in Sydney, Australia; (l) a reference to currency is a reference to Australian currency; 	<p>1.4. GENERAL PRINCIPLES OF INTERPRETATION</p> <div style="border: 1px solid black; padding: 5px;"> <p>Only those framework provisions which are required in addition to existing Corporations Act and Acts Interpretation Act provisions will be included. We are continuing to analyse these rules to see if any other content is necessary.</p> </div>

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>(m) a reference to writing includes typing, printing, lithography, photography, telex, facsimile or any other mode of representing or reproducing words in a visible form;</p> <p>(n) where there is a reference to the power of ASX to make, demand or impose a requirement there is a corresponding obligation of the relevant Market Participant to comply with that demand or requirement in all respects; and</p> <p>(o) a reference to ASX notifying or giving notice to a Market Participant or vice-versa is a reference to notifying or giving notice in accordance with Rule 1.6.</p>	
<p>2.2 WORDS AND EXPRESSIONS DEFINED IN THE CORPORATIONS ACT</p> <p>2.2.1 Words and expressions defined have the same meaning in these Rules</p> <p>Words and expressions defined in the Corporations Act will unless otherwise defined or specified in these Rules or the contrary intention appears, have the same meaning in these Rules.</p>	<p>1.5 WORDS AND EXPRESSIONS DEFINED IN THE CORPORATIONS ACT</p> <p>Words and expressions defined in the Corporations Act will unless otherwise defined or specified in these Rules or the contrary intention appears, have the same meaning in these Rules.</p>
<p>2.4.2 Conduct by officers, employees or agents</p> <p>In these Rules, conduct engaged in on behalf of a person:</p> <p>(a) by an officer, Employee, or other agent of the person, and whether or not within the scope of the actual or apparent authority of the officer, Employee, or other agent; or</p> <p>(b) by any other person at the direction or with the consent or agreement (whether express or implied) of an officer, Employee, or other agent of the person, and whether or not the giving of the direction, consent or agreement is within the scope of the actual or apparent authority of the officer, Employee, or other agent,</p> <p>is deemed to have been engaged in also by the person.</p>	<p>1.6 CONDUCT, ACTS AND OMISSIONS</p> <p>1.6.1 Conduct by officers, employees or agents</p> <p>In these Rules, conduct engaged in on behalf of a person:</p> <p>(a) by an officer, Employee, or other agent of the person, and whether or not within the scope of the actual or apparent authority of the officer, Employee, or other agent; or</p> <p>(b) by any other person at the direction or with the consent or agreement (whether express or implied) of an officer, Employee, or other agent of the person, and whether or not the giving of the direction, consent or agreement is within the scope of the actual or apparent authority of the officer, Employee, or other agent,</p> <p>is deemed to have been engaged in also by the person.</p>

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>2.4.3 State of mind of a person</p> <p>If for the purposes of these Rules in respect of conduct engaged in by a person, it is necessary to establish the state of mind of the person, it is sufficient to show that an officer, Employee, or other agent of the person, being an officer, Employee, or other agent by whom the conduct was engaged in and whether or not the conduct was within the scope of the actual or apparent authority of that officer, Employee, or other agent, had that state of mind.</p> <p>In this Rule 2.4.3, 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.</p>	<p>1.6.2 State of mind of a person</p> <p>If for the purposes of these Rules in respect of conduct engaged in by a person, it is necessary to establish the state of mind of the person, it is sufficient to show that an officer, Employee, or other agent of the person, being an officer, Employee, or other agent by whom the conduct was engaged in and whether or not the conduct was within the scope of the actual or apparent authority of that officer, Employee, or other agent, had that state of mind.</p> <p>In this Rule 1.6.22-4.3, 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.</p>
<p>2.10 Definitions</p>	<p><u>1.7 DEFINITIONS</u></p>
<p>"Accredited Adviser" means a person accredited as a level one accredited derivatives adviser, level two accredited derivatives adviser or an accredited futures adviser under Section 8.</p>	<p>"Accredited Adviser" means a person accredited as a level one accredited derivatives adviser, level two accredited derivatives adviser or an accredited futures adviser under Section 8Rule 2.3.3.</p>
<p>"Approved Clearing Facility" means a CS Facility approved by ASX as an Approved Clearing Facility and specified in the Procedures.</p>	<p>"Approved Clearing Facility" means a CS Facility approved by ASXthe Market Operator as an Approved Clearing Facility and specified in the Procedures.</p>
<p>"Approved Ratings Agency" means a ratings agency included in a list of ratings agencies published by ASX from time to time.</p>	<p>"Approved Ratings Agency" means a credit rating agency holding an Australian financial services licence authorising it to give general advice by issuing a credit rating ratings agency included in a list of ratings agencies published by ASX from time to time.</p>
<p>"AQUA Product" means a Financial Product which is:</p> <ul style="list-style-type: none"> (a) a Managed Fund Product; (b) an ETF Security; or (c) a Structured Product; <p>which is admitted under Section 10A.</p>	<p>"AQUA Product" means a Financial Product which is:</p> <ul style="list-style-type: none"> (a) a Managed Fund Product; (b) an ETF Security; or (c) a Structured Product; <p>which is admitted under Section 10Athe relevant operating rules of the Market.</p>
<p>"AQUA Product Issuer" means an entity which issues, distributes or makes available AQUA Products and which is admitted by ASX as an AQUA Product Issuer under Section 10A.</p>	<p>"AQUA Product Issuer" means an entity which issues, distributes or makes available AQUA Products and which is admitted by ASXthe Market Operator as an AQUA Product Issuer under Section 10Athe relevant operating rules of the Market.</p>

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>"AQUA Quote Display Board" means the facility provided by ASX for AQUA Product Issuers and Trading Participants to advertise their interest in acquiring or disposing of AQUA Products.</p>	<p>"AQUA Quote Display Board" means the facility provided by ASXthe Market Operator for AQUA Product Issuers and Trading Participants to advertise their interest in acquiring or disposing of AQUA Products.</p>
<p>"ASX" means ASX Limited (ABN 98 008 624 691).</p>	<p>"ASX" means ASX Limited (ABN 98 008 624 691ACN 008 624 691).</p>
<p>"Australian ADI" has the meaning it has in the Corporations Act.</p>	<p>"Australian ADI" has the meaning it has ingiven by section 9 of the Corporations Act.</p>
<p>"Authorised Person" means a person who is either a client or an agent of the client and who is permitted by a Trading Participant to submit orders into the Trading Participant's system.</p>	<p>"Authorised Person" means a person who:</p> <ul style="list-style-type: none"> (a) is either; <ul style="list-style-type: none"> (i) a client of a Trading Participant; or (ii) an agent of the a client of a Trading Participant; and (b) who is permitted by a Trading Participant to submit orders into the Trading Participant's system.
<p>"Automated Client Order Processing" is the Automated Order Processing of an order submitted by an Authorised Person into a Trading Participant's system.</p>	<p>"Automated Client Order Processing" is the Automated Order Processing of an order submitted by an Authorised Person into a Trading Participant's system.</p>
<p>"Automated Order Processing" means the process by which orders are registered in a Trading Participant's system and, if accepted for submission into a Trading Platform by the Trading Participant, submitted as corresponding Trading Messages without being keyed or rekeyed by a DTR.</p>	<p>"Automated Order Processing" means the process by which orders are registered in a Trading Participant's system and, if accepted for submission into a Trading Platform by the Trading Participant, submitted as corresponding Trading Messages without being keyed or rekeyed by a DTRParticipant Trading Message Representative.</p>
<p>"Automated Order Processing Requirements" means the requirements of Rules 13.3.1 to 13.3.3.</p>	<p>"Automated Order Processing Requirements" means the requirements of Rules 13.3.1 to 13.3.35.5 and the relevant operating rules of the Market.</p>
<p>"Bid" means:</p> <ul style="list-style-type: none"> (a) in relation to a Cash Market Product, a price and quantity of the Cash Market Product to be purchased; (b) in relation to a Derivatives Market Contract, an offer to enter into a Derivatives Market Transaction in respect of the relevant Derivatives Market Contract as Buyer; and (c) in relation to a Combination, a price and quantity of the Combination. 	<p>"Bid" means:</p> <ul style="list-style-type: none"> (a) in relation to a Cash Market Product, a price and quantity of the Cash Market Product to be purchased; (b) in relation to a Derivatives Market Contract, an offer to enter into a Derivatives Market Transaction in respect of the relevant Derivatives Market Contract as Buyer; and (c) in relation to a Combination, a price and quantity of the Combination.

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>"Business Day" means a day other than:</p> <p>(a) a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day; and</p> <p>(b) any other day which ASX notifies Market Participants is not a Business Day.</p>	<p>"Business Day" means a day other than:</p> <p>(a) a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day; and</p> <p>(b) any other day which ASX the Market Operator notifies Market Participants is not a Business Day.</p>
<p>"Buyer" means, in relation to a Derivatives Market Transaction, the Trading Participant whose purchase, bid or buy instruction, order or other Trading Message has resulted in the Derivatives Market Transaction being entered into in accordance with Rule 21.2.2, whether or not in connection with any Crossing, other Derivatives Market Transaction or any transaction in any Cash Market Product or Non-ASX Contract and includes the taker of an Options Market Contract.</p>	<p>"Buyer" means, in relation to a Derivatives Market Transaction, the Trading Participant whose purchase, bid or buy instruction, order or other Trading Message has resulted in the Derivatives Market Transaction being entered into in accordance with Rule 21.2.2 the operating rules of the Market, whether or not in connection with any Crossing, other Derivatives Market Transaction or any transaction in any Cash Market Product or Non-ASX Contract and includes the taker of an Options Market Contract.</p>
<p>"Cash Market Product" means a Quoted Product, a Warrant admitted to trading status in accordance with Section 10, an AQUA Product admitted to Trading Status or to the AQUA Quote Display Board in accordance with Section 10A or 10B and any other product that ASX authorises for trading on a Trading Platform and determines to be a Cash Market Product.</p>	<p>"Cash Market Product" means a Quoted Product, a Warrant admitted to trading Trading s Status in accordance with Section 10 under the operating rules of the Market, an AQUA Product admitted to Trading Status or to the AQUA Quote Display Board in accordance with Section 10A or 10B under the operating rules of the Market and any other product that ASX the Market Operator authorises for trading on a Trading Platform and determines to be a Cash Market Product.</p>
<p>"Cash Market Transaction" means a transaction between Trading Participants for one or more Cash Market Products.</p>	<p>"Cash Market Transaction" means a transaction between Trading Participants for one or more Cash Market Products.</p>
<p>"Cash Only Combination" means a transaction consisting of two or more component Cash Market Transactions, in a specific ratio, in respect of which:</p> <p>(a) entry into each component Cash Market Transaction is contingent on entry into each of the other component Cash Market Transactions;</p> <p>(b) the combined transaction has a net price; and</p> <p>(c) each transaction is for the same client.</p>	<p>"Cash Only Combination" means a transaction consisting of two or more component Cash Market Transactions, in a specific ratio, in respect of which:</p> <p>(a) entry into each component Cash Market Transaction is contingent on entry into each of the other component Cash Market Transactions;</p> <p>(b) the combined transaction has a net price; and</p> <p>(c) each transaction is for the same client.</p>

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>"Central Orderbook" means a part of a Trading Platform known as the "central orderbook" which is a facility for submitting Trading Messages in respect of, and entering into transactions in respect of Derivatives Market Contracts, Cash Market Products, Tailor-Made Combinations and Standard Combinations.</p>	<p>"Central Orderbook" means a part of a Trading Platform known as the "central orderbook" which is a facility for submitting Trading Messages in respect of, and entering into transactions in respect of Derivatives Market Contracts, Cash Market Products, Tailor-Made Combinations and Standard Combinations.</p>
<p>"Class" means, in relation to Derivatives Market Contracts, all Contract Series with the same Underlying Index, Underlying Commodity, Underlying Financial Product or Underlying Instrument, as applicable.</p>	<p>"Class" means, in relation to Derivatives Market Contracts, all Contract Series with the same Underlying Index, Underlying Commodity, Underlying Financial Product or Underlying Instrument, as applicable.</p>
<p>"Clearing Obligation" means an obligation imposed on a Clearing Participant under the Clearing Rules.</p>	<p>"Clearing Obligation" means an obligation imposed on a Clearing Participant under the Clearing Rules.</p>
<p>"Clearing Participant" means a person admitted as a participant under the Clearing Rules.</p>	<p>"Clearing Participant" means a person admitted as a participant under the Clearing Rules.</p>
<p>"Clearing Rules" means the operating rules, procedures, practices, directions, decisions and requirements of an Approved Clearing Facility (and, when used in relation to a particular Approved Clearing Facility or Clearing Participant, refers to such rules of that Approved Clearing Facility or to which that Clearing Participant is subject).</p>	<p>"Clearing Rules" means the operating rules, procedures, practices, directions, decisions and requirements of an Approved Clearing Facility (and, when used in relation to a particular Approved Clearing Facility or Clearing Participant, refers to such rules of that Approved Clearing Facility or to which that Clearing Participant is subject).</p>
<p>"Client Agreement" means an agreement between the Trading Participant and its client, entered into under Rule 7.1.2.</p>	<p>"Client Agreement" means an agreement between the Trading Participant and its client, entered into under Rule 7.1.2<u>3.1.2</u>.</p>
<p>"Combination" means a Cash Only Combination or a Derivatives Combination.</p>	<p>"Combination" means a Cash Only Combination or a Derivatives Combination.</p>
<p>"Commission" means the Australian Securities and Investments Commission.</p>	<p>"CommissionASIC" means the Australian Securities and Investments Commission.</p>
<p>"Contract Series" means a Futures Series or an Option Series.</p>	<p>"Contract Series" means a Futures Series or an Option Series.</p>
<p>"Controlled Trust" means a trust in relation to which an Employee, Immediate Family of an Employee or a company controlled by an Employee:</p> <ul style="list-style-type: none"> (a) is a trustee; (b) holds more than 50% of the whole beneficial interest; or (c) controls the trust. 	<p>"Controlled Trust" means a trust in relation to which an Employee, Immediate Family of an Employee or a company controlled by an Employee:</p> <ul style="list-style-type: none"> (a) is a trustee; (b) holds more than 50% of the whole beneficial interest; or (c) controls the trust.

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>"Controller" means:</p> <p>(a) a person holding 20% of the total votes attached to voting shares of an applicant or a Market Participant or a person who, together with Related Parties, holds 20% of such votes; or</p> <p>(b) a person who has the power to control the Market Participant or applicant Market Participant, whether that power is direct or indirect or is, or can be, exercised as a result of, by means of, in breach of, or by revocation of, trusts, relevant agreements and practices, or any of them, and whether or not they are enforceable,</p> <p>but for the purposes of Section 1 and Section 4 does not include an entity if the entity, a holding company of the entity, or a subsidiary of the entity through which the entity has an interest in the applicant or Market Participant is an entity listed on ASX or any other Australian market licensee or a Recognised Overseas Stock Exchange.</p>	<p>"Controller" means:</p> <p>(a) a person holding 20% of the total votes attached to voting shares of an applicant or a Market Participant or a person who, together with Related Parties, holds 20% of such votes; or</p> <p>(b) a person who has the power to control the Market Participant or applicant Market Participant, whether that power is direct or indirect or is, or can be, exercised as a result of, by means of, in breach of, or by revocation of, trusts, relevant agreements and practices, or any of them, and whether or not they are enforceable,</p> <p>but for the purposes of Section 1 and Section 4 Rule 5.2 does not include an entity if the entity, a holding company of the entity, or a subsidiary of the entity through which the entity has an interest in the applicant or Market Participant is an entity listed on ASX the Market or with any other Australian market licensee or an overseas market or stock exchange recognised by the Market Operator under the operating rules of the Market. Recognised Overseas Stock Exchange.</p>
<p>"Cross" or "Crossing", means a transaction in respect of which a Trading Participant acts:</p> <p>(a) on behalf of both buying and selling clients to that transaction; or</p> <p>(b) on behalf of a buying or selling client on one side of that transaction and as Principal on the other side.</p>	<p>"Cross" or "Crossing", means a transaction in respect of which a Trading Participant acts:</p> <p>(a) on behalf of both buying and selling clients to that transaction; or</p> <p>(b) on behalf of a buying or selling client on one side of that transaction and as Principal on the other side.</p>
<p>"Cross-Market Combination" means a transaction consisting of one or more component Market Transactions and one or more transactions in Non-ASX Contracts, in a specific ratio, in respect of which:</p> <p>(a) entry into each component Market Transaction and each component transaction in a Non-ASX Contracts is contingent on entry into each of the other component Market Transactions and transactions in Non-ASX Contracts;</p> <p>(b) the combined transaction has a net price; and</p> <p>(c) each transaction is for the same client.</p>	<p>"Cross-Market Combination" means a transaction consisting of one or more component Market Transactions and one or more transactions in Non-ASX Contracts, in a specific ratio, in respect of which:</p> <p>(a) entry into each component Market Transaction and each component transaction in a Non-ASX Contracts is contingent on entry into each of the other component Market Transactions and transactions in Non-ASX Contracts;</p> <p>(b) the combined transaction has a net price; and</p> <p>(c) each transaction is for the same client.</p>

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>"Dealing Rules" means the Rules governing the submission of orders and the execution and reporting of Market Transactions on a Trading Platform and includes:</p> <ul style="list-style-type: none"> (a) in relation to trading in Cash Market Products, Section 12 to Section 20 (inclusive) and Section 31; and (b) in relation to trading in Derivatives Market Contracts, Section 12 to Section 15 and Section 21 to Section 25 (inclusive) and Section 31. 	<p>"Dealing Rules" means the Rules governing the submission of orders and the execution and reporting of Market Transactions on a Trading Platform.</p> <p>and includes:</p> <p>(a) in relation to trading in Cash Market Products, Section 12 to Section 20 (inclusive) and Section 31; and</p> <p>(b) in relation to trading in Derivatives Market Contracts, Section 12 to Section 15 and Section 21 to Section 25 (inclusive) and Section 31.</p>
<p>"Derivative", in Section 9, has the same meaning as in Section 761D of the Corporations Act.</p>	<p>"Derivative", in Section 9, has the same meaning as in Ssection 761D of the Corporations Act.</p>
<p>"Derivative/Cash Combination" means a transaction consisting of one or more component Cash Market Transactions and one or more component Derivatives Market Transactions, in a specific ratio, in respect of which:</p> <ul style="list-style-type: none"> (a) entry into each component Cash Market Transaction and each component Derivatives Market Transaction is contingent on entry into each other component Cash Market Transaction and Derivatives Market Transaction; (b) the combined transaction has a net price; and (c) each transaction is for the same client. 	<p>"Derivative/Cash Combination" means a transaction consisting of one or more component Cash Market Transactions and one or more component Derivatives Market Transactions, in a specific ratio, in respect of which:</p> <ul style="list-style-type: none"> (a) entry into each component Cash Market Transaction and each component Derivatives Market Transaction is contingent on entry into each other component Cash Market Transaction and Derivatives Market Transaction; (b) the combined transaction has a net price; and (c) each transaction is for the same client.
<p>"Derivatives Combination" means a Derivatives Only Combination, a Derivative/Cash Combination or a Cross-Market Combination.</p>	<p>"Derivatives Combination" means a Derivatives Only Combination, a Derivative/Cash Combination or a Cross-Market Combination.</p>
<p>"Derivatives Market Contract" means a Futures Market Contract, an Options Market Contract and any other contract that ASX authorises for trading on a Trading Platform and determines to be a Derivatives Market Contract.</p>	<p>"Derivatives Market Contract" means a Futures Market Contract, an Options Market Contract and any other contract that ASX the Market Operator authorises for trading on a Trading Platform and determines to be a Derivatives Market Contract.</p>
<p>"Derivatives Market Transaction" means a transaction between Trading Participants for one or more Derivatives Market Contracts.</p>	<p>"Derivatives Market Transaction" means a transaction between Trading Participants for one or more Derivatives Market Contracts.</p>

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>"Derivatives Only Combination" means a transaction which comprises at least two component Derivatives Market Transactions, in a specific ratio, in respect of which:</p> <p>(a) entry into each component Derivatives Market Transaction is contingent on entry into each of the other component Derivatives Market Transactions;</p> <p>(b) the combined transaction has a net price; and</p> <p>(c) each transaction is for the same client.</p>	<p>"Derivatives Only Combination" means a transaction which comprises at least two component Derivatives Market Transactions, in a specific ratio, in respect of which:</p> <p>(a) entry into each component Derivatives Market Transaction is contingent on entry into each of the other component Derivatives Market Transactions;</p> <p>(b) the combined transaction has a net price; and</p> <p>(c) each transaction is for the same client.</p>
<p>"DTR" means a person registered by ASX under Rule 8.2.</p>	<p>"DTR" means a person registered by ASX under Rule 8.2. "Participant Trading Message Representative" means a representative of the Trading Participant who has authority to submit Trading Messages to the Trading Platform on behalf of the Trading Participant.</p>
<p>"Employee" in relation to a Market Participant includes a director, employee, officer, agent, representative, consultant or adviser of that Market Participant, or an independent contractor who acts for or by arrangement with a Participant.</p>	<p>"Employee" in relation to a Market Participant includes a director, employee, officer, agent, representative, consultant or adviser of that Market Participant, or an independent contractor who acts for or by arrangement with a Participant.</p>
<p>"ETF" means:</p> <p>(a) a registered managed investment scheme or a scheme which ASIC has exempted from the registration requirements:</p> <p>(i) listed on ASX or admitted under Section 10A;</p> <p>(ii) with power and approval to continuously issue and have quoted on ASX Equity Securities in the scheme;</p> <p>(iii) which provides for the issue of new Equity Securities in return for the subscriber transferring to the scheme a portfolio of Securities; and</p> <p>(iv) for which the price of the Underlying Instrument is continuously disclosed or can be immediately ascertained.</p>	<p>"ETF" means:</p> <p>(a) a registered managed investment scheme or a scheme which ASIC has exempted from the registration requirements:</p> <p>(i) listed on ASX the Market or admitted under Section 10A the operating rules of the Market that apply to AQUA Product Issuers;</p> <p>(ii) with power and approval to continuously issue and have quoted on ASX the Market Equity Securities in the scheme;</p> <p>(iii) which provides for the issue of new Equity Securities in return for the subscriber transferring to the scheme a portfolio of Securities; and</p> <p>(iv) for which the price of the Underlying Instrument is continuously disclosed or can be immediately ascertained.</p>
<p>"ETF Security" means a Financial Product issued by or provided pursuant to an ETF.</p>	<p>"ETF Security" means a Financial Product issued by or provided pursuant to an ETF.</p>

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>"Equity Securities" means:</p> <ul style="list-style-type: none"> (a) shares in a body corporate or an unincorporated body other than redeemable preference shares which are Loan Securities in accordance with paragraph (c) of the definition of Loan Securities; or (b) interests in a managed investment scheme, except those referred to in paragraph (d) of the definition of Loan Securities; or (c) renounceable and non-renounceable rights to subscribe for Securities other than Loan Securities; or (d) options over unissued Securities other than Loan Securities; or (e) convertible notes; or (f) any Securities which are determined by ASX to be Equity Securities, <p>but does not include option contracts, or Securities determined to be Loan Securities by ASX.</p>	<p>"Equity Securities" means:</p> <ul style="list-style-type: none"> (a) shares in a body corporate or an unincorporated body other than redeemable preference shares which are Loan Securities in accordance with paragraph (c) of the definition of Loan Securities; or (b) interests in a managed investment scheme, except those referred to in paragraph (d) of the definition of Loan Securities; or (c) renounceable and non-renounceable rights to subscribe for Securities other than Loan Securities; or (d) options over unissued Securities other than Loan Securities; or (e) convertible notes; or (f) any Securities which are determined by ASXthe Market Operator to be Equity Securities, <p>but does not include option contracts, or Securities determined to be Loan Securities by ASXthe Market Operator.</p>
<p>"Family Company" means a corporation:</p> <ul style="list-style-type: none"> (a) controlled by the person or the Immediate Family of the person; or (b) in respect of which the person is beneficially entitled to more than 50% of the issued capital. 	<p>"Family Company" means a corporation:</p> <ul style="list-style-type: none"> (a) controlled by the person or the Immediate Family of the person; or (b) in respect of which the person is beneficially entitled to more than 50% of the issued capital.
<p>"Family Trust" means a trust in which:</p> <ul style="list-style-type: none"> (a) the person or the Immediate Family of the person is the sole or majority beneficiary; or (b) the person has the ability to remove the trustee of the trust and replace that trustee with his or her own nominee. 	<p>"Family Trust" means a trust in which:</p> <ul style="list-style-type: none"> (a) the person or the Immediate Family of the person is the sole or majority beneficiary; or (b) the person has the ability to remove the trustee of the trust and replace that trustee with his or her own nominee.
<p>"Financial Product" has the meaning given in Division 3 of Part 7.1 of the Corporations Act.</p>	<p>"Financial Product" has the meaning given inby Division 3 of Part 7.1 of the Corporations Act.</p>
<p>"Futures Market Contract" means a contract on the terms of a Futures Series.</p>	<p>"Futures Market Contract" means a contract on the terms of a Futures Series.</p>

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>"Futures Market Transaction" means a Market Transaction for one or more Futures Market Contracts.</p>	<p>"Futures Market Transaction" means a Market Transaction for one or more Futures Market Contracts.</p>
<p>"Futures Series" means a set of contractual terms which include the terms set out in Schedule 2 and other terms determined by ASX under Section 11.</p>	<p>"Futures Series" means a set of contractual terms which include the terms set out in Schedule 2 and other terms determined by ASX under Section 11 <u>on which futures contracts are authorised for trading by the Market Operator.</u></p>
<p>"Immediate Family" in relation to a person, means that person's spouse and any non-adult children.</p>	<p>"Immediate Family" in relation to a person, means that person's spouse and any non-adult children.</p>
<p>"Initial Margin" means, in relation to an Open Contract, an amount of money determined by an Approved Clearing Facility as the initial margin for the Open Contract, in accordance with the Clearing Rules.</p>	<p>"Initial Margin" means, in relation to an Open Contract, an amount of money determined by an Approved Clearing Facility as the initial margin for the Open Contract, in accordance with the Clearing Rules.</p>
<p>"Issuer" means, in relation to a Cash Market Product, the legal entity which issues the Cash Market Product.</p>	<p>"Issuer" means, in relation to a Cash Market Product, the legal entity which issues the Cash Market Product.</p>
<p>"Listed Entity" means an entity admitted to the official list of ASX.</p>	<p>"Listed Entity" means an entity admitted to the official list of ASX <u>the Market Operator.</u></p>
<p>"Listing Rules" means the listing rules of ASX.</p>	<p>"Listing Rules" means the listing <u>rules of ASX the Market Operator that apply to Listed Entities.</u></p>
<p>"Loan Securities" means:</p> <ul style="list-style-type: none"> (a) debentures, stocks or bonds issued or proposed to be issued by a government; or (b) debentures of a body corporate or an unincorporated body; or (c) redeemable preference shares which have a fixed and certain date for redemption, other than shares having a participating entitlement to rights or options referred to in paragraphs (c) and (d) of the definition of Equity Securities; or (d) interests in a managed investment scheme, relating to a financial or business undertaking or scheme, common enterprise or investment contract, the trustee or representative or responsible entity of which only invests in or acquires one or more of Loan Securities, mortgages and cash; or 	<p>"Loan Securities" means:</p> <ul style="list-style-type: none"> (a) debentures, stocks or bonds issued or proposed to be issued by a government; or (b) debentures of a body corporate or an unincorporated body; or (c) redeemable preference shares which have a fixed and certain date for redemption, other than shares having a participating entitlement to rights or options referred to in paragraphs (c) and (d) of the definition of Equity Securities; or (d) interests in a managed investment scheme, relating to a financial or business undertaking or scheme, common enterprise or investment contract, the trustee or representative or responsible entity of which only invests in or acquires one or more of Loan Securities, mortgages and cash; or

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
(e) any Securities which are determined by ASX to be Loan Securities, but does not include option contracts, or Securities determined to be Equity Securities by ASX.	(e) any Securities which are determined by ASX the Market Operator to be Loan Securities, but does not include option contracts, or Securities determined to be Equity Securities by ASX the Market Operator .
"Managed Discretionary Account" has the same meaning as given to MDA Service in ASIC Class Order 04/194.	"Managed Discretionary Account" has the same meaning as given to the term "MDA Service" in ASIC Class Order 04/194.
"Managed Fund Product" means a Financial Product issued by or provided pursuant to a Managed Fund.	"Managed Fund Product" means a Financial Product issued by or provided pursuant to a Managed Fund.
"Managed Fund" means a managed investment scheme which is a registered managed investment scheme pursuant to s 601EB of the Corporations Act or a scheme which ASIC has exempted from these registration requirements.	"Managed Fund" means a managed investment scheme which is a registered managed investment scheme pursuant to section 601EB of the Corporations Act or a scheme which ASIC has exempted from these registration requirements.
"Market" means the market for Products operated by ASX.	"Market" means the market for Products operated by ASX the Market Operator .
	"Market Operator" means ASX.
"Market Participant" means a person admitted as a participant under Section 3.	"Market Participant" means a person participant admitted as a participant under Section 3 under the operating rules of the Market .
"Market Transaction" means a transaction for one or more Products, entered into on a Trading Platform or reported to ASX under these Rules.	"Market Transaction" means a transaction for one or more Products, entered into on a Trading Platform or reported to ASX the Market Operator under these operating r Rules of the Market .
"Non-ASX Contract" means a contract, Underlying Commodity, Underlying Instrument or Underlying Financial Product that is available for trading on a Non-ASX Market.	"Non-ASX Contract" means a contract, Underlying Commodity, Underlying Instrument or Underlying Financial Product that is available for trading on a Non-ASX Market.
"Non-ASX Market" means a market operated by a person other than ASX.	"Non-ASX Market" means a market operated by a person other than ASX.

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>"Offer" means:</p> <p>(a) in relation to a Cash Market Product, a price and quantity of the Cash Market Products to be sold; and</p> <p>(b) in relation to a Derivatives Market Contract, means an offer to enter into a Derivatives Market Contract in respect of the relevant Contract Series as Seller.</p>	<p>"Offer" means:</p> <p>(a) in relation to a Cash Market Product, a price and quantity of the Cash Market Products to be sold; and</p> <p>(b) in relation to a Derivatives Market Contract, means an offer to enter into a Derivatives Market Contract in respect of the relevant Contract Series as Seller.</p>
<p>"Official List" has the meaning given to that term in the Listing Rules.</p>	<p>"Official List" has the meaning given to that term in the Listing Rules means the official list of entities that the Market Operator has admitted under its operating rules for Listed Entities and has not removed.</p>
<p>"Official Quotation" means official quotation by ASX.</p>	<p>"Official Quotation" means official quotation by ASXthe Market Operator.</p>
<p>"Open Contract" means a contract, on the terms of a Contract Series which is registered with an Approved Clearing Facility under the Clearing Rules (and any contract which replaces that contract through the transfer, adjustment or settlement to market of that contract under the Clearing Rules).</p>	<p>"Open Contract" means a contract, on the terms of a Contract Series which is registered with an Approved Clearing Facility under the Clearing Rules (and any contract which replaces that contract through the transfer, adjustment or settlement to market of that contract under the Clearing Rules).</p>
<p>"Open Interface" means the electronic protocol and message structure used to provide a mechanism for Trading Participants to access a Trading Platform which enables a Trading Participant to submit Trading Messages.</p>	<p>"Open Interface" means the electronic protocol and message structure used to provide a mechanism for Trading Participants to access a Trading Platform which enables a Trading Participant to submit Trading Messages.</p>
<p>"Open Interface Device" means a logical connection or session with the gateway using the Open Interface, and includes a session maintained by a Trader Workstation.</p>	<p>"Open Interface Device" means a logical connection or session with the gateway using the Open Interface, and includes a session maintained by a Trader Workstation.</p>
<p>"Options Market Contract" means a contract on the terms of an Option Series.</p>	<p>"Options Market Contract" means a contract on the terms of an Option Series.</p>
<p>"Options Market Transaction" means a Market Transaction for one or more Options Market Contracts.</p>	<p>"Options Market Transaction" means a Market Transaction for one or more Options Market Contracts.</p>
<p>"Option Series" means a set of contractual terms which include the terms set out in Schedule 4 and other terms determined by ASX under Section 11.</p>	<p>"Option Series" means a set of contractual terms which include the terms set out in Schedule 4 and other terms determined by ASX under Section 11 on which options are authorised for trading by the Market Operator.</p>

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>"Order" means:</p> <ul style="list-style-type: none"> (a) in relation to Cash Market Products, an instruction to purchase or sell Cash Market Products, or an instruction to amend or cancel a prior instruction to purchase or sell Cash Market Products; (b) in relation to Derivatives Market Contracts, an instruction to enter into a Derivatives Market Transaction, or an instruction to amend or cancel a prior instruction to enter into a Derivatives Market Transaction; and (c) for the purposes of Section 27, means an order placed by a Market Participant to buy or to sell any Participating International Financial Products using the ASX World Link service. 	<p>"Order" means:</p> <ul style="list-style-type: none"> (a) in relation to Cash Market Products, an instruction to purchase or sell Cash Market Products, or an instruction to amend or cancel a prior instruction to purchase or sell Cash Market Products; <u>and</u> (b) in relation to Derivatives Market Contracts, an instruction to enter into a Derivatives Market Transaction, or an instruction to amend or cancel a prior instruction to enter into a Derivatives Market Transaction. <p>; and</p> <p>(c) for the purposes of Section 27, means an order placed by a Market Participant to buy or to sell any Participating International Financial Products using the ASX World Link service.</p>
<p>"own account" is defined in Rule 7.5.1.</p>	<p>"own account" is defined in Rule 5.1.17-5.1.</p>
<p>"Partly Paid Security" means a Quoted Product for which the holder may be liable to pay a call or instalment in accordance with the terms of issue and for which an amount remains unpaid. A Partly Paid Security does not include a Quoted Product issued by a no liability company.</p>	<p>"Partly Paid Security" means a Quoted Product for which the holder may be liable to pay a call or instalment in accordance with the terms of issue and for which an amount remains unpaid. A Partly Paid Security does not include a Quoted Product issued by a no liability company.</p>
<p>"Prescribed Person" means, in relation to a Market Participant:</p> <ul style="list-style-type: none"> (a) an Employee, a director, a partner, an Affiliate or Responsible Executive of the Market Participant; (b) a Controller of the Market Participant or a Related Body Corporate of that Controller; (c) the Immediate Family of a person referred to in paragraphs (a) or (b); (d) a Family Company and a Family Trust of a person referred to in paragraphs (a) to (c); and (e) where a Market Participant or a person referred to in paragraphs (a) to (d) is a body corporate, any body corporate or other entity controlled by that body corporate. 	<p>"Prescribed Person" means, in relation to a Market Participant:</p> <ul style="list-style-type: none"> (a) an Employee, a director, a partner, an Affiliate or Responsible Executive of the Market Participant; (b) a Controller of the Market Participant or a Related Body Corporate of that Controller; (c) the Immediate Family of a person referred to in paragraphs (a) or (b); (d) a Family Company and a Family Trust of a person referred to in paragraphs (a) to (c); and (e) where a Market Participant or a person referred to in paragraphs (a) to (d) is a body corporate, any body corporate or other entity controlled by that body corporate.

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>"Principal", in the context of "as Principal" has the meaning given to that expression in Rule 7.3.5.</p>	<p>"Principal", in the context of "as Principal" has the meaning given to that expression in Rule <u>3.2.57-3.5</u>.</p>
<p>"Procedures" means any document, electronic file or other information (recorded by any mode of representing words or reproducing words) approved by ASX and given where applicable to Regulated Persons and third party providers in accordance with Rule 1.3 and, without limitation, includes the ASX Market Rule Procedures as amended from time to time.</p>	<p>"Procedures" means any document, electronic file or other information (recorded by any mode of representing words or reproducing words) approved by ASX and given where applicable to Regulated Persons and third party providers in accordance with Rule 1.3 and, without limitation, includes the ASX Market Rule Procedures as amended from time to time. A reference in a Rule to Procedures or to Appendices to Procedures is a reference to the content of the relevant ASX Market Rules Procedures and Appendices listed at the end of the proposed Chapter in which the Rule appears.</p> <div data-bbox="1086 582 1937 694" style="border: 1px solid black; padding: 5px;"> <p>As noted in the consultation paper, ASIC is considering the form these Procedures will take in the ASIC regulatory framework. ASIC does not intend to change the substance of the obligations in those Procedures.</p> </div>
<p>"Product" means a Cash Market Product or a Derivatives Market Contract (as applicable).</p>	<p>"Product" means a Cash Market Product or a Derivatives Market Contract (as applicable).</p>
<p>"Quoted Product" means a Financial Product that has been granted Official Quotation under the Listing Rules and includes an Equity Security and a Loan Security.</p>	<p>"Quoted Product" means a Financial Product that has been granted Official Quotation under the Listing Rules and includes an Equity Security and a Loan Security.</p>
<p>"Related Body Corporate" has the same meaning set out in Section 50 of the Corporations Act.</p>	<p>"Related Body Corporate" has the same meaning set out in given by Ssection 50 of the Corporations Act.</p>
<p>"Related Party" means:</p> <ul style="list-style-type: none"> (a) in relation to a body corporate: <ul style="list-style-type: none"> (i) the meaning in Section 228 of the Corporations Act; or (ii) a Substantial holder of the body corporate; (b) in relation to a trust, which is not a registered management investment scheme, the management company, trustee and their related parties within the meaning of Section 228 of the Corporations Act; (c) in relation to a trust which is a registered managed investment scheme, the 	<p>"Related Party" means:</p> <ul style="list-style-type: none"> (a) in relation to a body corporate: <ul style="list-style-type: none"> (i) the meaning in Ssection 228 of the Corporations Act; or (ii) a Substantial hHolder of the body corporate; (b) in relation to a trust, which is not a registered management investment scheme, the management company, trustee and their related parties within the meaning of Ssection 228 of the Corporations Act; (c) in relation to a trust which is a registered managed investment scheme, the

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>responsible entity and a related party of the responsible entity under Section 228 of the Corporations Act, as modified by Section 601LA of the Corporations Act;</p> <p>(d) in relation to a person:</p> <ul style="list-style-type: none"> (i) his or her spouse, de facto spouse, parent, son, or daughter, or a spouse or de facto spouse of that person; (ii) an entity over which one or more of the persons referred to in paragraph (i) has control; (iii) an entity that he or she controls, or its holding company or which is controlled by the holding company; (iv) a person who acts, or proposes to act, in concert with anyone referred to above; (v) a person who was a related party in the previous 6 months, or who would be a related party in the future, under the tests in Section 228 of the Corporations Act (applied with any necessary adaptation). 	<p>responsible entity and a related party of the responsible entity under <u>S</u>section 228 of the Corporations Act, as modified by <u>S</u>section 601LA of the Corporations Act;</p> <p>(d) in relation to a person:</p> <ul style="list-style-type: none"> (i) his or her spouse, de facto spouse, parent, son, or daughter, or a spouse or de facto spouse of that person; (ii) an entity over which one or more of the persons referred to in paragraph (i) has control; (iii) an entity that he or she controls, or its holding company or which is controlled by the holding company; (iv) a person who acts, or proposes to act, in concert with anyone referred to above; (v) a person who was a related party in the previous 6 months, or who would be a related party in the future, under the tests in <u>S</u>section 228 of the Corporations Act (applied with any necessary adaptation).
<p>"Relevant Clearing Participant" means, in relation to a Trading Participant:</p> <ul style="list-style-type: none"> (a) where the Trading Participant is not itself a Clearing Participant and has a third party clearing arrangement with only one Clearing Participant to clear all of its Market Transactions in a class of Product, that Clearing Participant; and (b) where the Trading Participant is itself a Clearing Participant and clears all of its Market Transactions in a class of Products, itself; and (c) where the Trading Participant has third party clearing arrangements with more than one Clearing Participant, or is itself a Clearing Participant and has third party clearing arrangements with other Clearing Participants to clear its Market Transactions in a class of Product, the Clearing Participant which it has identified through the Open Interface Device in respect of the Market Transaction. 	<p>"Relevant Clearing Participant" means, in relation to a Trading Participant:</p> <ul style="list-style-type: none"> (a) where the Trading Participant is not itself a Clearing Participant and has a third party clearing arrangement with only one Clearing Participant to clear all of its Market Transactions in a class of Product, that Clearing Participant; and (b) where the Trading Participant is itself a Clearing Participant and clears all of its Market Transactions in a class of Products, itself; and (c) where the Trading Participant has third party clearing arrangements with more than one Clearing Participant, or is itself a Clearing Participant and has third party clearing arrangements with other Clearing Participants to clear its Market Transactions in a class of Product, the Clearing Participant which it has identified through the Open Interface Device in respect of the Market Transaction.
<p>"Representative", in relation to a Market Participant, means a "representative" within the meaning of Section 910A of the Corporations Act.</p>	<p>"Representative", in relation to a Market Participant, means a "representative" within the meaning of <u>S</u>section 910A of the Corporations Act.</p>

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>"Responsible Executive" means at any time, in relation to a Market Participant, an individual who is shown as having executive responsibility for the supervision and control of all or part of the business of that Market Participant in the copy of the Market Participant's management structure provided to ASX or who is otherwise notified to ASX from time to time as having that responsibility.</p>	<p>"Responsible Executive" means at any time, in relation to a Market Participant, an individual who is shown as having executive responsibility for the supervision and control of all or part of the business of that Market Participant in the copy of the Market Participant's management structure provided to ASXASIC or who is otherwise notified to ASXASIC from time to time as having that responsibility.</p>
<p>"Retail Client" means a "retail client" as defined in Section 761G of the Corporations Act.</p>	<p>"Retail Client" means a "retail client" as defined in Ssection 761G of the Corporations Act.</p>
<p>"Rules" means these rules.</p>	<p>"Rules" means these Market Integrity #Rules.</p>
<p>"Security" or "security":</p> <p>(a) in Section 9, has the meaning given in Section 761A of the Corporations Act; and</p> <p>(b) elsewhere, means:</p> <p>(i) a "security" within the meaning of Section 761A of the Corporations Act; or</p> <p>(ii) a managed investment product.</p>	<p>"Security" or "security" means:</p> <p>(a) in Section 9, has the meaning given in Section 761A of the Corporations Act; and</p> <p>(b) elsewhere, means:</p> <p>(a) a "security" within the meaning of Ssection 761A of the Corporations Act; or</p> <p>(b) a managed investment product.</p>
<p>"Seller" means, in relation to a Derivatives Market Transaction, the Trading Participant whose sell or offer instruction, order or other Trading Message has resulted in the Derivatives Market Transaction being entered into in accordance with Rule 21.2.2, whether or not in connection with any other Crossing, Derivatives Market Transaction or any transaction in any Cash Market Product or Non-ASX Contract and includes the writer of an Options Market Contract.</p>	<p>"Seller" means, in relation to a Derivatives Market Transaction, the Trading Participant whose sell or offer instruction, order or other Trading Message has resulted in the Derivatives Market Transaction being entered into in accordance with the operating rules of the MarketRule 21.2.2, whether or not in connection with any other Crossing, Derivatives Market Transaction or any transaction in any Cash Market Product or Non-ASX Contract and includes the writer of an Options Market Contract.</p>
<p>"Settlement Rules" means the operating rules, procedures, practices, directions, decisions and requirements of an Approved Settlement Facility.</p>	<p>"Settlement Rules" means the operating rules, procedures, practices, directions, decisions and requirements of an Approved Settlement Facility.</p>

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>"Substantial holder":</p> <p>(a) for the purposes of Rules 7.3.5 and Schedule 1A, when used to refer to a Substantial holder in a corporation, means a person who has or would have a substantial holding if Part 6C of the Corporations Act applied to that corporation; and</p> <p>(b) for the purposes of any other Rule includes a reference to:</p> <p>(i) a person who has a relevant interest in not less than 5% of a class of non voting shares of the relevant company or its holding company; and</p> <p>(ii) each person who has a relevant interest in voting shares and non voting shares of the relevant company or its holding company and whose aggregate holdings exceed 5% in number of the voting shares on issue of the relevant company or its holding company.</p>	<p>"Substantial hHolder":</p> <p>(a) for the purposes of Rule 3.2.5 <u>7.3.5</u> and Schedule 1A, when used to refer to a Substantial hHolder in a corporation, means a person who has or would have a substantial holding if Part 6C of the Corporations Act applied to that corporation; and</p> <p>(b) for the purposes of any other Rule includes a reference to:</p> <p>(i) a person who has a relevant interest in not less than 5% of a class of non voting shares of the relevant company or its holding company; and</p> <p>(ii) each person who has a relevant interest in voting shares and non voting shares of the relevant company or its holding company and whose aggregate holdings exceed 5% in number of the voting shares on issue of the relevant company or its holding company.</p>
<p>"Terms of Issue" means:</p> <p>(a) in relation to Warrants, rights, conditions and obligations of the Warrant-Issuer and the Warrant-Holder as documented by the Warrant-Issuer and not objected to by ASX; and</p> <p>(b) in relation to AQUA Products, rights, conditions and obligations of the AQUA Product Issuer and the AQUA Product Holder as documented by the AQUA Product Issuer and not objected to by ASX.</p>	<p>"Terms of Issue" means :</p> <p>(a)—in relation to Warrants, rights, conditions and obligations of the Warrant-Issuer and the Warrant-Holder as documented by the Warrant-Issuer and not objected to by the Market Operator ASX; and</p> <p>(b)—in relation to AQUA Products, rights, conditions and obligations of the AQUA Product Issuer and the AQUA Product Holder as documented by the AQUA Product Issuer and not objected to by ASX.</p>
<p>"Trading Messages" means those messages submitted into a Trading Platform relating to trading functions, such as Orders, amendment or cancellation of Orders and the reporting or cancellation of Market Transactions on the Trading Platform.</p>	<p>"Trading Messages" means those messages submitted into a Trading Platform relating to trading functions, such as Orders, amendment or cancellation of Orders and the reporting or cancellation of Market Transactions on the Trading Platform.</p>
<p>"Trading Participant" means a Market Participant which has Trading Permission in respect of one or more Products.</p>	<p>"Trading Participant" means a Market Participant which has Trading Permission in respect of one or more Products.</p>
<p>"Trading Permission" means the right to submit Trading Messages in a Trading Platform.</p>	<p>"Trading Permission" means the right to submit Trading Messages in a Trading Platform.</p>

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>"Trading Platform" means a platform made available by ASX to Trading Participants for the entry of Trading Messages, the matching of Orders, the advertisement of invitations to trade and the reporting of transactions.</p>	<p>"Trading Platform" means a platform facility made available by ASX the Market Operator to Trading Participants for the entry of Trading Messages, the matching of Orders, the advertisement of invitations to trade and the reporting of transactions.</p>
<p>"Trading Status" means authorisation by ASX for a Warrant or AQUA Product to be traded on the Market.</p>	<p>"Trading Status" means authorisation by ASX the Market Operator for a Warrant or AQUA Product to be traded on the Market.</p>
<p>"Underlying Financial Product" means in relation to a Derivatives Market Contract, the Financial Product underlying that contract as determined by ASX.</p>	<p>"Underlying Financial Product" means in relation to a Derivatives Market Contract, the Financial Product underlying that contract as determined by ASX the Market Operator.</p>
<p>"Underlying Commodity" means in relation to a Derivatives Market Contract, the commodity which underlies that contract as determined by ASX.</p>	<p>"Underlying Commodity" means in relation to a Derivatives Market Contract, the commodity which underlies that contract as determined by ASX the Market Operator.</p>
<p>"Underlying Index" means in relation to a Derivatives Market Contract, the index which underlies that contract, as determined by ASX.</p>	<p>"Underlying Index" means in relation to a Derivatives Market Contract, the index which underlies that contract, as determined by ASX the Market Operator.</p>
<p>"Underlying Instrument" means in relation to Option Series and Futures Series, the instrument which underlies that Option Series or Futures Series as determined by ASX; in relation to Warrants means the Financial Product, index, foreign or Australian currency or commodity which underlies that Warrant; and in relation to AQUA Products means the Financial Product, index, foreign or Australian currency, commodity or other point of reference for determining the value of the AQUA Product.</p>	<p>"Underlying Instrument" means in relation to Option Series and Futures Series, the instrument which underlies that Option Series or Futures Series as determined by ASX the Market Operator; in relation to Warrants means the Financial Product, index, foreign or Australian currency or commodity which underlies that Warrant; and in relation to AQUA Products means the Financial Product, index, foreign or Australian currency, commodity or other point of reference for determining the value of the AQUA Product.</p>
<p>"Underlying Market" in relation to a Derivatives Market Contract, means a market in the instruments, commodities, securities or other things which underlie the Derivatives Market Contract.</p>	<p>"Underlying Market" in relation to a Derivatives Market Contract, means a market in the instruments, commodities, securities or other things which underlie the Derivatives Market Contract.</p>
<p>"Unprofessional Conduct" includes:</p> <ul style="list-style-type: none"> (a) conduct which amounts to impropriety affecting professional character and which is indicative of a failure either to understand or to practise the precepts of honesty or fair dealing in relation to other Market Participants, clients or the public; (b) unsatisfactory professional conduct, where the conduct involves a substantial or consistent failure to reach reasonable standards of competence and diligence; and 	<p>"Unprofessional Conduct" includes:</p> <ul style="list-style-type: none"> (a) conduct which amounts to impropriety affecting professional character and which is indicative of a failure either to understand or to practise the precepts of honesty or fair dealing in relation to other Market Participants, clients or the public; (b) unsatisfactory professional conduct, where the conduct involves a substantial or consistent failure to reach reasonable standards of competence and diligence; and

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>(c) conduct which is, or could reasonably be considered as likely to be, prejudicial to the interests of ASX or its Market Participants,</p> <p>by a Market Participant, or an Employee, whether in the conduct of the Market Participant's business as a Market Participant or in the conduct of any other business (and need not involve a contravention of these Rules, the Procedures or any law).</p>	<p>(c) conduct which is, or could reasonably be considered as likely to be, prejudicial to the interests of ASX<u>the Market Operator</u> or its Market Participants,</p> <p>by a Market Participant, or an Employee, whether in the conduct of the Market Participant's business as a Market Participant or in the conduct of any other business (and need not involve a contravention of these Rules, the Procedures or any law).</p>
<p>"Warrant" means:</p> <p>(a) a financial instrument which gives the holder of the instrument the right:</p> <ul style="list-style-type: none"> (i) to acquire the Underlying Instrument; or (ii) to require the Warrant-Issuer to acquire the Underlying Instrument; (iii) to be paid by the Warrant-Issuer an amount of money to be determined by reference to the amount by which a specified number is greater or less than the number of an index; or (iv) to be paid by the Warrant-Issuer an amount of money to be determined by reference to the amount by which the price or value of the Underlying Instrument is greater than or less than a specified price or value, <p>in accordance with the Terms of Issue and Section 10; or</p> <p>(b) any other Financial Product that is a "warrant" within the meaning given that term in Corporations Regulation 1.0.02 (as modified by any class order that ASIC may issue from time to time) and which ASX determines to be a Warrant for the purposes of this definition, as notified to Trading Participants.</p>	<p>"Warrant" means:</p> <p>(a) a financial instrument which gives the holder of the instrument the right:</p> <ul style="list-style-type: none"> (i) to acquire the Underlying Instrument; or (ii) to require the Warrant-Issuer to acquire the Underlying Instrument; (iii) to be paid by the Warrant-Issuer an amount of money to be determined by reference to the amount by which a specified number is greater or less than the number of an index; or (iv) to be paid by the Warrant-Issuer an amount of money to be determined by reference to the amount by which the price or value of the Underlying Instrument is greater than or less than a specified price or value, <p>in accordance with the Terms of Issue and <u>the relevant operating rules of the Market</u>Section 10; or</p> <p>(b) any other Financial Product that is a "warrant" within the meaning given that term in Corporations Regulation 1.0.02 (as modified by any class order that ASIC may issue from time to time) and which ASX<u>the Market Operator</u> determines to be a Warrant for the purposes of this definition, as notified to Trading Participants.</p>
<p>"Warrant-Issuer" means an entity approved by ASX to issue Warrants in accordance with Section 10.</p>	<p>"Warrant-Issuer" means an entity approved by ASX<u>the Market Operator</u> to issue Warrants in accordance with Section 10<u>the relevant operating rules of the Market</u>.</p>
<p>"Wholesale Client" has the meaning set out in Section 761G of the Corporations Act.</p>	<p>"Wholesale Client" has the meaning set out given in S<u>subsection 761G(4)</u> of the Corporations Act.</p>

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>"Wholesale Client Agreement" means the agreement between a Trading Participant and a client lodged with an Approved Clearing Facility in accordance with Rules 7.1.4(d) and 7.1.5(b).</p>	<p>"Wholesale Client Agreement" means the agreement between a Trading Participant and a client lodged with an Approved Clearing Facility in accordance with Rules 37.1.4(d) and 73.1.5(b).</p>

Relevant Procedures, Appendices to Procedures and Guidance Notes for this chapter
Procedure 1.6.2 Methods of giving notice in writing
Procedure 1.6.3 Delivery of notice

Chapter 2: Participants and representatives

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>3.6 MANAGEMENT REQUIREMENTS</p>	<p>2.1 MANAGEMENT REQUIREMENTS</p>
<p>3.6.1 Management structure</p>	<p>2.1.1 Management structure</p>
<p>(a) A Market Participant must, in relation to its conduct, and that part of its business that it conducts, on or in relation to the Market operated by ASX, wherever the conduct occurs or the business is located and regardless of the number of offices operated or intended to be operated by the Market Participant, have appropriate management structures in place to ensure that:</p> <ul style="list-style-type: none"> (i) 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 these Rules; (ii) the design, implementation, functioning and review of those operations and processes are subject to the supervision of one or more Responsible Executives; and (iii) each Responsible Executive has sufficient seniority and authority within the Market Participant to exert control, leadership, influence and supervision over those operations and processes. <p>(b) A Market Participant must keep accurate records of its management structure and its allocation of responsibilities among its Responsible Executives. An applicant must give a copy of the management structure to ASX.</p>	<p>(a) A Market Participant must, in relation to its conduct, and that part of its business that it conducts, on or in relation to the Market operated by ASX, wherever the conduct occurs or the business is located and regardless of the number of offices operated or intended to be operated by the Market Participant, have appropriate management structures in place to ensure that:</p> <ul style="list-style-type: none"> (i) 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 these Rules; (ii) the design, implementation, functioning and review of those operations and processes are subject to the supervision of one or more Responsible Executives; and (iii) each Responsible Executive has sufficient seniority and authority within the Market Participant to exert control, leadership, influence and supervision over those operations and processes. <p>(b) A Market Participant must keep accurate records of its management structure and its allocation of responsibilities among its Responsible Executives. A <u>Market Participant</u> applicant must give a copy of the management structure to <u>ASX/ASIC</u>.</p>
<p>3.6.3 Supervisory procedures</p>	<p>2.1.2 Supervisory procedures</p>
<p>An applicant must have appropriate supervisory policies and procedures, and meet any standards or requirements set out or referred to in the Procedures, to ensure compliance by the applicant and each person involved in its business as a Market Participant with these Rules and the Corporations Act.</p>	<p><u>An applicant</u> A Market Participant must have appropriate supervisory policies and procedures, and meet any standards or requirements set out or referred to in the Procedures, to ensure compliance by the <u>Market Participant</u> applicant and each person involved in its business as a Market Participant with these Rules and the Corporations Act.</p>
<p>3.6.4 Persons involved in the business</p>	
<p>For an applicant to be eligible for admission as a market participant (and to continue to be approved as a Market Participant):</p>	
<p>(a) each Responsible Executive must satisfy the requirements in Rule 3.6.5 and</p>	<p>Proposed Penalty—Tier 3</p>

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>the requirements in paragraph (b) below;</p> <p>(b) ASX must have no reason to believe that any Employee or other person who is or will be involved in the business of the applicant in connection with ASX or (in the case of a body corporate) any director or Controller is not of good fame and character and high business integrity, having regard to Rule 3.3.2 or, if ASX considers they are not, the applicant must address that to the satisfaction of ASX; and</p> <p>(c) Unless ASX accepts alternative arrangements or undertakings, each Responsible Executive must have given an undertaking to ASX in the form required by ASX to comply with and be bound by the Rules, directions, decisions and requirements of ASX (and, in that undertaking, acknowledge their obligations under Rule 4.1.3).</p> <p>3.6.5 Responsible Executive requirements</p> <p>A Responsible Executive must:</p> <p>(a) be of good fame and character and high business integrity, having regard to Rule 3.3.2;</p> <p>(b) have completed qualifications or training of a type set out in the Procedures;</p> <p>(c) have experience which ASX considers is appropriate having regard to the supervisory role which the Responsible Executive performs in the business of the Market Participant;</p> <p>(d) not engage (by act or omission) in Unprofessional Conduct; and</p> <p>(e) not be the subject of a currently binding order under Market Rule 28.3.7.</p> <p>3.6.6 Suitably qualified affiliate</p> <p>Where a Market Participant has notified ASX of its appointment of a Responsible Executive, the Responsible Executive will be, for the purpose of the Corporations Act, recognised as a suitably qualified affiliate, under Section 761A of the Corporations Act, of ASX. Recognition will continue for the purposes of ongoing jurisdiction in relation to that part of the business which is or was under the supervision and control of the Responsible Executive.</p>	<p>2.1.3 Persons involved in the business</p> <p>For an applicant to be eligible for admission as a market participant (and to continue to be approved as a Market Participant):</p> <p><u>A Market Participant must ensure that:</u></p> <p>(a) each Responsible Executive must satisfy the requirements in Rule 3.6.5<u>2.1.4, Rule 2.2.3</u> and the requirements in paragraph (b) below;</p> <p>(b) ASX must have no reason to believe that any<u>no</u> Employee or other person who is or will be involved in the business of the applicant<u>Market Participant</u> in connection with ASX<u>the Market</u> or (in the case of a body corporate) any director or Controller is not of good fame and character and high business integrity having regard to the relevant admission requirements of the Market Operator, Rule 3.3.2 or, if ASX considers they are not, the applicant must address that to the satisfaction of ASX; and</p> <p>(c) Unless ASX accepts alternative arrangements or undertakings, each Responsible Executive must have given an undertaking to ASX in the form required by ASX to comply with and be bound by the Rules, directions, decisions and requirements of ASX (and, in that undertaking, acknowledge their obligations under Rule 4.1.3).</p> <div style="border: 1px solid black; padding: 2px; margin: 10px 0;">Proposed Penalty—Tier 3</div> <p>2.1.4 Responsible Executive requirements</p> <p>A Responsible Executive must:</p> <p>(a) be of good fame and character and high business integrity, having regard to Rule 3.3.2<u>the relevant admission requirements of the Market Operator</u>;</p> <p>(b) have completed qualifications or training of a type set out in the Procedures;</p> <p>(c) have experience which ASX<u>ASIC</u> considers is appropriate having regard to the supervisory role which the Responsible Executive performs in the business of the Market Participant;</p> <p>(d) not engage (by act or omission) in Unprofessional Conduct; and</p>

Current text of ASX rule

Proposed text of ASIC/ASX Market Integrity Rules

ASX Market Rule 3.6.6 has not been brought across

(e) not be the subject of a currently binding order made by the ASX Disciplinary Tribunal under Market Rule 28.3.7.

Proposed Penalty—N/A

4.1 ONGOING COMPLIANCE AND SUPERVISION

4.1.1 General Compliance by Market Participants

A Market Participant must at all times:

- (a) continue to satisfy the applicable Admission Requirements (but subject to Rule 4.13);
- (b) comply with any conditions imposed on a Market Participant under these Rules;
- (c) comply with the Rules, directions, decisions and requirements of ASX;
- (d) not dispose, transfer, lease, assign or encumber any rights or obligations under these Rules, except:
 - (i) as expressly permitted under these Rules; or
 - (ii) with the prior written approval of ASX;
- (e) comply with any undertaking given by the Market Participant under the Rules;
- (f) comply with the requirements of this Section in relation to undertakings for new individuals involved in the business requirements;
- (g) comply with the requirements of this Section in relation to notification of change of details;
- (h) comply with the requirements of this Section in relation to notification of regulatory action (to the extent they apply to Market Participants);
- (i) comply with the requirements of this Section in relation to foreign Market Participants and other Market Participants with overseas activity (to the extent applicable);
- (j) comply with the insurance requirements of this Section;

2.2 ONGOING COMPLIANCE AND SUPERVISION

2.2.1 General Compliance by Market Participants

A Market Participant must not engage in Unprofessional Conduct. ~~must at all times:~~

- ~~(a) continue to satisfy the applicable Admission Requirements (but subject to Rule 4.13);~~
- ~~(b) comply with any conditions imposed on a Market Participant under these Rules;~~
- ~~(c) comply with the Rules, directions, decisions and requirements of ASX;~~
- ~~(d) not dispose, transfer, lease, assign or encumber any rights or obligations under these Rules, except:

 - ~~(i) as expressly permitted under these Rules; or~~
 - ~~(ii) with the prior written approval of ASX;~~~~
- ~~(e) comply with any undertaking given by the Market Participant under the Rules;~~
- ~~(f) comply with the requirements of this Section in relation to undertakings for new individuals involved in the business requirements;~~
- ~~(g) comply with the requirements of this Section in relation to notification of change of details;~~
- ~~(h) comply with the requirements of this Section in relation to notification of regulatory action (to the extent they apply to Market Participants);~~
- ~~(i) comply with the requirements of this Section in relation to foreign Market Participants and other Market Participants with overseas activity (to the extent applicable);~~
- ~~(j) comply with the insurance requirements of this Section;~~
- ~~(k) comply with the requirements of this Section in relation to business connections~~

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>(k) comply with the requirements of this Section in relation to business connections between Market Participants;</p> <p>(l) comply with the requirements of this Section in relation to continuing education of responsible executives (to the extent they apply to Market Participants);</p> <p>(m) comply with the requirements of this Section in relation to records, accounts, audit and returns;</p> <p>(n) comply with the trading records requirements of this Section;</p> <p>(o) comply with the access to records requirements of this Section;</p> <p>(p) comply with the requirements of this Section in relation to reporting Open Contracts;</p> <p>(q) comply with the requirements of this Section in relation to ongoing compliance for partnerships (to the extent applicable);</p> <p>(r) comply with the requirements of this Section in relation to compliance with chapter 7 of the Corporations Act and AFSL; and</p> <p>(s) comply with the requirements of this Section in relation to payment of levies (to the extent applicable);</p> <p>(t) comply with the authorised signatories requirements of this Section;</p> <p>(u) comply with the legal proceedings requirements of this Section;</p> <p>(v) comply with the information requirements of this Section; and</p> <p>(w) not engage in Unprofessional Conduct.</p>	<p>between Market Participants;</p> <p>(l) comply with the requirements of this Section in relation to continuing education of responsible executives (to the extent they apply to Market Participants);</p> <p>(m) comply with the requirements of this Section in relation to records, accounts, audit and returns;</p> <p>(n) comply with the trading records requirements of this Section;</p> <p>(o) comply with the access to records requirements of this Section;</p> <p>(p) comply with the requirements of this Section in relation to reporting Open Contracts;</p> <p>(q) comply with the requirements of this Section in relation to ongoing compliance for partnerships (to the extent applicable);</p> <p>(r) comply with the requirements of this Section in relation to compliance with chapter 7 of the Corporations Act and AFSL; and</p> <p>(s) comply with the requirements of this Section in relation to payment of levies (to the extent applicable);</p> <p>(t) comply with the authorised signatories requirements of this Section;</p> <p>(u) comply with the legal proceedings requirements of this Section;</p> <p>(v) comply with the information requirements of this Section; and</p> <p>(w) not engage in Unprofessional Conduct.</p> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 10px auto;">Proposed Penalty—Tier 3</div>
<p>4.1.2 Responsibility for individuals involved in business</p>	<p>2.2.2 Responsibility for individuals involved in business</p>
<p>A Market Participant is responsible for all actions and omissions of its Employees.</p>	<p>A Market Participant is responsible for all actions and omissions of its Employees.</p>
<p>4.1.3 Responsibilities of Responsible Executive</p>	<div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 10px auto;">Proposed Penalty—N/A</div>
<p>A Responsible Executive must:</p>	<p>2.2.3 Responsibilities of Responsible Executive</p>
<p>(a) supervise the design and implementation activities and the functioning and review of the operations and processes referred to in Rule 3.6.1 in respect of that part of a Market Participant's business which the management structure</p>	<p>A Responsible Executive must:</p> <p>(a) supervise the design and implementation activities and the functioning and</p>

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>referred to in Rule 3.6.1 or Rule 4.3.2(b)(iv) identifies as being under the supervision of that Responsible Executive while the Responsible Executive is responsible in respect of that part of the business;</p> <p>(b) be accountable to the Market Participant for the effective design, implementation, functioning and review of the operations and processes referred to in paragraph (a);</p> <p>(c) satisfy the requirements of Rule 3.6.5 at all times;</p> <p>(d) comply with his or her undertakings given under Rule 3.6.4 or Rule 4.2;</p> <p>(e) comply with the notification of regulatory action requirements of this Section (to the extent they apply to Responsible Executives); and</p> <p>(f) give to the Market Participant an annual representation in the form and in the time set out in the Procedures.</p> <p>Where a Responsible Executive fails to comply with the obligations set out in this Rule 4.1.3, the Market Participant will also have breached this Rule.</p>	<p>review of the operations and processes referred to in Rule 3.6.4<u>2.1.1</u> in respect of that part of a Market Participant's business which the management structure referred to in Rule 3.6.4<u>2.1.1</u> or Rule 4.3.2(b)(iv) identifies as being under the supervision of that Responsible Executive while the Responsible Executive is responsible in respect of that part of the business;</p> <p>(b) be accountable to the Market Participant for the effective design, implementation, functioning and review of the operations and processes referred to in paragraph (a); <u>and</u></p> <p>(c) satisfy the requirements of Rule 3.6.5 at all times;</p> <p>(d) comply with his or her undertakings given under Rule 3.6.4 or Rule 4.2;</p> <p>(e) comply with the notification of regulatory action requirements of this Section (to the extent they apply to Responsible Executives); and</p> <p>(f) give to the Market Participant an annual representation in the form and in the time set out in the Procedures.</p> <p>Where a Responsible Executive fails to comply with the obligations set out in this Rule 4.1.3, the Market Participant will also have breached this Rule.</p> <p>Proposed Penalty—N/A</p>
<p>4.8 CONTINUING EDUCATION OF RESPONSIBLE EXECUTIVES</p> <p>4.8.1 Responsible Executive compliance</p> <p>Each Market Participant must ensure that each of its Responsible Executives complies with any continuing education requirements prescribed by ASX.</p>	<p>2.3 CONTINUING EDUCATION AND ACCREDITATION OF RESPONSIBLE EXECUTIVES</p> <p>2.3.1 Responsible Executive compliance</p> <p>Each Market Participant must ensure that each of its Responsible Executives complies with any continuing education requirements prescribed by <u>ASXASIC</u>.</p> <p>Proposed Penalty—Tier 1</p>
<p>7.10 MANAGED DISCRETIONARY ACCOUNTS</p> <p>7.10.2 Derivatives Market Transactions and Warrants</p> <p>If a Market Participant operates a Managed Discretionary Account for a Retail Client which involves dealing in Derivatives Market Transactions or Warrants, the</p>	<p>7.10 MANAGED DISCRETIONARY ACCOUNTS</p> <p>7.10.2<u>2.3.2</u> Derivatives Market Transactions and Warrants</p> <p>If a Market Participant operates a Managed Discretionary Account for a Retail Client which involves dealing in Derivatives Market Transactions or Warrants, the Managed</p>

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>Managed Discretionary Account must be operated by an Accredited Adviser with the appropriate accreditation under Section 8 of these Rules.</p>	<p>Discretionary Account must be operated by an Accredited Adviser with the appropriate accreditation under Section 8 of these Rules.</p>
<p>7.10.3 Dealing in Cash Market Products of Market Participant</p>	<p>Proposed Penalty—Tier 3</p>
<p>Where a Market Participant is the issuer of Cash Market Products other than Warrants, it must not make a Bid for or an Offer of those Cash Market Products for a Managed Discretionary Account for a Retail Client, except where the client expressly authorises the Market Participant to do so.</p>	<p>Dealing in Cash Market Products of Market Participant</p> <p>Propose no rule</p>
<p>7.10.5 Excessive transactions in Managed Discretionary Account</p>	<p>Excessive transactions in Managed Discretionary Account</p> <p>See Chapter 3 of ASIC/ASX Market Integrity Rules</p>
<p>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 investment objectives, financial situation and needs of the client and the relevant markets.</p>	<p>Reporting to ASIC</p> <p>Propose no rule</p>
<p>7.10.8 Reporting to ASIC</p>	<p>Provision of audit reports</p> <p>Propose no rule</p>
<p>A Market Participant must provide to ASX a copy of any report it provides to ASIC of breaches of its obligations relating to Managed Discretionary Accounts by no later than the time that the report is provided to ASIC.</p>	<p>Obligations to comply with ASIC Class Order 04/194</p> <p>Propose no rule</p>
<p>7.10.9 Provision of audit reports</p>	
<p>A Market Participant must:</p> <ol style="list-style-type: none"> provide to ASX a copy of any audit report lodged with ASIC under ASIC Class Order 04/194 or any replacement ASIC Class Order by no later than the time that the audit report is provided to ASIC; and on request, provide to ASX a copy of any audit report required to be provided to clients under ASIC Class Order 04/194 or any replacement ASIC Class Order. 	
<p>7.10.10 Obligations to comply with ASIC Class Order 04/194</p>	
<p>A Market Participant which operates Managed Discretionary Accounts must comply with the relevant provisions of ASIC Class Order 04/194 or any replacement ASIC Class Order.</p>	

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>8.3 RETAIL CLIENT ADVISERS MUST BE ACCREDITED</p> <p>8.3.1 Accreditation required</p> <p>A Market Participant must ensure that its Representatives who give financial product advice to a Retail Client in relation to:</p> <ul style="list-style-type: none"> (a) Options Market Contracts; (b) Futures Market Contracts; (c) such Warrants as are specified in the Procedures; and (d) such other Derivatives Market Contracts as are specified in the Procedures, <p>hold the relevant accreditation required by this Section 8.</p> <p>8.3.2 Purporting to be an accredited adviser</p> <p>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 this Section 8 if they do not hold that type of accreditation.</p>	<p><u>2.3.3</u> RETAIL CLIENT ADVISERS MUST BE ACCREDITED <u>ACCREDITATION</u></p> <p><u>2.3.3.1</u> Accreditation required</p> <p>A Market Participant must ensure that its Representatives who give financial product advice to a Retail Client in relation to:</p> <ul style="list-style-type: none"> (a) Options Market Contracts; (b) Futures Market Contracts; (c) such Warrants as are specified in the Procedures; and (d) such other Derivatives Market Contracts as are specified in the Procedures, <p>hold the relevant accreditation required by this Section 8 Rule 2.3.3.</p> <p><u>8.3.2</u> Purporting to be an accredited adviser</p> <p>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 this Section 8 Rule 2.3.3 if they do not hold that type of accreditation.</p> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 10px auto;">Proposed Penalty—Tier 2</div>
<p>8.4 TYPES OF ACCREDITED ADVISERS</p> <p>8.4.1 Types of accredited advisers</p> <p>There are three types of Accredited Adviser, being:</p> <ul style="list-style-type: none"> (a) level one accredited derivatives adviser; (b) level two accredited derivatives adviser; and (c) accredited futures adviser. <p>A type of accreditation allows an Accredited Adviser with that accreditation to give financial product advice in relation to the Products and trading strategies set out in the Procedures.</p>	<p><u>8.4.1-2.3.3.2</u> Types of accredited advisers</p> <p>There are three types of Accredited Adviser, being include:</p> <ul style="list-style-type: none"> (a) level one accredited derivatives adviser; (b) level two accredited derivatives adviser; and (c) accredited futures adviser. <p>A type of accreditation allows an Accredited Adviser with that accreditation to give financial product advice in relation to the Products and trading strategies set out in the Procedures.</p> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 10px auto;">Proposed Penalty—N/A</div>

Current text of ASX rule**8.5 APPLICATION FOR ACCREDITED ADVISER****8.5.1 Initial application**

ASX may, subject to any conditions it considers appropriate having regard to Rule 1.13, accredit a person as an Accredited Adviser in a category of accreditation if:

- (a) the Market Participant has completed, for that person, an accreditation application which includes the information set out in the Procedures;
- (b) the person is a Representative of the Market Participant;
- (c) (unless the person is exempted under Rule 8.6) the person obtains the pass level set out in the Procedures for an accreditation examination required by or acceptable to ASX;
- (d) (if the person is exempted under Rule 8.6 from the examination requirement in paragraph (c)) the person signs a declaration in the form set out in the Procedures that he or she has read and understood the information and materials referred to in the Procedures and has undertaken any further professional education which ASX may require;
- (e) ASX has no reason to believe that the person does not have the requisite skill, knowledge and integrity to give financial product advice of the kind covered by the relevant category of accreditation; and
- (f) any accreditation fees set out in the Procedures have been paid to ASX.

8.5.2 Rejection of application

If ASX is not satisfied that the person in respect of which the application for accreditation is made meets the requirements of Rule 8.5.1, ASX must give notice to the relevant Market Participant rejecting the application and give reasons why the application is rejected.

Proposed text of ASIC/ASX Market Integrity Rules**8.5.1 Initial ~~2.3.3.3 A~~ application**

~~ASX~~ ASIC may, subject to any conditions it considers appropriate having regard to ~~Rule 1.13~~ the purpose of these Rules, accredit a person as an Accredited Adviser in a category of accreditation if:

- (a) the Market Participant has completed, for that person, an accreditation application which includes the information set out in the Procedures;
- (b) the person is a Representative of the Market Participant;
- (c) (unless the person is exempted under Rule ~~8.6~~ 2.3.3.5) the person obtains the pass level set out in the Procedures for an accreditation examination required by or acceptable to ~~ASX~~ ASIC;
- (d) (if the person is exempted under Rule ~~8.6~~ 2.3.3.5 from the examination requirement in paragraph (c)) the person signs a declaration in the form set out in the Procedures that he or she has read and understood the information and materials referred to in the Procedures and has undertaken any further professional education which ~~ASX~~ ASIC may require;
- (e) ~~ASX~~ ASIC has no reason to believe that the person does not have the requisite skill, knowledge and integrity to give financial product advice of the kind covered by the relevant category of accreditation; and
- (f) any accreditation fees set out in the Procedures have been paid to ~~ASX~~ ASIC.

Proposed Penalty—N/A

2.3.3.4 Rejection of application

If ~~ASX~~ ASIC is not satisfied that the person in respect of which the application for accreditation is made meets the requirements of ~~Rule 8.5.1~~ this Rule, ~~ASX~~ ASIC must give notice to the ~~relevant~~ Market Participant rejecting the application and give reasons why the application is rejected.

Proposed Penalty—N/A

Current text of ASX rule**8.6 EXEMPTION FROM EXAMINATION REQUIREMENT****8.6.1 Exemption for other accreditation and experience**

ASX may exempt a person from the requirement to sit an accreditation examination under Rule 8.5.1 (d) if the person has:

- (a) completed a course listed on the Commission's training register as a specialist course and which, in the opinion of ASX, provides appropriate coverage of the Rules, the Trading Platforms and the relevant Products;
- (b) completed relevant training, other than a course listed on the Commission's training register, and can demonstrate, to the satisfaction of ASX, their knowledge of the Rules, the Trading Platforms and the relevant Products; or
- (c) extensive relevant industry experience and can demonstrate, to the satisfaction of ASX, their knowledge of the Rules, the Trading Platforms and the relevant Products.

8.6.2 Further information

ASX may require a Market Participant to provide further information which ASX considers necessary to establish the experience, expertise and professional history of a person nominated under Rule 8.6.1 for exemption from the examination requirement.

8.6.3 Examination may be required

ASX may require a person nominated for exemption under Rule 8.6.1 to complete and pass a modified accreditation examination to demonstrate the person's expertise and knowledge of the Rules, the Trading Platform and relevant Products.

8.6.4 Perpetual exemptions previously granted continue to remain in force

Persons who have previously applied for, and have been granted, a perpetual exemption from having to sit an accreditation examination under former Rule 7.3.1B.8(c) (deleted on 4 June 2003) to be accredited as a level two accredited derivatives adviser continue to be exempted, but must meet all other accreditation requirements (including the payment of all fees).

Proposed text of ASIC/ASX Market Integrity Rules**2.3.3.5 Exemption for other accreditation and experience**

ASX-ASIC may exempt a person from the requirement to sit an accreditation examination under Rule ~~8.5.1 (d)~~2.3.3.3 if the person has:

- (a) completed a course listed on ~~the Commission's~~ASIC's training register as a specialist course and which, in the opinion of ASX-ASIC, provides appropriate coverage of the Rules, the Trading Platforms and the relevant Products;
- (b) completed relevant training, other than a course listed on ~~the Commission's~~ASIC's training register, and can demonstrate, to the satisfaction of ASX-ASIC, their knowledge of the Rules, the Trading Platforms and the relevant Products; or
- (c) extensive relevant industry experience and can demonstrate, to the satisfaction of ASX-ASIC, their knowledge of the Rules, the Trading Platforms and the relevant Products.

8.6.2 Further information

ASX-ASIC may require a Market Participant to provide further information which ASX-ASIC considers necessary to establish the experience, expertise and professional history of a person nominated under ~~Rule 8.6.1~~this Rule for exemption from the examination requirement.

8.6.3 Examination may be required

ASX-ASIC may require a person nominated for exemption under ~~Rule 8.6.1~~this Rule to complete and pass a modified accreditation examination to demonstrate the person's expertise and knowledge of the Rules, the Trading Platform and relevant Products.

8.6.4 Perpetual exemptions previously granted continue to remain in force

~~Persons who have previously applied for, and have been granted, a perpetual exemption from having to sit an accreditation examination under former Rule 7.3.1B.8(c) (deleted on 4 June 2003) to be accredited as a level two accredited derivatives adviser continue to be exempted, but must meet all other accreditation requirements (including the payment of all fees)~~

Proposed Penalty—N/A

Current text of ASX rule**8.7 EXAMINATIONS****8.7.1 Maximum number of examinations**

Unless ASX gives permission under Rule 8.7.2, a person may sit an accreditation examination for a category of accreditation no more than three times.

8.7.2 Permission to sit additional examination

If a person has not obtained the required pass level after sitting the relevant examination three times, the relevant Market Participant may apply to ASX for permission for the person to sit the accreditation examination again. The application must be signed by a Responsible Executive of the Market Participant (or, if the applicant is a Responsible Executive, by another Responsible Executive of the Market Participant). After considering an application, ASX may, in its discretion, permit the person to sit the examination again. ASX will not consider an application under this Rule 8.7.2 unless the period set out in the Procedures has passed.

8.8 RENEWAL OF ACCREDITATION**8.8.1 Renewal**

ASX will renew the accreditation of an Accredited Adviser in accordance with the following process:

- (a) by the day set out in the Procedures, ASX will provide each Market Participant a list of Accredited Advisers of that Market Participant;
- (b) the Market Participant must notify ASX if there are any inaccuracies in the list provided by ASX under paragraph (a), and the Accredited Advisers in respect of which it wishes to renew accreditation;
- (c) the Market Participant must complete and give to ASX, by the time set out in the Procedures, a renewal form for each Accredited Adviser in respect of which it wishes to renew accreditation, in which it must certify that the Accredited Adviser:
 - (i) has complied with the continuing professional education requirements required under these Rules during the period after the adviser's accreditation or last renewal; and

Proposed text of ASIC/ASX Market Integrity Rules**2.3.3.6 Maximum number of examinations**

Unless ~~ASX-ASIC~~ gives permission under ~~Rule 8.7.2, this Rule~~, a person may sit an accreditation examination for a category of accreditation no more than three times.

8.7.2 Permission to sit additional examination

If a person has not obtained the required pass level after sitting the relevant examination three times, the ~~relevant~~ Market Participant may apply to ~~ASX-ASIC~~ for permission for the person to sit the accreditation examination again. The application must be signed by a Responsible Executive of the Market Participant (or, if the applicant is a Responsible Executive, by another Responsible Executive of the Market Participant). After considering an application, ~~ASX-ASIC~~ may, in its discretion, permit the person to sit the examination again. ~~ASX will not consider an application under this Rule 8.7.2 unless the period set out in the Procedures has passed.~~

Proposed Penalty—N/A

2.3.3.7 Renewal

A Market Participant must ensure its Representatives renew their accreditation as required by ASIC in accordance with relevant Procedures.

~~ASX will renew the accreditation of an Accredited Adviser in accordance with the following process:~~

- ~~(a) by the day set out in the Procedures, ASX will provide each Market Participant a list of Accredited Advisers of that Market Participant;~~
- ~~(b) the Market Participant must notify ASX if there are any inaccuracies in the list provided by ASX under paragraph (a), and the Accredited Advisers in respect of which it wishes to renew accreditation;~~
- ~~(c) the Market Participant must complete and give to ASX, by the time set out in the Procedures, a renewal form for each Accredited Adviser in respect of which it wishes to renew accreditation, in which it must certify that the Accredited Adviser:

 - ~~(i) has complied with the continuing professional education requirements required under these Rules during the period after the adviser's~~~~

Current text of ASX rule

- (ii) continues to be a Representative of the Market Participant; and
- (d) ASX will then renew the accreditation with effect from the Renewal Date or another date determined by ASX of an Accredited Adviser if:
- (i) it has no reason to believe that the person does not have the requisite skill, knowledge and integrity to give the financial product advice covered by the relevant category of accreditation; and
- (ii) any accreditation fees set out in the Procedures have been paid to ASX.

8.8.2 Renewal subject to conditions

If an Accredited Adviser does not meet the renewal requirements, ASX may, in its discretion, renew accreditation subject to conditions which it considers appropriate.

8.8.3 Effect of non-renewal

If, by the date set out in the Procedures, ASX has not renewed the accreditation of an Accredited Adviser under Rule 8.8.1, or renewed the accreditation subject to conditions under Rule 8.8.2, the person will cease to hold the relevant accreditation with effect from the Renewal Date.

8.8.4 Recently accredited advisers

If an Accredited Adviser is accredited between the date as at which ASX prepares the list of Accredited Advisers under Rule 8.8.1(a) and the Renewal Date, then that Accredited Adviser does not need to renew their accreditation for the renewal process under this Rule 8.8 in that year.

Proposed text of ASIC/ASX Market Integrity Rules

~~accreditation or last renewal; and~~

- ~~(ii) continues to be a Representative of the Market Participant; and~~
- ~~(d) ASX will then renew the accreditation with effect from the Renewal Date or another date determined by ASX of an Accredited Adviser if:~~
- ~~(i) it has no reason to believe that the person does not have the requisite skill, knowledge and integrity to give the financial product advice covered by the relevant category of accreditation; and~~
- ~~(ii) any accreditation fees set out in the Procedures have been paid to ASX.~~

8.8.2 Renewal subject to conditions

~~If an Accredited Adviser does not meet the renewal requirements, ASX may, in its discretion, renew accreditation subject to conditions which it considers appropriate.~~

8.8.3 Effect of non-renewal

~~If, by the date set out in the Procedures, ASX has not renewed the accreditation of an Accredited Adviser under Rule 8.8.1, or renewed the accreditation subject to conditions under Rule 8.8.2, the person will cease to hold the relevant accreditation with effect from the Renewal Date.~~

8.8.4 Recently accredited advisers

~~If an Accredited Adviser is accredited between the date as at which ASX prepares the list of Accredited Advisers under Rule 8.8.1(a) and the Renewal Date, then that Accredited Adviser does not need to renew their accreditation for the renewal process under this Rule 8.8 in that year.~~

Proposed Penalty—N/A

8.9 CEASING TO BE ACCREDITED**8.9.1 Automatic withdrawal**

An Accredited Adviser's accreditation is automatically withdrawn when the Accredited Adviser ceases to be a Representative of the relevant Market Participant.

2.3.3.8 Withdrawal and suspension of Accreditation**8.9.1 Automatic withdrawal**

- (a) An Accredited Adviser's accreditation is automatically withdrawn when the Accredited Adviser ceases to be a Representative of the relevant Market Participant.

Current text of ASX rule**8.9.2 Notice of events resulting in automatic withdrawal**

If Rule 8.9.1 applies, the relevant Market Participant must notify ASX in writing within the time set out in the Procedures.

8.9.3 Voluntary withdrawal

If a Market Participant gives ASX a notice of withdrawal of the accreditation of an Accredited Adviser in one or more categories of accreditation which complies with Rule 8.9.4, the relevant accreditation will be withdrawn with effect from Trading Close on the Trading Day stated in that notice, or, if ASX determines, at another time.

8.9.4 Notice of voluntary withdrawal

The notice of voluntary withdrawal must:

- (a) be in writing;
- (b) state the name and date of birth of the Accredited Adviser;
- (c) be signed by the Market Participant and the Accredited Adviser;
- (d) state the accreditation which is to be withdrawn; and
- (e) state the Trading Day on which the Market Participant wishes the withdrawal to take effect.

8.9.5 Suspension or withdrawal by ASX

ASX may suspend or withdraw the accreditation of an Accredited Adviser in a category of accreditation if:

- (a) ASX has reason to believe that the person does not have the requisite skill, knowledge or integrity to give the financial product advice covered by the relevant category of accreditation; or
- (b) the Accredited Adviser has caused the Market Participant to fail to comply with the Rules, directions, decisions or requirements of ASX, or any conditions attached to the accreditation under Rule 8.5.1 or Rule 8.8.2.

ASX will notify the Market Participant and the Accredited Adviser in writing of the suspension or withdrawal of accreditation and the reasons for the suspension or

Proposed text of ASIC/ASX Market Integrity Rules**8.9.2 Notice of events resulting in automatic withdrawal**

~~(b)~~ If ~~Rule 8.9.1~~this Rule applies, the ~~relevant~~ Market Participant must notify ~~ASX~~ ASIC in writing within the time set out in the Procedures.

8.9.3 Voluntary withdrawal

~~(c)~~ If a Market Participant gives ~~ASX~~ ASIC a notice of withdrawal of the accreditation of an Accredited Adviser in one or more categories of accreditation which complies with ~~Rule 8.9.4~~ ASIC's published procedures for withdrawal of accreditation, the relevant accreditation will be withdrawn in accordance with and subject to those procedures, with effect from ~~Trading Close on the Trading Day~~ stated in that notice, or, if ASX determines, at another time.

8.9.4 Notice of voluntary withdrawal

~~The notice of voluntary withdrawal must:~~

- ~~(a) be in writing;~~
- ~~(b) state the name and date of birth of the Accredited Adviser;~~
- ~~(c) be signed by the Market Participant and the Accredited Adviser;~~
- ~~(d) state the accreditation which is to be withdrawn; and~~
- ~~(e) state the Trading Day on which the Market Participant wishes the withdrawal to take effect.~~

8.9.5 Suspension or withdrawal by ASX

~~ASX may suspend or~~

- ~~(d)~~ ASIC may withdraw the accreditation of an Accredited Adviser in a category of accreditation in accordance with ASIC's published procedures for suspension and withdrawal.if:
- ~~(a) ASX has reason to believe that the person does not have the requisite skill, knowledge or integrity to give the financial product advice covered by the relevant category of accreditation; or~~
- ~~(b) the Accredited Adviser has caused the Market Participant to fail to comply with the Rules, directions, decisions or requirements of ASX, or any conditions~~

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>withdrawal.</p>	<p>attached to the accreditation under Rule 8.5.1 or Rule 8.8.2.</p> <p>ASX will notify the Market Participant and the Accredited Advisor in writing of the suspension or withdrawal of accreditation and the reasons for the suspension or withdrawal.</p> <p>Proposed Penalty—N/A</p>
<p>8.10 RE-ACCREDITATION AFTER WITHDRAWAL OR EXPIRY</p> <p>8.10.1 Re-accreditation</p> <p>ASX may re-accredit a person whose accreditation has been withdrawn or has expired, without the person complying with the accreditation examination requirement if:</p> <ul style="list-style-type: none"> (a) a Market Participant completes, for that person, a re-accreditation application containing the information set out in the Procedures in relation to the person and, in that form, requests that the requirement to sit an accreditation examination be waived in relation to the person; (b) the requirements of Rule 8.5.1(b) and (f) are otherwise satisfied; (c) the person becomes an Employee of or is otherwise engaged by, a Market Participant within the period set out in the Procedures, and will re-commence providing financial product advice to clients of a Market Participant of a kind which needs to be covered by the relevant accreditation, within the period set out in the Procedures; (d) the Market Participant has certified that the person has complied with the continuing education requirements set out in the Procedures, since the date their accreditation was granted or last renewed; and (e) ASX has no reason to believe that the person does not have the requisite skill, knowledge and integrity to give the financial product advice covered by the relevant category of accreditation. 	<p>Re-accreditation</p> <p>Propose no rule</p>

Relevant Procedures, Appendices to Procedures and Guidance Notes for this chapter

PROCEDURE 3.6.3 SUPERVISORY PROCEDURES

PROCEDURE 3.6.5 RESPONSIBLE EXECUTIVE REQUIREMENTS

PROCEDURE 4.1.3 RESPONSIBILITIES OF RESPONSIBLE EXECUTIVE

PROCEDURE 4.8.1 RESPONSIBLE EXECUTIVE COMPLIANCE

PROCEDURE 8.3.1 ACCREDITATION REQUIRED (RETAIL CLIENT ADVISERS)

PROCEDURE 8.4.1 TYPES OF ACCREDITED ADVISERS

PROCEDURE 8.5.1 INITIAL APPLICATION (ACCREDITED ADVISER)

PROCEDURE 8.7.2 PERMISSION TO SIT ADDITIONAL EXAMINATIONS

PROCEDURE 8.8.1 RENEWAL OF ACCREDITATION

PROCEDURE 8.9.2 NOTICE OF EVENTS RESULTING IN AUTOMATIC WITHDRAWAL

PROCEDURE 8.9.4 NOTICE OF VOLUNTARY WITHDRAWAL

PROCEDURE 8.10.1 RE-ACCREDITATION

APPENDIX 4.1.3 RESPONSIBILITIES OF RESPONSIBLE EXECUTIVE

APPENDIX 4.8-2 RESPONSIBLE EXECUTIVE (RE) CONTINUING EDUCATION SELF-ASSESSMENTS

APPENDIX 8.5.1(A)—1 APPLICATION TO BE AN ACCREDITED FUTURES ADVISER

APPENDIX 8.5.1(A)—2

Section 1: APPLICATION TO BE A LEVEL ONE ACCREDITED DERIVATIVES ADVISER

Section 2: Extent of Advice

Relevant Procedures, Appendices to Procedures and Guidance Notes for this chapter

APPENDIX 8.5.1(A)—3

Section 1: APPLICATION TO BE A LEVEL TWO ACCREDITED DERIVATIVES ADVISER

Section 2: Extent of Advice

APPENDIX 8.5.1(D)—1 DECLARATION BY APPLICANT FOR ACCREDITATION AS AN ACCREDITED FUTURES ADVISER

APPENDIX 8.7.2 APPLICATION FOR SITTING ADDITIONAL ACCREDITATION EXAMINATION UNDER RULE 8.7

APPENDIX 8.8.1(C) APPLICATION FOR RENEWAL OF ACCREDITATION UNDER RULE 8.8

ATTACHMENT TO APPLICATION FOR RENEWAL OF ACCREDITATION UNDER RULE 8.8

APPENDIX 8.9.2 NOTIFICATION OF WITHDRAWAL OF ACCREDITATION UNDER RULE 8.9

APPENDIX 8.10.1(A) APPLICATION FOR RE-ACCREDITATION WHEN PREVIOUSLY WITHDRAWN OR EXPIRED UNDER RULE 8.10

Chapter 3: Client relationships

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>7.1 REQUIREMENT—CLIENTS TRADING IN PRODUCTS FOR FIRST TIME</p>	<p>3.1 REQUIREMENT—CLIENTS TRADING IN PRODUCTS FOR FIRST TIME</p>
<p>7.1.1 Documents to be given to a client</p>	<p>3.1.1 Documents to be given to a client</p>
<p>Before accepting an order to enter into a Market Transaction, a Market Participant must have given the client the following:</p>	<p>Before accepting an order to enter into a Market Transaction, a Market Participant must have given the client the following:</p>
<ul style="list-style-type: none"> (a) all of the documents which the Market Participant is required to give the client in respect of the Market Transaction under the Corporations Act, these Rules and the Procedures; (b) if the Market Participant does not have Trading Permission to execute that Market Transaction, a document which clearly discloses the execution arrangements in place for that Market Transaction including, without limitation, any information set out in the Procedures; (c) in relation to a Cash Market Transaction for an Equity Security, Loan Security or Warrant, if the Market Participant: <ul style="list-style-type: none"> (i) is not a Clearing Participant, who is permitted under the Clearing Rules to clear the Cash Market Transaction; or (ii) 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, 	<ul style="list-style-type: none"> (a) all of the documents which the Market Participant is required to give the client in respect of the Market Transaction under the Corporations Act, these Rules and the Procedures; (b) if the Market Participant does not have Trading Permission to execute that Market Transaction, a document which clearly discloses the execution arrangements in place for that Market Transaction including, without limitation, any information set out in the Procedures; (c) in relation to a Cash Market Transaction for an Equity Security, Loan Security or Warrant, if the Market Participant: <ul style="list-style-type: none"> (i) is not a Clearing Participant, who is permitted under the Clearing Rules to clear the Cash Market Transaction; or (ii) 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,
<p>a document which clearly discloses the clearing arrangements in place for that Cash Market Transaction, including, without limitation, any information required by the Procedures and which contains a statement to the effect that an agreement is deemed to have been entered into between the appropriate Relevant Clearing Participant and the client (with the Trading Participant having the Relevant Clearing Participant's authority to enter into that agreement accordingly) upon the terms set out in the disclosure statement and that such deemed agreement comes into existence immediately upon the receipt by the Trading Participant of an order by the client to enter into a Cash Market Transaction; and</p>	<p>a document which clearly discloses the clearing arrangements in place for that Cash Market Transaction, including, without limitation, any information required by the Procedures and which contains a statement to the effect that an agreement is deemed to have been entered into between the appropriate Relevant Clearing Participant and the client (with the Trading Participant having the Relevant Clearing Participant's authority to enter into that agreement accordingly) upon the terms set out in the disclosure statement and that such deemed agreement comes into existence immediately upon the receipt by the Trading Participant of an order by the client to enter into a Cash Market Transaction; and</p>

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>(d) in relation to a Futures Market Transaction where the client does not have a direct relationship with a Clearing Participant, if the Market Participant:</p> <ul style="list-style-type: none"> (i) is not a Clearing Participant, who is permitted under the Clearing Rules to clear that Futures Market Transaction; or (ii) is a Clearing Participant who is permitted under the Clearing Rules to clear that Futures Market Transaction, but has an arrangement with another Clearing Participant to clear that Futures Market Transaction, and such transaction is cleared under the arrangement, <p>a document which clearly discloses the clearing arrangements in place for that Futures Market Transaction, including, without limitation, any information required by the Procedures.</p>	<p>(d) in relation to a Futures Market Transaction where the client does not have a direct relationship with a Clearing Participant, if the Market Participant:</p> <ul style="list-style-type: none"> (i) is not a Clearing Participant, who is permitted under the Clearing Rules to clear that Futures Market Transaction; or (ii) is a Clearing Participant who is permitted under the Clearing Rules to clear that Futures Market Transaction, but has an arrangement with another Clearing Participant to clear that Futures Market Transaction, and such transaction is cleared under the arrangement, <p>a document which clearly discloses the clearing arrangements in place for that Futures Market Transaction, including, without limitation, any information required by the Procedures.</p>
<p>7.1.2 Client Agreement required for Options Market Contracts, Futures Market Contracts, Warrants and Partly Paid Securities</p> <p>Before entering into a Market Transaction, in addition to the requirements in Rule 7.1.1, the Market Participant must:</p> <ul style="list-style-type: none"> (a) where the client is a Retail Client, in respect of Options Market Contracts, Futures Market Contracts, Warrants or Partly Paid Securities; or (b) where the client is a Wholesale Client, in respect of Futures Market Contracts, <p>enter into a Client Agreement in relation to the relevant Market Transactions. The agreement must incorporate the relevant terms set out in the Procedures and may include other terms and conditions agreed between the Market Participant and the client, provided those terms are not inconsistent with the terms set out in the Procedures. To the extent of any inconsistency, the terms set out in the Procedures prevail. Market Participants will not be required to enter into a Warrant Client Agreement or a Partly Paid Security Client Agreement before entering into a Market Transaction to sell Warrants or Partly Paid Securities.</p>	<div style="border: 1px solid black; padding: 2px; margin-bottom: 10px;">Proposed Penalty—Tier 2</div> <p>3.1.2 Client Agreement required for Options Market Contracts, Futures Market Contracts, Warrants and Partly Paid Securities</p> <p>Before entering into a Market Transaction, in addition to the requirements in Rule 3.1.1, the Market Participant must:</p> <ul style="list-style-type: none"> (a) where the client is a Retail Client, in respect of Options Market Contracts, Futures Market Contracts, Warrants or Partly Paid Securities; or (b) where the client is a Wholesale Client, in respect of Futures Market Contracts, <p>enter into a Client Agreement in relation to the relevant Market Transactions. The agreement must incorporate the relevant terms set out in the Procedures and may include other terms and conditions agreed between the Market Participant and the client, provided those terms are not inconsistent with the terms set out in the Procedures. To the extent of any inconsistency, the terms set out in the Procedures prevail. Market Participants will not be required to enter into a Warrant Client Agreement or a Partly Paid Security Client Agreement before entering into a Market Transaction to sell Warrants or Partly Paid Securities.</p>
	<div style="border: 1px solid black; padding: 2px;">Proposed Penalty—Tier 2</div>

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>7.1.3 Market Participant to keep copy of Client Agreement and disclosures</p> <p>The Market Participant must retain a copy of each agreement which it enters into with the client under Rule 7.1.2 and any disclosures made under Rule 7.1.1 for the period set out in the Procedures.</p>	<p>3.1.3 Market Participant to keep copy of Client Agreement and disclosures</p> <p>The Market Participant must retain a copy of each agreement which it enters into with the client under Rule <u>3.1.2-7.1.2</u> and any disclosures made under Rule <u>3.1.1-7.1.1</u> for the period set out in the Procedures.</p>
<p>7.1.4 Client agreement where Market Participant is not the Clearing Participant (Options Market Transactions only)</p> <p>Before entering into an Options Market Transaction for a client, where the Market Participant:</p> <ul style="list-style-type: none"> (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, <p>the Market Participant must:</p> <ul style="list-style-type: none"> (c) have previously confirmed with the Relevant Clearing Participant that the client has entered into a client agreement with the Relevant Clearing Participant 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 an Approved Clearing Facility a Wholesale Client Agreement on the terms set out in the Procedures. 	<div style="border: 1px solid black; padding: 2px; margin-bottom: 10px;">Proposed Penalty—Tier 2</div> <p>3.1.4 Client agreement where Market Participant is not the Clearing Participant (Options Market Transactions only)</p> <p>Before entering into an Options Market Transaction for a client, where the Market Participant:</p> <ul style="list-style-type: none"> (a) is not a Clearing Participant, who is permitted under the Clearing <u>R</u>ules 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, <p>the Market Participant must:</p> <ul style="list-style-type: none"> (c) have previously confirmed with the Relevant Clearing Participant that the client has entered into a client agreement with the Relevant Clearing Participant 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 an Approved Clearing Facility a Wholesale Client Agreement on the terms set out in the Procedures.
<p>7.1.5 Client agreement where Market Participant is the Clearing Participant (Options Market Transactions only)</p> <p>Before entering into an Options Market Transaction for a client, where the Market Participant is the Clearing Participant in relation to the Options Market Transaction, the Market Participant must:</p> <ul style="list-style-type: none"> (a) have entered into a client agreement as required under the Clearing Rules; or (b) where the client is a Wholesale Client, have satisfied itself that the client 	<div style="border: 1px solid black; padding: 2px; margin-bottom: 10px;">Proposed Penalty—Tier 2</div> <p>3.1.5 Client agreement where Market Participant is the Clearing Participant (Options Market Transactions only)</p> <p>Before entering into an Options Market Transaction for a client, where the Market Participant is the Clearing Participant in relation to the Options Market Transaction, the Market Participant must:</p> <ul style="list-style-type: none"> (a) have entered into a client agreement as required under the Clearing Rules; or

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>has executed and lodged with the Approved Clearing Facility a Wholesale Client Agreement on the terms set out in the Procedures.</p> <p>7.1.6 Agreement with Wholesale Client (Options Market Transactions Only)</p> <p>If a Trading Participant accepts an order for a person and that person has lodged, or is taken to have lodged, a Wholesale Client Agreement with the Approved Clearing Facility, that person, the Trading Participant and the Trading Participant's Clearing Participant (if applicable) are taken to have entered into an agreement in accordance with the terms of that Wholesale Client Agreement.</p>	<p>(b) where the client is a Wholesale Client, have satisfied itself that the client has executed and lodged with the Approved Clearing Facility a Wholesale Client Agreement on the terms set out in the Procedures.</p> <p style="border: 1px solid black; padding: 2px;">Proposed Penalty—Tier 2</p> <p>3.1.6 Agreement with Wholesale Client (Options Market Transactions Only)</p> <p>If a Trading Participant accepts an order for a person and that person has lodged, or is taken to have lodged, a Wholesale Client Agreement with the Approved Clearing Facility, that person, the Trading Participant and the Trading Participant's Clearing Participant (if applicable) are taken to have entered into an agreement in accordance with the terms of that Wholesale Client Agreement.</p> <p style="border: 1px solid black; padding: 2px;">Proposed Penalty—Tier 2</p>
<p>7.3 TRADING AS PRINCIPAL</p> <p>7.3.1 Application</p> <p>This Rule 7.3 applies where a Market Participant enters into a Market Transaction with a client as Principal, except where the client is a Market Participant or a participant or member of a Recognised Stock Exchange.</p> <p>7.3.2 Disclosure and consent</p> <p>Before entering into a Market Transaction as Principal with a client, the Market Participant must disclose (or have previously disclosed), in accordance with Section 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 Section 991E(1)(d) of the Corporations Act.</p> <p>7.3.3 Confirmation must include disclosure</p> <p>When a Market Participant enters into a Market Transaction with a client as Principal, the confirmation issued by the Market Participant under Rule 7.9.1 in respect of a Market Transaction must state that the Market Participant entered into the transaction as Principal and not as agent.</p>	<p>3.2 TRADING AS PRINCIPAL</p> <p>3.2.1 Application</p> <p>This Rule 3.2-7.3 applies where a Market Participant enters into a Market Transaction with a client as Principal, except where the client is a Market Participant or a participant or member of a stock exchange or market recognised by the Market Operator under the operating rules of the Market-Recognised Stock Exchange.</p> <p style="border: 1px solid black; padding: 2px;">Proposed Penalty—N/A</p> <p>3.2.2 Disclosure and consent</p> <p>Before entering into a Market Transaction as Principal with a client, the Market Participant must disclose (or have previously disclosed), in accordance with Sectionparagraph 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 Sectionparagraph 991E(1)(d) of the Corporations Act.</p> <p style="border: 1px solid black; padding: 2px;">Proposed Penalty—Tier 2</p> <p>3.2.3 Confirmation must include disclosure</p> <p>When a Market Participant enters into a Market Transaction with a client as Principal, the</p>

Current text of ASX rule**7.3.4 Brokerage and commission**

When a Market Participant enters into a Market Transaction as Principal on its own behalf with a client, the Market Participant must not charge the client brokerage, commission or any other fee in respect of the Market Transaction, except in the following circumstances:

- (a) where the client is a Prescribed Person of the Market Participant;
- (b) where the client is a Wholesale Client who has consented to the Market Participant charging brokerage, commission or the other fee (and that consent has not been withdrawn); or
- (c) where otherwise permitted by the Corporations Act.

In relation to paragraph (b), the Market Participant must keep a written record of the consent given by the Wholesale Client and send a copy of the record to the client as soon as practicable. The Market Participant must also comply with any other requirements under the Corporations Act which apply to the charging of brokerage, commissions and fees in these circumstances.

7.3.5 Extended meaning of dealing as Principal

Except where a Market Participant is dealing as a trustee of a trust in which the Market Participant has no direct or indirect beneficial interest, a reference in this Rule 7.3 to a Market Participant dealing or entering into a Market Transaction as Principal, includes a reference to a Market Participant entering into a Market Transaction on its own behalf or on behalf of any of the following persons:

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

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confirmation issued by the Market Participant under Rule ~~3.5.1-7.9.4~~ in respect of a Market Transaction must state that the Market Participant entered into the transaction as Principal and not as agent.

Proposed Penalty—Tier 2

3.2.4 Brokerage and commission

When a Market Participant enters into a Market Transaction as Principal on its own behalf with a client, the Market Participant must not charge the client brokerage, commission or any other fee in respect of the Market Transaction, except in the following circumstances:

- (a) where the client is a Prescribed Person of the Market Participant;
- (b) where the client is a Wholesale Client who has consented to the Market Participant charging brokerage, commission or the other fee (and that consent has not been withdrawn); or
- (c) where otherwise permitted by the Corporations Act.

In relation to paragraph (b), the Market Participant must keep a written record of the consent given by the Wholesale Client and send a copy of the record to the client as soon as practicable. The Market Participant must also comply with any other requirements under the Corporations Act which apply to the charging of brokerage, commissions and fees in these circumstances.

Proposed Penalty—Tier 2

3.2.5 Extended meaning of dealing as Principal

Except where a Market Participant is dealing as a trustee of a trust in which the Market Participant has no direct or indirect beneficial interest, a reference in this Rule 3.2 to a Market Participant dealing or entering into a Market Transaction as Principal, includes a reference to a Market Participant entering into a Market Transaction on its own behalf or on behalf of any of the following persons:

- (a) a partner of the Market Participant;
- (b) a director, company secretary or Substantial Holder of the Market Participant;
- (c) the Immediate Family, Family Company or Family Trust of a partner, director, company secretary or Substantial Holder of the Market Participant;

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>Without limitation, in paragraph (b), a reference to dealing on behalf of a Substantial Holder means that any Cash Market Product the subject of the Market Transaction is, or will be on the execution of the transaction, beneficially owned by the Substantial Holders. Cash Market Products beneficially owned by a Substantial Holder include Cash Market Products that appear or would appear as assets on the balance sheet or consolidated balance sheet of that Substantial Holder's assets and liabilities, except where the Cash Market Products concerned appear or would appear as assets on the balance sheet or consolidated balance sheet of a Life Insurance Company registered under the Life Insurance Act or the equivalent Act of a State, and are held for or on behalf of that Life Insurance Company's statutory funds.</p> <p>7.3.6 Register of persons who are regarded as Principal</p> <p>A Market Participant must keep a register of the persons referred to in paragraphs (a)-(e) of Rule 7.3.5 above.</p>	<p>(d) a body corporate in which the interests of one or more of the partners singly or together constitute a controlling interest;</p> <p>(e) any Related Body Corporate of the Market Participant.</p> <p>Without limitation, in paragraph (b), a reference to dealing on behalf of a Substantial Holder means that any Cash Market Product the subject of the Market Transaction is, or will be on the execution of the transaction, beneficially owned by the Substantial Holders. Cash Market Products beneficially owned by a Substantial Holder include Cash Market Products that appear or would appear as assets on the balance sheet or consolidated balance sheet of that Substantial Holder's assets and liabilities, except where the Cash Market Products concerned appear or would appear as assets on the balance sheet or consolidated balance sheet of a Life Insurance Company registered under the <i>Life Insurance Act 1995</i> or the equivalent Act of a State, and are held for or on behalf of that Life Insurance Company's statutory funds.</p> <p>Proposed Penalty—N/A</p> <p>3.2.6 Register of persons who are regarded as Principal</p> <p>A Market Participant must keep a register of the persons referred to in paragraphs (a)-(e) of Rule 3.2.5 above.</p> <p>Proposed Penalty—Tier 2</p>
<p>7.4 CLIENT INSTRUCTIONS</p> <p>7.4.1 Market Participant restrictions</p> <p>A Market Participant must not:</p> <p>(a) accept or execute instructions from a client to enter into a Market Transaction except in accordance with these Rules;</p> <p>(b) enter into a Market Transaction for a client, except in accordance with the instructions of the client, or of a person authorised in writing by a client to give such instructions, or pursuant to an exercise of discretion in respect of that particular client's Discretionary Account or as otherwise permitted by these Rules;</p>	<p>3.3 CLIENT INSTRUCTIONS</p> <p>3.3.1 Market Participant restrictions</p> <p>A Market Participant must not:</p> <p>(a) accept or execute instructions from a client to enter into a Market Transaction except in accordance with these Rules;</p> <p>(b) enter into a Market Transaction for a client, except in accordance with the instructions of the client, or of a person authorised in writing by a client to give such instructions, or pursuant to an exercise of discretion in respect of that particular client's <u>Managed</u> Discretionary Account or as otherwise permitted by these Rules;</p>

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>(c) allocate a Market Transaction to a client's account unless the Market Transaction was entered into on the instructions of the client, or of a person authorised in writing by a client to give such instructions, or pursuant to an exercise of discretion in respect of that particular client's Discretionary Account or as otherwise permitted by these Rules; or</p> <p>(d) except as permitted by these Rules or as permitted in writing by ASX, enter into or arrange a Market Transaction on the instructions of a client unless the instructions are executed in such a manner that the Market Transaction is entered into on a Trading Platform.</p>	<p>(c) allocate a Market Transaction to a client's account unless the Market Transaction was entered into on the instructions of the client, or of a person authorised in writing by a client to give such instructions, or pursuant to an exercise of discretion in respect of that particular client's <u>Managed</u> Discretionary Account or as otherwise permitted by these Rules; or</p> <p>(d) except as permitted by these Rules or as permitted in writing by <u>ASIC-ASX</u>, enter into or arrange a Market Transaction on the instructions of a client unless the instructions are executed in such a manner that the Market Transaction is entered into on a Trading Platform.</p> <p style="border: 1px solid black; padding: 2px;">Proposed Penalty—Tier 3</p> <p>3.3.2 Excessive trading</p> <p>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 investment objectives, financial situation and needs of the client and the relevant markets.</p> <p style="border: 1px solid black; padding: 2px;">Proposed Penalty—Tier 3</p> <p style="border: 1px solid black; padding: 2px;">This is a direct replication of ASX Market Rule 7.10.5</p>
<p>7.7 ALLOCATION POLICY AND AUTOMATED CLIENT ORDER PROCESSING CROSSINGS</p> <p>7.7.1 Disclosure to client</p> <p>A Market Participant must when requested to do so by a client, disclose to the client each of the following:</p> <p>(a) the policy it adopts in the allocation of Market Transactions to fill orders placed with it; and</p> <p>(b) in relation to Crossings under Section 17 (for Cash Market Products) or Section 22 (for Derivatives Market Products):</p> <p style="padding-left: 20px;">(i) that the client's orders may match opposite orders in a Trading Platform by the same Market Participant (ie. effectively resulting in a</p>	<p>3.4 ALLOCATION POLICY AND AUTOMATED CLIENT ORDER PROCESSING CROSSINGS—<u>DISCLOSURE TO CLIENT</u></p> <p>A Market Participant must when requested to do so by a client, disclose to the client each of the following:</p> <p>(a) the policy it adopts in the allocation of Market Transactions to fill orders placed with it; and</p> <p>(b) in relation to Crossings under Section 17 (for Cash Market Products) or Section 22 (for Derivatives Market Products) <u>the relevant operating rules of the Market Operator</u>:</p> <p style="padding-left: 20px;">(i) that the client's orders may match opposite orders in a Trading Platform by the same Market Participant (i.e. effectively resulting in a Crossing and entitling</p>

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>Crossing and entitling the Market Participant to commission from both sides of the transaction); and</p> <p>(ii) if the Market Participant deals as Principal, that the client's orders may match opposite orders in a Trading Platform on behalf of the same Market Participant as Principal.</p> <p>The Market Participant must keep a record of the disclosure made under this Rule.</p>	<p>the Market Participant to commission from both sides of the transaction); and</p> <p>(ii) if the Market Participant deals as Principal, that the client's orders may match opposite orders in a Trading Platform on behalf of the same Market Participant as Principal.</p> <p>The Market Participant must keep a record of the disclosure made under this Rule.</p> <div style="border: 1px solid black; padding: 2px; width: fit-content;">Proposed Penalty—Tier 1</div>
<p>7.9 REPORTING TO CLIENTS</p>	<p>3.5 REPORTING TO CLIENTS</p>
<p>7.9.1 Confirmations—form and timing</p>	<p>3.5.1 Confirmations—form and timing</p>
<p>Subject to Rule 7.9.3 a Market Participant must give a confirmation to a client in respect of each Market Transaction entered into on a client's instructions or on a client's Managed Discretionary Account. The Market Participant must send to (or cause to be sent to) that client a confirmation in writing or electronically (or in another form permitted by ASX) as soon as practicable after the Market Participant enters into the Market Transaction. The confirmation must include:</p> <p>(a) all information required to be included in a confirmation under the Corporations Act;</p> <p>(b) a statement that the confirmation is issued subject to:</p> <p>(i) the Rules, directions, decisions and requirements of ASX and the Clearing Rules and where relevant, the Settlement Rules;</p> <p>(ii) the customs and usages of the Market; and</p> <p>(iii) the correction of errors and omissions;</p> <p>unless the Market Participant has obtained and retained an acknowledgment from the client that the conditions set out in sub-paragraphs (i), (ii) and (iii) apply to the issue of confirmations to that client;</p> <p>(c) if the Market Transaction is to be cleared by another party which is a Clearing Participant, the name of the Market Participant which executed the trade and the Clearing Participant which clears it;</p> <p>(d) the time by which all documents and information which the Market Participant or Clearing Participant will require to settle the Market</p>	<p>Subject to Rule 7.9.3 <u>3.5.3</u> a Market Participant must give a confirmation to a client in respect of each Market Transaction entered into on a client's instructions or on a client's Managed Discretionary Account. The Market Participant must send to (or cause to be sent to) that client a confirmation in writing or electronically (or in another form permitted by ASXASIC) as soon as practicable after the Market Participant enters into the Market Transaction. The confirmation must include:</p> <p>(a) all information required to be included in a confirmation under the Corporations Act;</p> <p>(b) a statement that the confirmation is issued subject to:</p> <p>(i) these <u>the</u> Rules, the <u>the</u> directions, decisions and requirements of ASXASIC and the Clearing Rules and where relevant, the Settlement Rules;</p> <p>(ii) the customs and usages of the Market; and</p> <p>(iii) the correction of errors and omissions;</p> <p>unless the Market Participant has obtained and retained an acknowledgment from the client that the conditions set out in sub-paragraphs (i), (ii) and (iii) apply to the issue of confirmations to that client;</p> <p>(c) if the Market Transaction is to be cleared by another party which is a Clearing Participant, the name of the Market Participant which executed the trade and the Clearing Participant which clears it;</p> <p>(d) the time by which all documents and information which the Market Participant or Clearing Participant will require to settle the Market Transaction must be provided by</p>

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>Transaction must be provided by the client:</p> <ul style="list-style-type: none"> (i) in the case of a sale of Cash Market Products, the date by which the client must provide all documents and security holder information (including, if applicable, the relevant holder identification number or personal identification number and/or shareholder reference number) required by the relevant Clearing Participant to meet its Clearing Obligations; and (ii) if applicable, the date by which the client must provide the consideration specified in the confirmation; and (iii) if applicable, the date by which the net consideration to the client falls due; <p>(e) the amount of money which the client must pay, or which the client will receive, on settlement of the Market Transaction and, if the client is required to pay an amount of money, the time by which that money must be paid;</p> <p>(f) where the Market Transaction involved a Crossing, a statement to that effect;</p> <p>(g) any disclosure required under Rule 7.3 (trading as Principal); and</p> <p>(h) any other information set out in the Procedures.</p>	<p>the client:</p> <ul style="list-style-type: none"> (i) in the case of a sale of Cash Market Products, the date by which the client must provide all documents and security holder information (including, if applicable, the relevant holder identification number or personal identification number and/or shareholder reference number) required by the relevant Clearing Participant to meet its Clearing Obligations; and (ii) if applicable, the date by which the client must provide the consideration specified in the confirmation; and (iii) if applicable, the date by which the net consideration to the client falls due; <p>(e) the amount of money which the client must pay, or which the client will receive, on settlement of the Market Transaction and, if the client is required to pay an amount of money, the time by which that money must be paid;</p> <p>(f) where the Market Transaction involved a Crossing, a statement to that effect;</p> <p>(g) any disclosure required under Rule 3.2-7.3 (Trading as Principal); and</p> <p>(h) any other information set out in the Procedures.</p>
<p>7.9.2 Confirmations—accumulation and price averaging</p> <p>If a Market Participant is required by Rule 7.9.1 to give a confirmation to a client and the Market Participant enters into multiple Market Transactions for the purpose of completing a client's order, the Market Participant may accumulate those Market Transactions on a single confirmation and specify the volume weighted average price for those Market Transactions provided that:</p> <ul style="list-style-type: none"> (a) the client authorised in writing the accumulation and price averaging of two or more Market Transactions in a confirmation at or before the time the order was placed; and (b) if requested by the client, the Market Participant gives to the client a statement of all the individual prices of the Cash Market Products or Derivatives Market Contracts (as applicable) which are accumulated and averaged under this Rule. 	<div style="border: 1px solid black; padding: 2px; margin-bottom: 10px;">Proposed Penalty—Tier 2</div> <p>3.5.2 Confirmations—accumulation and price averaging</p> <p>If a Market Participant is required by Rule 3.5.1-7.9.1 to give a confirmation to a client and the Market Participant enters into multiple Market Transactions for the purpose of completing a client's order, the Market Participant may accumulate those Market Transactions on a single confirmation and specify the volume weighted average price for those Market Transactions provided that:</p> <ul style="list-style-type: none"> (a) the client authorised in writing the accumulation and price averaging of two or more Market Transactions in a confirmation at or before the time the order was placed; and (b) if requested by the client, the Market Participant gives to the client a statement of all the individual prices of the Cash Market Products or Derivatives Market Contracts (as applicable) which are accumulated and averaged under this Rule. <div style="border: 1px solid black; padding: 2px; margin-top: 10px;">Proposed Penalty—Tier 1</div>

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>7.9.3 Confirmations—clients other than Retail Clients</p> <p>A Market Participant is not required to comply with Rule 7.9.1 in respect of a client that is not a Retail Client, provided the Market Participant has notified the client before entering a Trading Message on the client’s behalf that Market Transactions effected for the client are subject to:</p> <ul style="list-style-type: none"> (a) the Rules, directions, decisions and requirements of ASX and the Clearing Rules and where relevant, the Settlement Rules; (b) the customs and usages of the Market; and (c) the correction of errors and omissions. <p>A Market Participant must keep a record of the notification.</p>	<p>3.5.3 Confirmations—clients other than Retail Clients</p> <p>A Market Participant is not required to comply with Rule 3.5.1-7.9.1 in respect of a client that is not a Retail Client, provided the Market Participant has notified the client before entering a Trading Message on the client’s behalf that Market Transactions effected for the client are subject to:</p> <ul style="list-style-type: none"> (a) <u>these</u> Rules, <u>the</u> directions, decisions and requirements of <u>ASXASIC</u> and the Clearing Rules and where relevant, the Settlement Rules; (b) the customs and usages of the Market; and (c) the correction of errors and omissions. <p>A Market Participant must keep a record of the notification.</p> <div style="border: 1px solid black; padding: 2px; width: fit-content;">Proposed Penalty—Tier 2</div>
<p>7.11 CLIENT MONEY AND PROPERTY</p> <p>7.11.1 Obligation to comply with Corporations Act</p> <p>A Market Participant must comply with the relevant provisions of the Corporations Act governing the keeping and treatment of money paid, or property given, to the Market Participant in connection with services provided to, or products held by, clients of the Market Participant in respect of their business. Money in relation to Market Transactions to which Division 2 of Part 7.8 of the Corporations Act applies is to be held in trust by the Market Participant.</p> <p>7.11.2 Trust accounts—Cash Market Transactions and Options Market Transactions</p> <p>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.</p> <p>7.11.3 Segregated accounts or trust accounts- Futures Market Transactions</p> <p>A Market Participant must establish either one or more clients' trust accounts or clients' segregated accounts for money received by the Market Participant in</p>	<p>3.6 CLIENT MONEY AND PROPERTY</p> <p>3.6.1 Obligation to comply with Corporations Act</p> <p>A Market Participant must comply with the relevant provisions of the Corporations Act governing the keeping and treatment of money paid, or property given, to the Market Participant in connection with services provided to, or products held by, clients of the Market Participant in respect of their business. Money in relation to Market Transactions to which Division 2 of Part 7.8 of the Corporations Act applies is to be held in trust by the Market Participant.</p> <div style="border: 1px solid black; padding: 2px; width: fit-content;">Proposed Penalty—Tier 3</div> <p>3.6.2 Trust accounts—Cash Market Transactions and Options Market Transactions</p> <p>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.</p> <div style="border: 1px solid black; padding: 2px; width: fit-content;">Proposed Penalty—Tier 3</div> <p>3.6.3 Segregated accounts or trust accounts—Futures Market Transactions</p> <p>A Market Participant must establish either one or more clients' trust accounts or clients'</p>

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>connection with dealings in:</p> <p>(a) Futures Market Transactions; and</p> <p>(b) Options Market Transactions over an Underlying Financial Product which is a Futures Market Contract.</p>	<p>segregated accounts for money received by the Market Participant in connection with dealings in:</p> <p>(a) Futures Market Transactions; and</p> <p>(b) Options Market Transactions over an Underlying Financial Product which is a Futures Market Contract.</p>
<p>7.11.4 Bank accounts to be with Australian ADI</p> <p>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:</p> <p>(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</p> <p>(b) Rule 7.11.5 applies.</p>	<div data-bbox="1086 438 1751 481" style="border: 1px solid black; padding: 2px;">Proposed Penalty—Tier 3</div> <p>3.6.4 Bank accounts to be with Australian ADI</p> <p>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:</p> <p>(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</p> <p>(b) Rule 3.6.5-7.11.5 applies.</p>
<p>7.11.5 Approved foreign banks</p> <p>ASX may determine and set out in the Procedures foreign banks at which Market Participants may:</p> <p>(a) open clients' segregated accounts or clients' trust accounts for the handling of money received for a client in another country or for a client who is resident in another country; and</p> <p>(b) invest money held in clients' segregated accounts or clients' trust accounts in another country.</p> <p>ASX may impose conditions on the use of those foreign banks for clients' segregated accounts and clients' trust accounts.</p>	<div data-bbox="1086 885 1751 928" style="border: 1px solid black; padding: 2px;">Proposed Penalty—Tier 3</div> <p>3.6.5 Approved foreign banks</p> <p>ASX ASIC may determine and set out in the Procedures foreign banks at which Market Participants may:</p> <p>(a) open clients' segregated accounts or clients' trust accounts for the handling of money received for a client in another country or for a client who is resident in another country; and</p> <p>(b) invest money held in clients' segregated accounts or clients' trust accounts in another country.</p> <p>ASIC ASX may impose conditions on the use of those foreign banks for clients' segregated accounts and clients' trust accounts.</p>
	<div data-bbox="1086 1332 1751 1375" style="border: 1px solid black; padding: 2px;">Proposed Penalty—N/A</div>

Current text of ASX rule**7.11.6 Change of rating or approval of ADI**

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 7.11.4 or with a foreign bank which ceases to be a bank approved under Rule 7.11.5, the Market Participant must transfer the balance of the relevant account to an entity which meets the requirements of Rule 7.11.4 or Rule 7.11.5 (as applicable).

7.11.7 Liquidity requirement—clients' segregated accounts—Futures Market Transactions

If a Market Participant invests money from a clients' segregated account maintained under Rule 7.11.3 pursuant to Section 981C(a) of the Corporations Act, that investment must be readily realisable and at least 50% of money invested under that Section must be invested on 24 hour call terms.

7.11.8 Top up requirement—clients' segregated accounts—Futures Market Transactions

If a client does not satisfy (either through payment or the provision of security) a request under Rule 7.12 on or before the time set out in the Procedures (or, where the request relates to derivatives traded on a market operated by a person other than ASX, by the time required under the rules of that market), 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 Rule 7.12 (or, if applicable, the rules of the other market) to request from the client on the following day.

7.11.9 Reconciliation of clients' segregated accounts

A Market Participant must perform a reconciliation, in the time, form and manner set out in the Procedures, of the aggregate balance held by it at the close of business on each business day in clients' segregated accounts maintained pursuant to Rule 7.11.3 and the corresponding balance as recorded in the Market Participant's accounting records that:

Proposed text of ASIC/ASX Market Integrity Rules**3.6.6 Change of rating or approval of ADI**

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 [3.6.4-7.11.4](#) or with a foreign bank which ceases to be a bank approved under Rule [3.6.5-7.11.5](#), the Market Participant must transfer the balance of the relevant account to an entity which meets the requirements of Rule [3.6.4-7.11.4](#) or Rule [3.6.5-7.11.5](#) (as applicable).

Proposed Penalty—Tier 3

3.6.7 Liquidity requirement—clients' segregated accounts—Futures Market Transactions

If a Market Participant invests money from a clients' segregated account maintained under Rule [3.6.37-11.3](#) pursuant to [Section paragraph](#) 981C(a) of the Corporations Act, that investment must be readily realisable and at least 50% of money invested under that [Section paragraph](#) must be invested on 24 hour call terms.

Proposed Penalty—Tier 3

3.6.8 Top up requirement—clients' segregated accounts—Futures Market Transactions

If a client does not satisfy (either through payment or the provision of security) a request [for payment under the operating rules of the Market to meet:](#)

[\(a\) an Initial Margin call in relation to positions in Futures Market Transactions held by a Market Participant on behalf of the client; or](#)

[\(b\) a call in relation to the close out, settlement or daily settlement of Open Contracts,](#)

[under Rule 3.8](#) on or before the time set out in the [operating rules of the Market Procedures](#) (or, where the request relates to derivatives traded on a market operated by a person other than [ASX the Market Operator](#), by the time required under the rules of that market), the Market Participant must pay into the clients' segregated account the lesser of:

[\(ca\)](#) the amount of the request; or

[\(cb\)](#) the amount which the Market Participant would be obliged under [the operating rules of the Market Rule 3.8](#) (or, if applicable, the rules of the other market) to request from the client on the following day.

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>(a) is accurate in all respects; and</p> <p>(b) contains a statement signed by a Responsible Executive or a person authorised in writing by a Responsible Executive, stating that the signatory believes, and has no reason not to believe, that the reconciliation is accurate in all respects.</p>	<div style="border: 1px solid black; padding: 2px; margin-bottom: 10px;">Proposed Penalty—Tier 3</div> <p>3.6.9 Reconciliation of clients' segregated accounts</p> <p>A Market Participant must perform a reconciliation, in the time, form and manner set out in the Procedures, of the aggregate balance held by it at the close of business on each business day in clients' segregated accounts maintained pursuant to Rule 3.6.3-7.11.3 and the corresponding balance as recorded in the Market Participant's accounting records that:</p> <p>(a) is accurate in all respects; and</p> <p>(b) contains a statement signed by a Responsible Executive or a person authorised in writing by a Responsible Executive, stating that the signatory believes, and has no reason not to believe, that the reconciliation is accurate in all respects.</p>
<p>7.11.10 Reconciliation of trust accounts</p> <p>A Market Participant must perform a reconciliation, in the time, form and manner set out in the Procedures of:</p> <p>(a) the aggregate balance held by it at the close of business on each business day in clients' trust accounts maintained pursuant to Rule 7.11.2 or 7.11.3 and the corresponding balance as recorded in the Participant's accounting records; and</p> <p>(b) the balance held by it at the close of business on the last business day of each week on trust for each client in a trust account maintained pursuant to Rule 7.11.2 or 7.11.3 and the corresponding balance as recorded in the Market Participant's accounting records,</p>	<div style="border: 1px solid black; padding: 2px; margin-bottom: 10px;">Proposed Penalty—Tier 3</div> <p>3.6.10 Reconciliation of trust accounts</p> <p>A Market Participant must perform a reconciliation, in the time, form and manner set out in the Procedures of:</p> <p>(a) the aggregate balance held by it at the close of business on each business day in clients' trust accounts maintained pursuant to Rule 3.6.2 or 3.6.3-7.11.2 or 7.11.3 and the corresponding balance as recorded in the Participant's accounting records; and</p> <p>(b) the balance held by it at the close of business on the last business day of each week on trust for each client in a trust account maintained pursuant to Rule 3.6.2 or 6.3.37.11.2 or 7.11.3 and the corresponding balance as recorded in the Market Participant's accounting records,</p>
<p>that:</p> <p>(c) is accurate in all respects; and</p> <p>(d) contains a statement signed by a Responsible Executive or a person authorised in writing by a Responsible Executive, stating that the signatory believes, and has no reason not to believe, that the reconciliation is accurate in all respects.</p>	<p>that:</p> <p>(c) is accurate in all respects; and</p> <p>(d) contains a statement signed by a Responsible Executive or a person authorised in writing by a Responsible Executive, stating that the signatory believes, and has no reason not to believe, that the reconciliation is accurate in all respects.</p>
<p>7.11.11 Obligation to notify ASX in respect of reconciliation</p> <p>A Market Participant must notify ASX within 2 business days in the manner set out in the Procedures if:</p> <p>(a) a reconciliation has not been performed in accordance with Rule 7.11.9 and the Procedures under that Rule;</p> <p>(b) a reconciliation has not been performed in accordance with Rule 7.11.10 and the Procedures under that Rule;</p>	<p>that:</p> <div style="border: 1px solid black; padding: 2px; margin-top: 10px;">Proposed Penalty—Tier 3</div>

Current text of ASX rule

- (c) according to a reconciliation performed pursuant to Rule 7.11.9, Total Deposits (as defined in the form set out in the Procedure to Rule 7.11.9) is less than Total Third Party Client Monies (as defined in the form set out in the Procedure to Rule 7.11.9); or
- (d) according to a reconciliation performed pursuant to Rule 7.11.10, there is a deficiency of funds in its trust accounts (or, in respect of a reconciliation performed pursuant to Rule 7.11.10(b), a deficiency in respect of any particular client) or if it is unable to reconcile its trust accounts pursuant to Rule 7.11.10.

7.11.12 Schedule of trust amounts

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 the above dates showing the respective amounts held in the Market Participant's trust account on behalf of clients together with the names of the particular client in respect of each amount.

Proposed text of ASIC/ASX Market Integrity Rules**3.6.11 Obligation to notify ~~ASX-ASIC~~ in respect of reconciliation**

A Market Participant must notify ~~ASX-ASIC~~ within 2 business days in the manner set out in the Procedures if:

- (a) a reconciliation has not been performed in accordance with Rule ~~3.6.9-7.11.9~~ and the Procedures under that Rule;
- (b) a reconciliation has not been performed in accordance with Rule ~~3.6.10-7.11.10~~ and the Procedures under that Rule;
- (c) according to a reconciliation performed pursuant to Rule ~~3.6.9-7.11.9~~, Total Deposits (as defined in the form set out in the Procedure to Rule ~~3.6.9-7.11.9~~) is less than Total Third Party Client Monies (as defined in the form set out in the Procedure to Rule ~~3.6.9-7.11.9~~); or
- (d) according to a reconciliation performed pursuant to Rule ~~3.6.10-7.11.10~~, there is a deficiency of funds in its trust accounts (or, in respect of a reconciliation performed pursuant to Rule ~~3.6.10(b)-7.11.10(b)~~, a deficiency in respect of any particular client) or if it is unable to reconcile its trust accounts pursuant to Rule ~~3.6.10-7.11.10~~.

Proposed Penalty—Tier 2

3.6.12 Schedule of trust amounts

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 the above dates showing the respective amounts held in the Market Participant's trust account on behalf of clients together with the names of the particular client in respect of each amount.

Proposed Penalty—Tier 2

7.17 MONTHLY REPORTING REQUIREMENTS—DERIVATIVES MARKET TRANSACTIONS**7.17.1 Application**

This Rule 7.17 applies to Derivatives Market Transactions only.

3.7 MONTHLY REPORTING REQUIREMENTS—DERIVATIVES MARKET TRANSACTIONS**3.7.1 Application**

This Rule ~~3.7-7.17~~ applies to Derivatives Market Transactions only.

Proposed Penalty—N/A

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>7.17.2 Monthly statements to clients</p> <p>If:</p> <p>(a) a Derivatives Market Transaction is entered into by the Market Participant on behalf of a client in a particular month; or</p> <p>(b) at the end of or during a particular month, the Market Participant holds positions in Derivatives Market Contracts for the benefit of a client,</p> <p>the Market Participant must, within the time specified in the Procedures, send to the client a written statement or, subject to Rule 7.17.3, an electronic statement setting out the information set out in the Procedures.</p> <p>7.17.3 Electronic monthly statements</p> <p>If a Market Participant chooses to send monthly statements electronically under Rule 7.17.2, the Market Participant must be able to reproduce a copy of each electronic statement sent.</p>	<p>3.7.2 Monthly statements to clients</p> <p>If:</p> <p>(a) a Derivatives Market Transaction is entered into by the Market Participant on behalf of a client in a particular month; or</p> <p>(b) at the end of or during a particular month, the Market Participant holds positions in Derivatives Market Contracts for the benefit of a client,</p> <p>the Market Participant must, within the time specified in the Procedures, send to the client a written statement or, subject to Rule 3.7.3-7.17.3, an electronic statement setting out the information set out in the Procedures.</p> <div data-bbox="1093 619 1751 655" style="border: 1px solid black; padding: 2px;">Proposed Penalty—Tier 2</div> <p>3.7.3 Electronic monthly statements</p> <p>If a Market Participant chooses to send monthly statements electronically under Rule 3.7.2-7.17.2, the Market Participant must be able to reproduce a copy of each electronic statement sent.</p> <div data-bbox="1093 834 1751 871" style="border: 1px solid black; padding: 2px;">Proposed Penalty—Tier 1</div>
<p>7.18 PROHIBITION OF ADVICE TO CLIENT</p> <p>7.18.1 Definitions used in this Rule 7.18</p> <p>For the purposes of this Rule 7.18:</p> <p>(a) 'Client' includes a shareholder in a company which constitutes the Market Participant.;</p> <p>(b) a reference to 'Chinese Walls' means an arrangement established by a Market Participant, in accordance with guidelines provided by ASX from time to time:</p> <p>(i) whereby information known to persons included in one part of the business of the Market Participant is not available (directly or indirectly) to those involved in another part of the business of the Market Participant and it is accepted that in each of the parts of the</p>	<p>3.8 PROHIBITION OF ADVICE TO CLIENT</p> <p>3.8.1 Definitions used in this Rule 3.8</p> <p>For the purposes of this Rule 3.8-7.18:</p> <p>(a) 'Client' includes a shareholder in a company which constitutes the Market Participant.;</p> <p>(b) a reference to 'Chinese Walls' means an arrangement established by a Market Participant, in accordance with guidelines provided by ASX-ASIC from time to time:</p> <p>(i) whereby information known to persons included in one part of the business of the Market Participant is not available (directly or indirectly) to those involved in another part of the business of the Market Participant and it is accepted that in each of the parts of the business of the Market Participant so divided decisions will be taken without reference to any interest which any other such</p>

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>business of the Market Participant so divided decisions will be taken without reference to any interest which any other such part or any person in any other such part of the business of the Market Participant may have in the matter; and</p> <p>(ii) the Market Participant has advised ASX in writing that:</p> <p>A. it has created Chinese Walls;</p> <p>B. those Chinese Walls which have been created are in accordance with the guidelines prescribed by ASX;</p> <p>C. the Chinese Walls as created will not be removed or altered without prior advice being given to ASX; and</p> <p>D. it requires ASX to place its name on the register of Market Participants maintaining Chinese Walls which is made available by ASX for public perusal.</p>	<p>part or any person in any other such part of the business of the Market Participant may have in the matter; and</p> <p>(ii) the Market Participant has advised ASX-ASIC in writing that:</p> <p>A. it has created Chinese Walls;</p> <p>B. those Chinese Walls which have been created are in accordance with the guidelines prescribed by ASX-ASIC;</p> <p>C. the Chinese Walls as created will not be removed or altered without prior advice being given to ASX-ASIC; and</p> <p>D. it requires ASX-ASIC to place its name on the register of Market Participants maintaining Chinese Walls which is made available by ASX-ASIC for public perusal.</p> <p>Proposed Penalty—N/A</p>
<p>7.18.2 Market Participant possesses information that is not generally available</p> <p>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 will not give any advice to any other client of a nature that would damage the interest of either of those clients.</p>	<p>3.8.2 Market Participant possesses information that is not generally available</p> <p>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 will not give any advice to any other client of a nature that would damage the interest of either of those clients.</p> <p>Proposed Penalty—Tier 3</p>
<p>7.18.3 Chinese Walls in place</p> <p>A Market Participant will not be regarded as having possession of information that is not generally available in relation to a Financial Product where that Market Participant has Chinese Walls in place and the person advising the client is not in possession of that information.</p>	<p>3.8.3 Chinese Walls in place</p> <p>For the purposes of this Rule 3.8, Aa Market Participant will not be regarded as having possession of information that is not generally available in relation to a Financial Product where that Market Participant has Chinese Walls in place and the person advising the client is not in possession of that information.</p> <p>Proposed Penalty—N/A</p>
<p>7.18.4 Certain actions do not constitute giving advice</p> <p>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, for the purposes of this Rule 7.18, be regarded as giving advice.</p>	<p>3.8.4 Certain actions do not constitute giving advice</p> <p>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, for the</p>

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
	<p>purposes of this Rule 3.8-7.18, be regarded as giving advice.</p> <p>Proposed Penalty—N/A</p>
<p>16.16 EXPENSES</p> <p>16.16.1 Reimbursement for out-of-pocket expenses</p> <p>A Trading Participant may charge a client out-of-pocket expenses involved in the purchase or sale of Cash Market Products but that charge must not be covered by an increase or reduction in the price.</p>	<p>3.9 EXPENSES—REIMBURSEMENT FOR OUT-OF-POCKET EXPENSES</p> <p>Where aA Trading Participant seeks may charge a client out-of-pocket expenses involved in the purchase or sale of Cash Market Products, but that charge must not be covered by an increase or reduction in the price.</p> <p>Proposed Penalty—Tier 2</p>
<p>7.20 DISCLOSURE OF SHORTFALL</p> <p>7.20.1 Must disclose to client</p> <p>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 will not offer such Cash Market Products to clients unless 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. This Rule will cease to apply when 90 days have elapsed from the closing date.</p>	<p>3.10 DISCLOSURE OF SHORTFALL—MUST DISCLOSE TO CLIENT</p> <p>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 will not offer such Cash Market Products to clients unless 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. This Rule will cease to apply when 90 days have elapsed from the closing date.</p> <p>Proposed Penalty—Tier 2</p>
<p>Relevant Procedures, Appendices to Procedures and Guidance Notes for this chapter</p>	
<p>Appendix 7.1.2-1 (Futures client agreement—minimum terms)</p>	
<p>Appendix 7.1.2-1 (Addendum to futures client agreement)</p>	
<p>Appendix 7.1.2-2 (Options client agreement—minimum terms)</p>	
<p>Appendix 7.1.2-3 (ASX warrant client agreement form)</p>	
<p>Appendix 7.1.2-4 (Partly paid security client agreement form)</p>	

Relevant Procedures, Appendices to Procedures and Guidance Notes for this chapter

Appendix 7.1.4 (Wholesale client agreement—options market contract only)

Appendix 7.11.9 (Reconciliation of client funds)

Guidance Note 4 (New clients—procedures that should be adopted to govern the establishment of an account by a new client which is a natural person or a prop limited company)

Guidance Note 5 (New clients—electronic client agreements for derivatives market transactions)

Guidance Note 23 (New clients or clients trading in new products for the first time—dispatch of ASX Explanatory Booklets)

Guidance Note 28 (Product disclosure statements for exchange traded options)

Guidance Note 31 (client agreements)

PROCEDURE 7.1.1 DOCUMENTS TO BE GIVEN TO A CLIENT

PROCEDURE 7.1.2 CLIENT AGREEMENT REQUIRED FOR OPTIONS, FUTURES, WARRANTS AND PARTLY PAID SECURITIES

PROCEDURE 7.1.3 MARKET PARTICIPANT TO KEEP COPY OF CLIENT AGREEMENT AND DISCLOSURES

PROCEDURE 7.1.4(d) CLIENT AGREEMENT WHERE MARKET PARTICIPANT IS NOT THE CLEARING PARTICIPANT (OPTIONS ONLY)

PROCEDURE 7.1.5(b) CLIENT AGREEMENT WHERE MARKET PARTICIPANT IS THE CLEARING PARTICIPANT (OPTIONS ONLY)

Guidance Note 3 (reporting to clients—confirmations)

PROCEDURE 7.9.1 CONFIRMATIONS—FORM AND TIMING

Guidance Note 13 (prohibition of advice to client)

PROCEDURE 7.17.2 MONTHLY STATEMENTS TO CLIENTS (DTP PRODUCTS)

Guidance Note 12 (client money and property—client funds deposited with third parties)

Relevant Procedures, Appendices to Procedures and Guidance Notes for this chapter

PROCEDURE 7.11.5 APPROVED FOREIGN BANKS

PROCEDURE 7.11.8 TOP UP REQUIREMENT—CLIENTS' SEGREGATED ACCOUNTS—FUTURES

PROCEDURE 7.11.9 RECONCILIATION OF CLIENTS' SEGREGATED ACCOUNTS

PROCEDURE 7.11.10 RECONCILIATION OF TRUST ACCOUNTS

Guidance Note 29 (Managed discretionary accounts)

PROCEDURE 7.11.11 OBLIGATION TO NOTIFY ASX IN RESPECT OF RECONCILIATION

PROCEDURE 7.17.2 MONTHLY STATEMENTS TO CLIENTS (DTP PRODUCTS)

Chapter 4: Record keeping

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>4.10 TRADING RECORDS</p>	<p>4.1 TRADING RECORDS</p>
<p>4.10.1 Records of dealings for clients</p>	<p>4.1.1 Records of dealings for clients</p>
<p>Subject to Rule 4.10.9, 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), must comply with the requirements of the Corporations Act to the extent that it applies to dealing in a market provided by ASX. In addition, the Market Participant must maintain sufficiently detailed records showing:</p>	<p>Subject to Rule 4.1.7-4.10.9, 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), must comply with the requirements of the Corporations Act to the extent that it applies to dealing in a market provided by the relevant Market OperatorASX. In addition, the Market Participant must maintain sufficiently detailed records showing:</p>
<p>(a) particulars of the instructions, including, without limitation:</p> <ul style="list-style-type: none"> (i) the financial product to be bought or sold; (ii) the number thereof; (iii) any price or time related instructions; (iv) any time limit on the instructions; (v) the date and time the Market Participant received the instructions; (vi) instructions or decisions to purchase or sell financial products pursuant to a Managed Discretionary Account to which Rule 7.10 applies (including, without limitation, the financial products to be bought or sold and the number thereof, any price or time related instructions or decisions and the name of the person who generated the instruction or made the decision), whether the instruction or decision was executed or not; and (vii) the authority of the client for accumulation and price averaging under Market Rule 7.9.2; <p>(b) the name of the client;</p> <p>(c) the name of the person who gave the instructions (or, if the Trading Message was received by AOP, the information set out in Rule 13.1.6);</p> <p>(d) any amendment of any kind to the instructions or Trading Message (including, without limitation, cancellation of an instruction or Trading</p>	<p>(a) particulars of the instructions, including, without limitation:</p> <ul style="list-style-type: none"> (i) the financial product to be bought or sold; (ii) the number thereof; (iii) any price or time related instructions; (iv) any time limit on the instructions; (v) the date and time the Market Participant received the instructions; (vi) instructions or decisions to purchase or sell financial products pursuant to a Managed Discretionary Account to which Rule 7.10 applies (including, without limitation, the financial products to be bought or sold and the number thereof, any price or time related instructions or decisions and the name of the person who generated the instruction or made the decision), whether the instruction or decision was executed or not; and (vii) the authority of the client for accumulation and price averaging under Market Rule 3.5.27-9.2; <p>(b) the name of the client;</p> <p>(c) the name of the person who gave the instructions (or, if the Trading Message was received by Automated Order Processing, the information set out in Rule 5.5.343-1.6);</p> <p>(d) any amendment of any kind to the instructions or Trading Message (including, without limitation, cancellation of an instruction or Trading Message, variation of the number</p>

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>Message, variation of the number of financial products to be bought or sold or variation of any price or time related instructions), Such particulars must also include the date and time of any amendment to the instructions or Trading Message;</p> <p>(e) the name of the person who received the instruction (or, if the Trading Message was received by AOP, the information set out in Rule 13.1.6);</p> <p>(f) the name of any other person who passed the instruction on between the person who initially received the instruction, and the Trading Platform and the date and time they passed it</p> <p>(g) the name of the DTR who entered a Trading Message into a Trading Platform (or, if the Trading Message was submitted by AOP, the information set out in Rule 13.1.6);</p> <p>(h) the time the DTR entered a Trading Message into a Trading Platform (or if the Trading Message was submitted by AOP, the time at which the Trading Message was initiated by the Open Interface Device);</p> <p>(i) if the Trading Message gives rise to a Market Transaction, the date and time that occurs; and</p> <p>(j) the Derivatives Market Contracts arising from instructions that are nominated for accumulation and price averaging under the Clearing Rules.</p>	<p>of financial products to be bought or sold or variation of any price or time related instructions), Such particulars must also include the date and time of any amendment to the instructions or Trading Message;</p> <p>(e) the name of the person who received the instruction (or, if the Trading Message was received by Automated Order Processing, the information set out in Rule 5.5.3 13.1.6);</p> <p>(f) the name of any other person who passed the instruction on between the person who initially received the instruction, and the Trading Platform and the date and time they passed it</p> <p>(g) the name of the Participant Trading Message RepresentativeDTR who entered a Trading Message into a Trading Platform (or, if the Trading Message was submitted by Automated Order Processing, the information set out in Rule 5.5.313.1.6);</p> <p>(h) the time the Participant Trading Message RepresentativeDTR entered a Trading Message into a Trading Platform (or if the Trading Message was submitted by Automated Order Processing, the time at which the Trading Message was initiated by the Open Interface Device);</p> <p>(i) if the Trading Message gives rise to a Market Transaction, the date and time that occurs; and</p> <p>(j) the Derivatives Market Contracts arising from instructions that are nominated for accumulation and price averaging under the Clearing Rules.</p>
<p>4.10.2 Records of dealings on own account</p> <p>Subject to Rule 4.10.10, a Market Participant that makes a decision, or gives instructions to, enter into a Market Transaction on its own account (within the meaning in Rule 7.5.1) (whether or not the Market Transaction is executed), must comply with the requirements of the Corporations Act to the extent that it applies to dealing in a market provided by ASX. In addition, the Market Participant must maintain sufficiently detailed records showing:</p> <p>(a) particulars of the decision or instructions, including, without limitation:</p> <p>(i) the name of the person who generated the instruction or made the decision;</p>	<p style="border: 1px solid black; padding: 2px;">Proposed Penalty—Tier 2</p> <p>4.1.2 Records of dealings on own account</p> <p>Subject to Rule 4.1.84-10.10, a Market Participant that makes a decision, or gives instructions to, enter into a Market Transaction on its own account (within the meaning in Rule 5.5.17-5.4 (whether or not the Market Transaction is executed), must comply with the requirements of the Corporations Act to the extent that it applies to dealing in a market provided by ASXthe Market Operator. In addition, the Market Participant must maintain sufficiently detailed records showing:</p> <p>(a) particulars of the decision or instructions, including, without limitation:</p> <p>(i) the name of the person who generated the instruction or made the decision;</p>

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>(ii) the financial products to be bought or sold;</p> <p>(iii) the number thereof;</p> <p>(iv) any price or time related instructions or decisions; and</p> <p>(v) any time limit on the instruction;</p> <p>(b) any amendment of any kind to the instructions or Trading Message (including, without limitation, cancellation of an instruction or Trading Message, variation of the number of financial products to be bought or sold or variation of any price or time related instructions). Such particulars must also include the date and time of any amendment to the instruction or Trading Message;</p> <p>(c) the name of any other person who passed the instruction on between the person who initially gave the instruction or made the decision, and a Trading Platform and the date and time they passed it;</p> <p>(d) the name of the DTR who entered a Trading Message into a Trading Platform (or if the Trading Message was submitted by AOP, the information set out in Rule 13.1.6);</p> <p>(e) the time the DTR entered a Trading Message into a Trading Platform (or if the Trading Message was submitted by AOP, the time at which the Trading Message was initiated by the Open Interface Device); and</p> <p>(f) if the Trading Message gives rise to a Market Transaction, the date and time that occurs.</p>	<p>(ii) the financial products to be bought or sold;</p> <p>(iii) the number thereof;</p> <p>(iv) any price or time related instructions or decisions; and</p> <p>(v) any time limit on the instruction;</p> <p>(b) any amendment of any kind to the instructions or Trading Message (including, without limitation, cancellation of an instruction or Trading Message, variation of the number of financial products to be bought or sold or variation of any price or time related instructions). Such particulars must also include the date and time of any amendment to the instruction or Trading Message;</p> <p>(c) the name of any other person who passed the instruction on between the person who initially gave the instruction or made the decision, and a Trading Platform and the date and time they passed it;</p> <p>(d) the name of the Participant Trading Message RepresentativeDTR who entered a Trading Message into a Trading Platform (or if the Trading Message was submitted by Automated Order Processing, the information set out in Rule 5.5.343.1.6);</p> <p>(e) the time the Participant Trading Message RepresentativeDTR entered a Trading Message into a Trading Platform (or if the Trading Message was submitted by Automated Order Processing, the time at which the Trading Message was initiated by the Open Interface Device); and</p> <p>(f) if the Trading Message gives rise to a Market Transaction, the date and time that occurs.</p>
<p>4.10.5 Records to be made immediately</p> <p>A Market Participant must make the records referred to in Rules 4.10.1 and 4.10.2 (and, if applicable, Rules 4.10.9 and 4.10.10) immediately after the event to which they relate and record the time of the relevant event.</p>	<div style="border: 1px solid black; padding: 2px;">Proposed Penalty—Tier 2</div>
<p>4.10.6 Records to be retained for prescribed period</p> <p>A Market Participant must retain the records referred to in Rules 4.10.1 and 4.10.2 (and, if applicable, Rules 4.10.9 and 4.10.10) for the period set out in the Procedures.</p>	<p>4.1.3 Records to be made immediately</p> <p>A Market Participant must make the records referred to in Rules 4.1.1 and 4.1.2 (and, if applicable, Rules 4.1.7 and 4.1.8) immediately after the event to which they relate and record the time of the relevant event.</p> <div style="border: 1px solid black; padding: 2px;">Proposed Penalty—Tier 2</div>
	<p>4.1.4 Records to be retained for prescribed period</p>

Current text of ASX rule**4.10.7 Certain records maintained by ASX**

Where a Market Participant is a Trading Participant, certain of its obligations under Rules 4.10.1 and 4.10.2 may be met by relying on records maintained electronically as set out in Rule 4.10.8.

4.10.8 Conditions for reliance on ASX records

Where the records of the Trading Participant:

- (a) connect the DTR identifier with the particular DTR; and
- (b) identify the person, or any other persons, receiving the instructions, generating an order or making a decision (if not the DTR) and a DTR is capable of being connected to a particular Trading Record or sequence of events,

a Trading Participant may:

- (c) when dealing for clients satisfy its obligations in relation to Rules 4.10.1(g), 4.10.1(h) and 4.10.1(i); or
- (d) when dealing on its own account, satisfy its obligations in relation to Rules 4.10.2(a)(i)-(iv), 4.10.2(b), 4.10.2(d), 4.10.2(e) and 4.10.2(f),

by relying on records maintained by ASX as specified in the Procedures.

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

A Market Participant that instructs another Trading Participant to enter into a Market Transaction on behalf of a client:

- (a) need not comply with paragraph 4.10.1(e)-(j) in respect of that instruction;
- (b) must maintain sufficiently detailed records in respect of such instruction showing:
 - (i) the name of the person who received the instructions;
 - (ii) the name of any person who passed the instruction on between the person who initially received the instruction and the person instructing the Trading Participant to enter into the Market

Proposed text of ASIC/ASX Market Integrity Rules

A Market Participant must retain the records referred to in Rules 4.1.1 and 4.1.2 (and, if applicable, Rules 4.1.7 and 4.1.8) for the period set out in the Procedures.

Proposed Penalty—Tier 2

4.1.5 Certain records maintained by the Market OperatorASX

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 as set out in Rule 4.1.6.

Proposed Penalty—N/A

4.1.6 Conditions for reliance on the Market OperatorASX records

Where the records of the Trading Participant:

- (a) connect the Participant Trading Message Representative~~DTR~~ identifier with the particular Participant Trading Message Representative~~DTR~~; and
- (b) identify the person, or any other persons, receiving the instructions, generating an order or making a decision (if not the Participant Trading Message Representative~~DTR~~) and a Participant Trading Message Representative~~DTR~~ is capable of being connected to a particular Trading Record or sequence of events,

a Trading Participant may:

- (c) when dealing for clients satisfy its obligations in relation to Rules 4.1.1(g)~~4.10.1(g)~~, 4.1.1(h)~~4.10.1(h)~~ and 4.1.1(i)~~4.10.1(i)~~; or
- (d) when dealing on its own account, satisfy its obligations in relation to Rules 4.1.2(a)(i)-(iv)~~4.10.2(a)(i)-(iv)~~, 4.1.2(b)~~4.10.2(b)~~, 4.1.2(d)~~4.10.2(d)~~, 4.1.2(e)~~4.10.2(e)~~ and 4.1.2(f)~~4.10.2(f)~~,

by relying on records maintained by the Market OperatorASX as specified in the Procedures.

Proposed Penalty—N/A

4.1.7 Records of dealings for clients by a Market Participant who instructs another

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>Transaction;</p> <p>(iii) the name of the person who instructed such Trading Participant to enter into the Market Transaction; and</p> <p>(iv) the time the person instructed such Trading Participant to enter into the Market Transaction.</p>	<p>Trading Participant to execute the dealings</p> <p>A Market Participant that instructs another Trading Participant to enter into a Market Transaction on behalf of a client:</p>
<p>4.10.10 Records of dealings on its own account by a Market Participant who instructs another Trading Participant to execute the dealings</p>	<p>(a) need not comply with paragraph 4.1.1(e)-(j)4.10.1(e)-(j) in respect of that instruction;</p> <p>(b) must maintain sufficiently detailed records in respect of such instruction showing:</p>
<p>A Market Participant (whether or not it is a Trading Participant) that instructs a Trading Participant to enter into a Market Transaction on its behalf:</p>	<p>(i) the name of the person who received the instructions;</p> <p>(ii) the name of any person who passed the instruction on between the person who initially received the instruction and the person instructing the Trading Participant to enter into the Market Transaction;</p>
<p>(a) need not comply with paragraph 4.10.2(c)-(f) in respect of that instruction; and</p>	<p>(iii) the name of the person who instructed such Trading Participant to enter into the Market Transaction; and</p>
<p>(b) must maintain sufficiently detailed records in respect of such instruction showing:</p>	<p>(iv) the time the person instructed such Trading Participant to enter into the Market Transaction.</p>
<p>(i) the name of any person who passed the instruction on between the person who initially gave the instruction or made the decision and the Trading Participant instructed to enter into the Market Transaction:</p>	<p>(i) the name of any person who passed the instruction on between the person who initially gave the instruction or made the decision and the Trading Participant instructed to enter into the Market Transaction:</p>
<p>(ii) the name of the person who instructed such Trading Participant to enter into the Market Transaction; and</p>	<p>Proposed Penalty—Tier 2</p>
<p>(iii) the time the person instructed such Trading Participant to enter into the Market Transaction.</p>	<p>4.1.8 Records of dealings on its own account by a Market Participant who instructs another Trading Participant to execute the dealings</p>
	<p>A Market Participant (whether or not it is a Trading Participant) that instructs a Trading Participant to enter into a Market Transaction on its behalf:</p>
	<p>(a) need not comply with paragraph 4.1.2(c)-(f)4.10.2(e)-(f) in respect of that instruction; and</p>
	<p>(b) must maintain sufficiently detailed records in respect of such instruction showing:</p>
	<p>(i) the name of any person who passed the instruction on between the person who initially gave the instruction or made the decision and the Trading Participant instructed to enter into the Market Transaction:</p>
	<p>(ii) the name of the person who instructed such Trading Participant to enter into the Market Transaction; and</p>
	<p>(iii) the time the person instructed such Trading Participant to enter into the Market Transaction.</p>

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
	<div data-bbox="1070 245 1751 284" style="border: 1px solid black; padding: 2px;">Proposed Penalty—Tier 2</div> <p data-bbox="1070 309 1576 335">4.1.9 Records regarding Authorised Persons</p> <p data-bbox="1070 357 2011 383">A Trading Participant must maintain records for the period specified in the Procedures of:</p> <ul style="list-style-type: none"> <li data-bbox="1070 399 2020 459">(a) the name and contact details of an Authorised Person, and if that Authorised Person is an agent of the client, the details of the client; and <li data-bbox="1070 475 2020 564">(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. <div data-bbox="1070 580 1751 619" style="border: 1px solid black; padding: 2px;">Proposed Penalty—Tier 2</div> <div data-bbox="1070 644 1751 683" style="border: 1px solid black; padding: 2px;">This is an exact replication of ASX Market Rule 13.3.3.</div>
<p data-bbox="197 721 958 778">7.15 TELEPHONE RECORDING OF CLIENT DEALINGS—FUTURES MARKET TRANSACTIONS</p> <p data-bbox="197 801 631 826">7.15.1 Market Participant must record</p> <p data-bbox="197 849 1034 1002">A Market Participant must record by tape all telephone conversations with clients in relation to its dealings in Futures Market Transactions including, without limitation, conversations relating to the receipt, transaction and confirmation of orders. The Market Participant must retain those records for at least 3 months.</p>	<p data-bbox="1070 721 1930 778">4.10 TELEPHONE RECORDING OF CLIENT DEALINGS—FUTURES MARKET TRANSACTIONS</p> <p data-bbox="1070 801 1975 954">A Market Participant must record in a form accepted by ASIC by tape all telephone conversations with clients in relation to its dealings in Futures Market Transactions including, without limitation, conversations relating to the receipt, transaction and confirmation of orders. The Market Participant must retain those records for at least 3 months.</p> <div data-bbox="1070 970 1751 1008" style="border: 1px solid black; padding: 2px;">Proposed Penalty—Tier 2</div>
<p data-bbox="197 1046 519 1072">4.11 ACCESS TO RECORDS</p> <p data-bbox="197 1094 721 1120">4.11.1 Records to be in writing and in English</p> <p data-bbox="197 1142 1025 1327">All records which a Market Participant is required to maintain under this Section 4 must be kept in writing and in the English language or in a manner which will enable them to be readily accessible by ASX and readily converted into writing in the English language. ASX may direct a Market Participant to convert records into writing and into English. That direction must be complied with by the time specified by ASX when giving the direction.</p>	<p data-bbox="1070 1046 1370 1072">4.2 ACCESS TO RECORDS</p> <p data-bbox="1070 1094 1572 1120">4.2.1 Records to be in writing and in English</p> <p data-bbox="1070 1142 2033 1327">All records which a Market Participant is required to maintain under this Rule 4 Section 4 must be kept in writing and in the English language or in a manner which will enable them to be readily accessible by ASICASX and readily converted into writing in the English language. ASXASIC may direct a Market Participant to convert records into writing and into English. That direction must be complied with by the time specified by ASICASX when giving the direction.</p> <div data-bbox="1070 1343 1751 1382" style="border: 1px solid black; padding: 2px;">Proposed Penalty—Tier 2</div>

Current text of ASX rule**4.11.2 Records kept outside of Australia**

If the records which a Market Participant is required to maintain under this Section 4 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) ASX may direct a Market Participant to produce any of its records in Australia.

A Market Participant must comply with any direction given by ASX under paragraph (b) by the time specified by ASX when giving the direction.

4.11.3 Costs of obtaining or translating information

Where documentation or information is provided or made available by or on behalf of a Market Participant under Rule 4.11 in a language other than English or in a form that is not readily accessible by ASX, the Market Participant indemnifies ASX against any costs and expenses ASX incurs in connection with translating that documentation or information into English and obtaining access to that documentation or information.

13.1.10 Records—identification of order source

In addition to the record keeping obligations under Rule 4.10, a Trading Participant must maintain, for the period set out in the Procedures, records of:

- (a) the matters referred to in Rule 13.1.6; and
- (b) the name and contact details of persons in relation to whom unique identifiers are allocated under Rule 12.5.2(b).

If requested by ASX, a Trading Participant must immediately provide those records to ASX.

Proposed text of ASIC/ASX Market Integrity Rules**4.2.2 Records kept outside of Australia**

If the records which a ~~Market~~ Participant is required to maintain under this ~~Rule 4~~~~Section 4~~ 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) ~~ASX~~~~ASIC~~ may direct a Market Participant to produce any of its records in Australia.

A Market Participant must comply with any direction given by ~~ASX~~~~ASIC~~ under paragraph (b) by the time specified by ~~ASX~~~~ASIC~~ when giving the direction.

Proposed Penalty—Tier 2

Costs of obtaining or translating information

Propose no rule

4.3 ORDER SOURCE: RECORDS—IDENTIFICATION OF ORDER SOURCE

In addition to the record keeping obligations under Rule 4.1, a Trading Participant must maintain, for the period set out in the Procedures, records of:

- (a) the matters referred to in Rule 5.5.3; and
- (b) the name and contact details of Participant Trading Message Representatives and Authorised Persons~~persons~~ in relation to whom the Trading Participant has allocated unique identifiers under the operating rules of the Market~~are allocated under Rule 12.5.2(b)~~.

If requested by ~~ASX~~~~ASIC~~, a Trading Participant must immediately provide those records to ~~ASX~~~~ASIC~~.

Proposed Penalty—Tier 2

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>7.16 CLIENT COMPLAINTS</p> <p>7.16.1 Register of complaints and correspondence</p> <p>A Market Participant must keep a register of complaints received from clients. The register must include:</p> <ul style="list-style-type: none"> (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. <p>7.16.2 Records to be kept</p> <p>A Market Participant must keep in the register the information referred to in Rule 7.16.1 in respect of a complaint for the time set out in the Procedures.</p> <p>7.16.3 Provision of information to ASX</p> <p>A Market Participant must make the contents of the register available to ASX immediately on receipt of a request from ASX.</p> <p>7.16.4 Reporting requirement</p> <p>A Market Participant must, by the time and in the form set out in the Procedures, provide a report to ASX on the receipt and status of categories of complaints during the period covered by the report.</p>	<p>4.4 CLIENT COMPLAINTS</p> <p>4.4.1 <u>Client complaints</u>—Register of complaints and correspondence</p> <p>A Market Participant must keep a register of complaints received from clients. The register must include:</p> <ul style="list-style-type: none"> (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. <div data-bbox="1070 663 1751 703" style="border: 1px solid black; padding: 2px;">Proposed Penalty—Tier 3</div> <p>4.4.2 <u>Client complaints</u>—Records to be kept</p> <p>A Market Participant must keep in the register the information referred to in Rule 4.4.1 in respect of a complaint for the time set out in the Procedures.</p> <div data-bbox="1070 849 1751 888" style="border: 1px solid black; padding: 2px;">Proposed Penalty—Tier 3</div> <p>4.4.3 Provision of information to ASX</p> <div data-bbox="1070 954 1751 994" style="border: 1px solid black; padding: 2px;">Propose no rule</div> <p>4.4.4 Reporting requirement</p> <div data-bbox="1070 1059 1751 1099" style="border: 1px solid black; padding: 2px;">Propose no rule</div>

Relevant Procedures, Appendices to Procedures and Guidance Notes for this chapter
PROCEDURE 7.16.2 RECORDS TO BE KEPT (CLIENT COMPLAINTS)
PROCEDURE 4.10.6 RECORDS TO BE MAINTAINED FOR PRESCRIBED PERIOD

Relevant Procedures, Appendices to Procedures and Guidance Notes for this chapter

PROCEDURE 4.10.8 RELIANCE ON ASX RECORDS

Guidance Note 33 (Trading Records)

PROCEDURE 13.1.10 RECORDS—IDENTIFICATION OF ORDER SOURCE

PROCEDURE 13.3.3 RECORDS REGARDING AUTHORISED PERSONS

Elements of procedure 4.9.2—records

Chapter 5: Trading

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>7.5 CLIENT ORDER PRIORITY</p> <p>7.5.1 Application and meaning of dealing on ‘own account’</p> <p>In this Rule 7.5 and subject to Rule 7.5.2, a reference to a Market Participant having an order for its own account means:</p> <ul style="list-style-type: none"> (a) in relation to Cash Market Transactions, that the Cash Market Products to be bought or sold are (in the case of a sale) or will be on the completion of the transaction (in the case of a purchase) beneficially owned by the Market Participant or a Prescribed Person. The Cash Market Products beneficially owned by a Market Participant or Prescribed Person include Cash Market Products which would appear as assets on the balance sheet or consolidated balance sheet of that Market Participant or Prescribed Person; and (b) in relation to Derivatives Market Transactions, having an order to enter into a Derivatives Market Transaction on its own behalf or for the benefit of a Prescribed Person. <p>7.5.2 Exceptions</p> <p>The following are not regarded as orders on a Market Participant's own account:</p> <ul style="list-style-type: none"> (a) an order placed by a Life Insurance Company registered under the Life Insurance Act (or equivalent State legislation) on behalf of a statutory fund; (b) an order placed by a Controller or a Related Body Corporate of the Market Participant or of a Controller on behalf of clients of, or funds managed by them or their Related Bodies Corporate. <p>7.5.3 Fairness and priority in dealing</p> <p>A Market Participant must deal fairly and in due turn with:</p> <ul style="list-style-type: none"> (a) clients' orders; and (b) a client order and an order on its own account. <p>7.5.4 Relevant factors</p>	<p>5.1 CLIENT ORDER PRIORITY</p> <p>5.1.1 Application and meaning of dealing on ‘own account’</p> <p>In this Rule 5.1 and subject to Rule 5.1.2, a reference to a Market Participant having an order for its own account means:</p> <ul style="list-style-type: none"> (a) in relation to Cash Market Transactions, that the Cash Market Products to be bought or sold are (in the case of a sale) or will be on the completion of the transaction (in the case of a purchase) beneficially owned by the Market Participant or a Prescribed Person. The Cash Market Products beneficially owned by a Market Participant or Prescribed Person include Cash Market Products which would appear as assets on the balance sheet or consolidated balance sheet of that Market Participant or Prescribed Person; and (b) in relation to Derivatives Market Transactions, having an order to enter into a Derivatives Market Transaction on its own behalf or for the benefit of a Prescribed Person. <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Proposed Penalty—N/A</div> <p>5.1.2 Exceptions</p> <p>The following are not regarded as orders on a Market Participant's own account:</p> <ul style="list-style-type: none"> (a) an order placed by a Life Insurance Company registered under the <i>Life Insurance Act 1995</i> (or equivalent State legislation) on behalf of a statutory fund; (b) an order placed by a Controller or a Related Body Corporate of the Market Participant or of a Controller on behalf of clients of, or funds managed by them or their Related Bodies Corporate. <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Proposed Penalty—N/A</div> <p>5.1.3 Fairness and priority in dealing</p> <p>A Market Participant must deal fairly and in due turn with:</p> <ul style="list-style-type: none"> (a) clients' orders; and (b) a client order and an order on its own account.

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>In considering whether Rule 7.5.3 has been complied with, the following factors are relevant:</p> <ul style="list-style-type: none"> (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 a Trading Platform 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 over orders on the Market Participant's own account, unless the client otherwise consents. This means that from the time of receipt of the order until it is fully executed, the Market Participant does not enter into, on its own account, a Market Transaction for the same Products on the same terms unless: <ul style="list-style-type: none"> (i) the Products are allocated to the client in accordance with Rule 7.5.6(c); or (ii) the 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 Products on its own account. <p>However, a limit order which cannot be executed owing to price differences is not on the same terms;</p> <ul style="list-style-type: none"> (d) if the sequence of entry of orders into a Trading Platform is not clearly established by the time the orders were received, and one of the orders is for the Market Participant's own account, the Market Participant gives preference to the order of a client over any order for the Market Participant's own account; (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 Products that has not been entered in a Trading Platform 	<div style="border: 1px solid black; padding: 2px; margin-bottom: 10px;">Proposed Penalty—Tier 3</div> <p>5.1.4 Relevant factors</p> <p>In considering whether Rule 5.1.3 has been complied with, the following factors are relevant:</p> <ul style="list-style-type: none"> (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 a Trading Platform 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 over orders on the Market Participant's own account, unless the client otherwise consents. This means that from the time of receipt of the order until it is fully executed, the Market Participant does not enter into, on its own account, a Market Transaction for the same Products on the same terms unless: <ul style="list-style-type: none"> (i) the Products are allocated to the client in accordance with Rule 5.1.6(c); or (ii) the 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 Products on its own account. <p>However, a limit order which cannot be executed owing to price differences is not on the same terms;</p> <ul style="list-style-type: none"> (d) if the sequence of entry of orders into a Trading Platform is not clearly established by the time the orders were received, and one of the orders is for the Market Participant's own account, the Market Participant gives preference to the order of a client over any order for the Market Participant's own account; (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 Products that has not been entered in a Trading Platform does not use that information to the

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>does not use that information to the disadvantage of that client;</p> <p>(f) the Market Participant buys or sells for a Wholesale Client;</p> <p>(g) allocation of Market Transactions occurs in accordance with Rule 7.5.5; and</p> <p>(h) a Market Participant keeps a record of a client's consent under Rule 7.5.4(c).</p>	<p>disadvantage of that client;</p> <p>(f) the Market Participant buys or sells for a Wholesale Client;</p> <p>(g) allocation of Market Transactions occurs in accordance with Rule 5.1.5; and</p> <p>(h) a Market Participant keeps a record of a client's consent under Rule 5.1.4(c).</p> <p style="border: 1px solid black; padding: 2px;">Proposed Penalty—N/A</p>
<p>7.5.5 Fairness and priority in allocation</p>	<p>5.1.5 Fairness and priority in allocation</p>
<p>A Market Participant must allocate Market Transactions fairly.</p>	<p>A Market Participant must allocate Market Transactions fairly.</p>
<p>7.5.6 Relevant factors</p>	<p style="border: 1px solid black; padding: 2px;">Proposed Penalty—Tier 3</p> <p>5.1.6 Relevant factors</p>
<p>In considering whether Rule 7.5.5 has been complied with, the following factors are relevant:</p>	<p>In considering whether Rule 5.1.5 has been complied with, the following factors are relevant:</p>
<p>(a) allocation of Market Transactions is immediate and automatic, unless circumstances or instructions justify later or manual allocation;</p> <p>(b) Market Transactions executed pursuant to instructions (whether an order of a client or an order on its own account) are allocated in the sequence in which the Market Participant received those instructions, entered those instructions or the Market Transactions were effected;</p> <p>(c) the client's instructions;</p> <p>(d) allocation of a Market Transaction occurs in accordance with the disclosed allocation policy of the Market Participant; and</p> <p>(e) except as provided in these Rules, a Market Participant does not allocate Market Transactions to fulfil all or part of an order for its own account when it has an unfulfilled order on the same terms for those Market Transactions from a client.</p>	<p>(a) allocation of Market Transactions is immediate and automatic, unless circumstances or instructions justify later or manual allocation;</p> <p>(b) Market Transactions executed pursuant to instructions (whether an order of a client or an order on its own account) are allocated in the sequence in which the Market Participant received those instructions, entered those instructions or the Market Transactions were effected;</p> <p>(c) the client's instructions;</p> <p>(d) allocation of a Market Transaction occurs in accordance with the disclosed allocation policy of the Market Participant; and</p> <p>(e) except as provided in these Rules, a Market Participant does not allocate Market Transactions to fulfil all or part of an order for its own account when it has an unfulfilled order on the same terms for those Market Transactions from a client.</p>
	<p style="border: 1px solid black; padding: 2px;">Proposed Penalty—N/A</p>

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>4.7 BUSINESS CONNECTIONS BETWEEN MARKET PARTICIPANTS</p> <p>4.7.1 Connections requiring ASX consent</p> <p>A Market Participant must not, without the prior written consent of ASX:</p> <ul style="list-style-type: none"> (a) be a Related Body Corporate of another Market Participant; (b) allow a Controller or Employee to be a Controller of another Market Participant; (c) have an Employee who is an Employee of another Market Participant or a Related Body Corporate of another Market Participant; (d) share common computer facilities with, or allow its computer facilities to be linked with, another Market Participant; or (e) share common premises with, or allow its premises to be accessed by another Market Participant or its Employees. <p>4.7.2 Access to records</p> <p>Without limiting ASX's discretion under Rule 4.7.1, when giving any consent under Rule 4.7.1, ASX may impose on one or both of the Market Participants involved conditions concerning access by common Controllers or Employees to records of those Market Participants including, without limitation, the records of orders received by the Market Participants.</p> <p>4.7.3 Undertakings</p> <p>ASX may require a Market Participant to give an undertaking to ASX that:</p> <ul style="list-style-type: none"> (a) the Market Participant does not breach this Rule 4.7; and (b) the Market Participant will not allow any person who is not an Employee of the Market Participant to have access to the Market Participant's order book or clients' records, other than as required by law or by ASX. 	<p>5.2 BUSINESS CONNECTIONS BETWEEN MARKET PARTICIPANTS</p> <p>5.2.1 Connections requiring ASX <u>ASIC</u> consent</p> <p>A Market Participant must not, without the prior written consent of ASX <u>ASIC</u>:</p> <ul style="list-style-type: none"> (a) be a Related Body Corporate of another Market Participant; (b) allow a Controller or Employee to be a Controller of another Market Participant; (c) have an Employee who is an Employee of another Market Participant or a Related Body Corporate of another Market Participant; (d) share common computer facilities with, or allow its computer facilities to be linked with, another Market Participant; or (e) share common premises with, or allow its premises to be accessed by another Market Participant or its Employees. <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px 0;">Proposed Penalty—Tier 2</div> <p>5.2.2 Access to records</p> <p>Without limiting ASX <u>ASIC</u>'s discretion under Rule 5.2.1, when giving any consent under Rule 5.2.1, ASX <u>ASIC</u> may impose on one or both of the Market Participants involved conditions concerning access by common Controllers or Employees to records of those Market Participants including, without limitation, the records of orders received by the Market Participants.</p> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px 0;">Proposed Penalty—N/A</div> <p>Undertakings</p> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px 0;">Propose no rule</div>

Current text of ASX rule**7.6 MARKET FACILITATION FOR LARGE ORDERS—FUTURES MARKET CONTRACTS****7.6.1 Action a Market Participant may take when insufficient opposite orders**

This Rule 7.6 applies only to orders to deal in Futures Market Contracts.

Where a Market Participant receives a large order from a client and there are insufficient opposite orders in the Central Orderbook at that time to satisfy that order:

- (a) the Market Participant may, with the written authority of the client, withhold transmission of the large order and solicit counterparties, disclose the relevant instructions and aggregate opposite orders from other clients;
- (b) when the Market Participant has solicited other counterparties under paragraph (a), the Market Participant must enter the large order into the Central Orderbook (or, where the counterparty orders are orders of other clients of the Market Participant, effect a Crossing in accordance with Section 22); and
- (c) during the period in which the Market Participant solicits orders under paragraph (a) and until the large order has been entered or executed as a Crossing under paragraph (b), the Market Participant must not enter an opposite order.

7.6.2 Application

For the purposes of this Rule 7.6:

- (a) an order is 'large' if it is for a number of Futures Market Contracts which is greater than or equal to the number set out in the Procedures; and
- (b) where the Market Participant is a body corporate, a Related Body Corporate and a division of the Market Participant other than its futures division will each be regarded as 'clients'.

Proposed text of ASIC/ASX Market Integrity Rules**5.3 ~~MARKET FACILITATION FOR LARGE ORDERS~~ FACILITATION—FACILITATION— ~~FUTURES MARKET CONTRACTS~~****5.3.1 Futures Market contracts—Action a Market Participant may take when insufficient opposite orders**

This Rule 5.3 applies only to orders to deal in Futures Market Contracts.

Where a Market Participant receives a large order from a client and there are insufficient opposite orders in the Central Orderbook at that time to satisfy that order:

- (a) the Market Participant may, with the written authority of the client, withhold transmission of the large order and solicit counterparties, disclose the relevant instructions and aggregate opposite orders from other clients;
- (b) when the Market Participant has solicited other counterparties under paragraph (a), the Market Participant must enter the large order into the Central Orderbook (or, where the counterparty orders are orders of other clients of the Market Participant, effect a Crossing in accordance with ~~Section 22~~the relevant operating rules of the Market); and
- (c) during the period in which the Market Participant solicits orders under paragraph (a) and until the large order has been entered or executed as a Crossing under paragraph (b), the Market Participant must not enter an opposite order.

Proposed Penalty—Tier 2

5.3.2 Application

For the purposes of this Rule 5.3:

- (a) an order is 'large' if it is for a number of Futures Market Contracts which is greater than or equal to the number set out in the ~~relevant operating rules of the Market~~Procedures; and
- (b) where the Market Participant is a body corporate, a Related Body Corporate and a division of the Market Participant other than its futures division will each be regarded as 'clients'.

Proposed Penalty—N/A

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>7.8 TRANSACTIONS BY CONNECTED PERSONS (INCLUDING PERSONS CONNECTED WITH OTHER MARKET PARTICIPANTS)</p> <p>7.8.1 Application</p> <p>In this Rule 7.8, a reference to a connected person is a reference to the following persons:</p> <ul style="list-style-type: none"> (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). <p>7.8.2 Internal consent required for trading by connected persons</p> <p>A Market Participant must ensure that the following requirements are satisfied in respect of each Market Transaction entered into by or for the account of its connected persons, whether the Market Transaction is conducted through that Market Participant or through another Market Participant:</p> <ul style="list-style-type: none"> (a) the Market Transaction must first be approved in writing by a Responsible Executive, director or partner of the Market Participant or a person with written delegation for that responsibility from a Responsible Executive, director or partner (other than the Employee concerned). That approval must be obtained separately for each relevant Market Transaction. The person who approves the Market Transaction has an obligation to take into account the circumstances of the proposed transaction and anything which might materially affect the price of the relevant Cash Market Product (or, in the case of a Derivatives Market Transaction, the price or value of the relevant Series) the subject of the Market Transaction; (b) the approval in writing referred to in paragraph (a) must include: <ul style="list-style-type: none"> (i) all the information required by Rule 4.10 for orders, whether or not the Market Participant will be executing the order to which the approval relates; and 	<p>5.4 TRANSACTIONS BY CONNECTED PERSONS (INCLUDING PERSONS CONNECTED WITH OTHER MARKET PARTICIPANTS)</p> <p>5.4.1 Application</p> <p>In this Rule 5.4, a reference to a connected person is a reference to the following persons:</p> <ul style="list-style-type: none"> (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). <div style="border: 1px solid black; padding: 2px; margin: 10px 0;">Proposed Penalty—N/A</div> <p>5.4.2 Internal consent required for trading by connected persons</p> <p>A Market Participant must ensure that the following requirements are satisfied in respect of each Market Transaction entered into by or for the account of its connected persons, whether the Market Transaction is conducted through that Market Participant or through another Market Participant:</p> <ul style="list-style-type: none"> (a) the Market Transaction must first be approved in writing by a Responsible Executive, director or partner of the Market Participant or a person with written delegation for that responsibility from a Responsible Executive, director or partner (other than the Employee concerned). That approval must be obtained separately for each relevant Market Transaction. The person who approves the Market Transaction has an obligation to take into account the circumstances of the proposed transaction and anything which might materially affect the price of the relevant Cash Market Product (or, in the case of a Derivatives Market Transaction, the price or value of the relevant Series) the subject of the Market Transaction; (b) the approval in writing referred to in paragraph (a) must include: <ul style="list-style-type: none"> (i) all the information required by Rule 4.1 for orders, whether or not the Market Participant will be executing the order to which the approval relates; and

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>(ii) the date and time of approval; and</p> <p>(c) if the Market Transaction is conducted through another Market Participant, that Market Participant must, as soon as practicable after entering into the Market Transaction, give to the employing Market Participant a confirmation in respect of the Market Transaction.</p>	<p>(ii) the date and time of approval; and</p> <p>(c) if the Market Transaction is conducted through another Market Participant, that Market Participant must, as soon as practicable after entering into the Market Transaction, give to the employing Market Participant a confirmation in respect of the Market Transaction.</p> <p style="border: 1px solid black; padding: 2px; text-align: center;">Proposed Penalty—Tier 2</p>
<p>13.1.2 Knowledge of Trading Participant</p> <p>If a Trading Message embedded with a Trading Participant's unique identifier is submitted, 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.</p>	<p>5.5 PARTICIPANT'S TRADING INFRASTRUCTURE</p> <p>5.5.1 Knowledge of Trading Participant</p> <p>If a Trading Message embedded with a Trading Participant's unique identifier is submitted, 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.</p> <p style="border: 1px solid black; padding: 2px; text-align: center;">Proposed Penalty—N/A</p>
<p>13.1.5 Organisational and technical resources</p> <p>A Trading Participant must have and maintain the necessary organisational and technical resources to ensure that:</p> <p>(a) Trading Messages submitted by the Trading Participant do not interfere with:</p> <p style="padding-left: 20px;">(i) the efficiency and integrity of any market conducted by ASX; or</p> <p style="padding-left: 20px;">(ii) the proper functioning of a Trading Platform; and</p> <p>(b) the Trading Participant complies at all times with the Rules.</p>	<p>5.5.2 Organisational and technical resources</p> <p>A Trading Participant must have and maintain the necessary organisational and technical resources to ensure that:</p> <p>(a) Trading Messages submitted by the Trading Participant do not interfere with:</p> <p style="padding-left: 20px;">(i) the efficiency and integrity of any market conducted by ASX; or</p> <p style="padding-left: 20px;">(ii) the proper functioning of a Trading Platform; and</p> <p>(b) the Trading Participant complies at all times with the Rules.</p> <p style="border: 1px solid black; padding: 2px; text-align: center;">Proposed Penalty—Tier 3</p>
<p>13.1.6 Trading management arrangements</p> <p>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:</p> <p>(a) the different stages of processing each order (regardless of whether a</p>	<p>5.5.3 Trading management arrangements</p> <p>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:</p> <p>(a) the different stages of processing each order (regardless of whether a Trading Message is generated) and the time at which each stage of processing occurred;</p>

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>Trading Message is generated) and the time at which each stage of processing occurred;</p> <p>(b) the order that corresponds to a Trading Message;</p> <p>(c) the identity and capacity of the person placing the order that corresponds to the Trading Message;</p> <p>(d) whether the Trading Message was the result of Automated Order Processing;</p> <p>(e) the Open Interface Device and the computer or other device of the Trading Participant connected to an Open Interface Device of the Trading Participant through which the Trading Message was submitted;</p> <p>(f) the DTR with responsibility for that Open Interface Device or computer or other device connected to the Open Interface Device (unless the Trading Message was the result of Automated Order Processing); and</p> <p>(g) whether the Trading Message was submitted on the Trading Participant's own account or for a client.</p>	<p>(b) the order that corresponds to a Trading Message;</p> <p>(c) the identity and capacity of the person placing the order that corresponds to the Trading Message;</p> <p>(d) whether the Trading Message was the result of Automated Order Processing;</p> <p>(e) the Open Interface Device and the computer or other device of the Trading Participant connected to an Open Interface Device of the Trading Participant through which the Trading Message was submitted;</p> <p>(f) the <u>Participant Trading Message Representative</u>DTR with responsibility for that Open Interface Device or computer or other device connected to the Open Interface Device (unless the Trading Message was the result of Automated Order Processing); and</p> <p>(g) whether the Trading Message was submitted on the Trading Participant's own account or for a client.</p> <div data-bbox="1086 758 1751 801" style="border: 1px solid black; padding: 2px;">Proposed Penalty—Tier 3</div>
<p>13.3 AUTOMATED ORDER PROCESSING</p> <p>13.3.1 Automated Order Processing</p> <p>A Trading Participant which uses its system for Automated Order Processing must at all times:</p> <p>(a) comply with the Operational Requirements, including having appropriate automated filters, in relation to Automated Order Processing; and</p> <p>(b) ensure that Automated Order Processing does not interfere with:</p> <p>(i) the efficiency and integrity of the Market ; or</p> <p>(ii) the proper functioning of any Trading Platform.</p>	<p>5.6 AUTOMATED ORDER PROCESSING—<u>FILTERS, CONDUCT, AND INFRASTRUCTURE</u></p> <p>5.6.1 <u>Automated Order Processing Responsible use of system for Automated Order Processing</u></p> <p>A Trading Participant which uses its system for Automated Order Processing must at all times:</p> <p>(a) comply with the Operational Requirements, including having<u>ing</u> appropriate automated filters, in relation to Automated Order Processing; and</p> <p>(b) ensure that such use Automated Order Processing does not interfere with:</p> <p>(i) the efficiency and integrity of the Market ; or</p> <p>(ii) the proper functioning of any Trading Platform.</p> <div data-bbox="1086 1305 1751 1348" style="border: 1px solid black; padding: 2px;">Proposed Penalty—Tier 3</div>

Current text of ASX rule**13.3.2 Authorised Persons for Automated Client Order Processing**

A Trading Participant which uses its system for Automated Client Order Processing must also have procedures in place to ensure that each Authorised Person:

- (a) unless the person is a Representative of a Trading Participant whose duties include trading or dealing in the relevant Products, has demonstrated that the Authorised Person or the client on whose behalf the Authorised Person has authority to submit orders, has the required financial resources to meet their obligations to the Trading Participant in relation to orders which are the subject of Automated Client Order Processing by the Trading Participant; and
- (b) 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 ASX relevant to the type of order submission facilities given to the Authorised Person by the Trading Participant.

13.3.3 Records regarding Authorised Persons

A Trading Participant must maintain records for the period specified in the Procedures of:

- (a) the name and contact details of an Authorised Person, and if that Authorised Person is an agent of the client, the details of the client; 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.

This rule has been retained but moved to Chapter 4 of the proposed ASIC/ASX Market Integrity Rules

13.3.4 Certification prior to conducting Automated Order Processing

Before using their system for Automated Order Processing, a Trading Participant must:

- (a) provide certification from an appropriately qualified person in the form set

Proposed text of ASIC/ASX Market Integrity Rules**5.6.2 Authorised Persons for Automated Client Order Processing**

A Trading Participant which uses its system for Automated Client Order Processing must also have procedures in place to ensure that each Authorised Person:

~~(a) unless the person is a Representative of a Trading Participant whose duties include trading or dealing in the relevant Products, has demonstrated that the Authorised Person or the client on whose behalf the Authorised Person has authority to submit orders, has the required financial resources to meet their obligations to the Trading Participant in relation to orders which are the subject of Automated Client Order Processing by the Trading Participant; and~~

~~(b)~~ 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 Market Operator~~ASX relevant to the type of order submission facilities given to the Authorised Person by the Trading Participant.

Proposed Penalty—Tier 3

5.6.3 Certification prior to conducting Automated Order Processing

Before using their system for Automated Order Processing, a Trading Participant must:

- (a) provide certification from an appropriately qualified person in the form set out in the Procedures concerning compliance by the Trading Participant with Rule 5.6.1; and
- (b) provide any other information requested by ASIC about regarding compliance by the Trading Participant with the Automated Order Processing Requirements ~~which ASX requests~~.

Proposed Penalty—Tier 3

5.6.4 Material changes

If a Trading Participant who uses its system for Automated Order Processing under the Rules proposes to make a material change to the organisational and technical resources employed to comply with Rule 5.6.1, the Trading Participant must immediately notify ~~ASX~~ASIC of the proposed change. Unless ~~ASX~~ASIC agrees otherwise, the Trading Participant must, before implementing the change, provide either of the following at the option of ~~ASX~~ASIC:

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>out in the Procedures concerning compliance by the Trading Participant with Rule 13.3.1; and</p> <p>(b) provide any other information about compliance by the Trading Participant with the Automated Order Processing Requirements which ASX requests.</p>	<p>(a) confirmation, in a form acceptable to ASXASIC, from an appropriately qualified person that the change does not detract from a certification previously provided under Rule 5.6.3; or</p> <p>(b) a further certification, in a form acceptable to ASXASIC, so that the system as changed is certified by an appropriately qualified person in the form required by ASX ASIC concerning compliance by the Trading Participant with Rule 5.6.1.</p>
<p>13.3.5 Material changes</p>	<p>Proposed Penalty—Tier 2</p>
<p>If a Trading Participant who uses its system for Automated Order Processing under the Rules proposes to make a material change to the organisational and technical resources employed to comply with Rule 13.3.1, the Trading Participant must immediately notify ASX of the proposed change. Unless ASX agrees otherwise, the Trading Participant must, before implementing the change, provide either of the following at the option of ASX:</p>	<p>5.6.5 Further certification</p> <p>If requested by ASX-ASIC at any time, a Trading Participant must provide a further certification in the form acceptable to ASX-ASIC from an appropriately qualified person acceptable to ASX-ASIC as to compliance by the Trading Participant with the Automated Order Processing Requirements.</p> <p>Proposed Penalty—Tier 2</p>
<p>(a) confirmation, in a form acceptable to ASX, from an appropriately qualified person that the change does not detract from a certification previously provided under Rule 13.3.4; or</p> <p>(b) a further certification, in a form acceptable to ASX, so that the system as changed is certified by an appropriately qualified person in the form required by ASX concerning compliance by the Trading Participant with Rule 13.3.1.</p>	<p>Audit</p> <p>Propose no rule</p>
<p>13.3.6 Further certification</p>	<p>5.6.6 Limitations on Automated Order Processing</p>
<p>If requested by ASX at any time, a Trading Participant must provide a further certification in the form acceptable to ASX from an appropriately qualified person acceptable to ASX as to compliance by the Trading Participant with the Automated Order Processing Requirements.</p>	<p>If ASX reasonably considers that:</p> <p>(a) a Trading Participant is not complying with the Automated Order Processing Requirements; or</p> <p>(b) it is otherwise appropriate, having regard to Rule 1.13,</p> <p>ASX-A Trading Participant must, if directed to do so by ASIC, may direct the Trading Participant:</p>
<p>13.3.7 Audit</p>	<p>(a) to cease conducting Automated Order Processing until ASX-ASIC is satisfied that the Trading Participant complies with the Automated Order Processing Requirements; or</p>
<p>ASX or its agent may conduct an audit of compliance by the Trading Participant with the Automated Order Processing Requirements and the Trading Participant must provide all necessary assistance to any representative of ASX appointed to conduct that audit.</p>	<p>(b) to immediately suspend, limit or prohibit the conduct of Automated Order Processing in respect of:</p>
<p>13.3.8 Limitations on Automated Order Processing</p>	
<p>If ASX reasonably considers that:</p>	

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>(a) a Trading Participant is not complying with the Automated Order Processing Requirements; or</p> <p>(b) it is otherwise appropriate, having regard to Rule 1.13, ASX may direct the Trading Participant:</p> <p>(c) to cease conducting Automated Order Processing until ASX is satisfied that the Trading Participant complies with the Automated Order Processing Requirements; or</p> <p>(d) to immediately suspend, limit or prohibit the conduct of Automated Order Processing in respect of:</p> <ul style="list-style-type: none"> (i) one or more Authorised Persons or clients; (ii) Automated Client Order Processing; (iii) Automated Order Processing; or (iv) one or more Products. 	<ul style="list-style-type: none"> (i) one or more Authorised Persons or clients; (ii) Automated Client Order Processing; (iii) Automated Order Processing; or (iv) one or more Products. <p>as required by the direction.</p> <p>Proposed Penalty—Tier 3</p> <p>Failure to comply with direction</p> <p>Propose no rule</p> <p>Direction remains in force</p> <p>Propose no rule</p> <p>Trading Participant right to hearing</p> <p>Propose no rule</p>
<p>13.3.9 Failure to comply with direction</p> <p>If a Trading Participant fails to comply with a direction given by ASX under Rule 13.3.8 and ASX considers it appropriate, having regard to Rule 1.13, ASX may restrict or prohibit the submission of Trading Messages by means of one or more Open Interface Devices of the Trading Participant. ASX must immediately notify the Trading Participant of action taken by ASX under this Rule 13.3.9.</p>	
<p>13.3.10 Direction remains in force</p> <p>A direction given by ASX under Rule 13.3.8 will remain in force until ASX is satisfied that:</p> <ul style="list-style-type: none"> (a) the Trading Participant complies with the Automated Order Processing Requirements; or (b) the direction is no longer appropriate, having regard to Rule 1.13. 	
<p>13.3.11 Trading Participant right to hearing</p> <p>If requested by a Trading Participant against which action is taken under Rule</p>	

Current text of ASX rule**Proposed text of ASIC/ASX Market Integrity Rules**

13.3.9, ASX must give the Trading Participant an opportunity to either, at the option of the Trading Participant:

- (a) appear in person or be represented before ASX; or
- (b) lodge a written submission for consideration by ASX,

to explain why the restriction or prohibition on the submission of orders through one or more Open Interface Devices is not or is no longer appropriate, having regard to Rule 1.13.

ASX must determine the matter without bias and give the Trading Participant a fair hearing and otherwise observe the rules of procedural fairness.

13.4 PREVENTION OF MANIPULATIVE TRADING**13.4.1 False or misleading appearance**

A Market Participant must not make a Bid or Offer for, or deal in, any Products:

- (a) as Principal:
 - (i) with the intention; or
 - (ii) 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 Product or with respect to the market for, or the price of, any Product; or
- (b) on account of any other person where:
 - (i) the Market Participant intends to create;
 - (ii) the Market Participant is aware that the person intends to create; or
 - (iii) 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 Product or with respect to the market for, or the price of, any Product.

5.7 ~~PREVENTION OF~~ MANIPULATIVE TRADING**5.7.1 False or misleading appearance**

A Market Participant must not make a Bid or Offer for, or deal in, any Products:

- (a) as Principal:
 - (i) with the intention; or
 - (ii) 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 Product or with respect to the market for, or the price of, any Product; or
- (b) on account of any other person where:
 - (i) the Market Participant intends to create;
 - (ii) the Market Participant is aware that the person intends to create; or
 - (iii) 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 Product or with respect to the market for, or the price of, any Product.

Proposed Penalty—Tier 3

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>13.4.2 Circumstances of Order</p> <p>In considering the circumstances of the Order, the Market Participant must have regard to the following matters:</p> <ul style="list-style-type: none"> (a) whether the Order or execution of the Order would be inconsistent with the history of or recent trading in that Product; (b) whether the Order or execution of the Order would materially alter the market for, or the price of, the 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 Product or with respect to the market for, or the price of, any 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 this Rule 13.4.2; and (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 Product; and (h) whether the transaction, bid or offer the execution of which is proposed will involve no change of beneficial ownership. 	<p>5.7.2 Circumstances of Order</p> <p>In considering the circumstances of the Order, the Market Participant must have regard to the following matters:</p> <ul style="list-style-type: none"> (a) whether the Order or execution of the Order would be inconsistent with the history of or recent trading in that Product; (b) whether the Order or execution of the Order would materially alter the market for, or the price of, the 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 Product or with respect to the market for, or the price of, any 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 this Rule 5.7.2; and (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 Product; and (h) whether the transaction, bid or offer the execution of which is proposed will involve no change of beneficial ownership.
<p>13.4.4 Obligations apply to Automated Order Processing</p> <p>The obligations imposed on a Market Participant by this Rule 13.4 also apply in respect of Orders the subject of Automated Order Processing.</p>	<div style="border: 1px solid black; padding: 2px; margin-bottom: 10px;">Proposed Penalty—Tier 3</div> <p>5.7.3 Obligations apply to Automated Order Processing</p> <p>The obligations imposed on a Market Participant by this Rule 5.7 also apply in respect of Orders the subject of Automated Order Processing.</p> <div style="border: 1px solid black; padding: 2px;">Proposed Penalty—N/A</div>

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>13.5 PROHIBITION ON WASH TRADES, PRE-ARRANGED TRADES AND DUAL TRADING—FUTURES</p> <p>13.5.1 Application of Rule 13.5</p> <p>This Rule 13.5 applies to Futures Market Transactions only.</p> <p>13.5.2 Wash trades</p> <p>A Market Participant must not effect any Futures Market Transaction where the account on behalf of which the Market Participant enters into the Futures Market Transaction is the same on both sides of that transaction.</p> <p>13.5.3 Pre-arranged trades</p> <p>A Market Participant must not give or accept a request or instructions that a Futures Market Transaction only be entered into between particular Market Participants. A Market Participant must not arrange a Futures Market Transaction with another Market Participant to the exclusion of other Market Participants.</p> <p>13.5.4 Dual trading</p> <p>A Market Participant must ensure that arrangements are in place to ensure that a Representative responsible for placing orders for the Market Participant's own account does not have access to orders submitted by clients of the Market Participant before the client orders are transmitted for execution.</p>	<p>5.8 PROHIBITION ON WASH TRADES, PRE-ARRANGED TRADES AND DUAL TRADING—FUTURES</p> <p>5.8.1 Application of Rule 5.8</p> <p>This Rule 5.8 applies to Futures Market Transactions only.</p> <div data-bbox="1088 411 1751 453" style="border: 1px solid black; padding: 2px;">Proposed Penalty—N/A</div> <p>5.8.2 Wash trades</p> <p>A Market Participant must not effect any Futures Market Transaction where the account on behalf of which the Market Participant enters into the Futures Market Transaction is the same on both sides of that transaction.</p> <div data-bbox="1088 619 1751 660" style="border: 1px solid black; padding: 2px;">Proposed Penalty—Tier 2</div> <p>5.8.3 Pre-arranged trades</p> <p>A Market Participant must not give or accept a request or instructions that a Futures Market Transaction only be entered into between particular Market Participants. A Market Participant must not arrange a Futures Market Transaction with another Market Participant to the exclusion of other Market Participants.</p> <div data-bbox="1088 858 1751 900" style="border: 1px solid black; padding: 2px;">Proposed Penalty—Tier 2</div> <p>5.8.4 Dual trading</p> <p>A Market Participant must ensure that arrangements are in place to ensure that a Representative responsible for placing orders for the Market Participant's own account does not have access to orders submitted by clients of the Market Participant before the client orders are transmitted for execution.</p> <div data-bbox="1088 1098 1751 1139" style="border: 1px solid black; padding: 2px;">Proposed Penalty—Tier 2</div>
<p>14.1 FAIR AND ORDERLY MARKETS POWER</p> <p>14.1.1 Market must remain fair and orderly</p> <p>A Market Participant must not do anything which results in a market for a Product not being both fair and orderly, or fail to do anything where that failure has that effect.</p>	<p>5.9 FAIR AND ORDERLY MARKETS POWER</p> <p>5.9.1 Market must remain fair and orderly</p> <p>A Market Participant must not do anything which results in a market for a Product not being both fair and orderly, or fail to do anything where that failure has that effect.</p> <div data-bbox="1088 1337 1751 1378" style="border: 1px solid black; padding: 2px;">Proposed Penalty—Tier 3</div>

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>14.1.2 Market Participant must comply with instructions of Market Control</p> <p>A Market Participant must comply with instructions and directions issued by Market Control.</p>	<p>Market Participant must comply with instructions of Market Control</p> <p>Propose no rule</p>
<p>14.1.3 DTR must be available</p> <p>A Trading Participant must ensure that a DTR of the Trading Participant is available to receive communications from other Trading Participants or from ASX during the times set out in the Procedures.</p>	<p>5.9.2 <u>Participant Trading Message Representative</u>DTR must be available</p> <p>A Trading Participant must ensure that a <u>Participant Trading Message Representative</u>DTR of the Trading Participant is available to receive communications from other Trading Participants or from <u>ASXthe Market Operator</u> during the times set out in the Procedures.</p>
<p>14.1.4 Must not take advantage of breakdown or malfunction</p> <p>A Market Participant must not take advantage of a situation arising as a result of a breakdown or malfunction in ASX's procedures or systems or an error in any Trading Message submitted by ASX.</p>	<p>Proposed Penalty—Tier 3</p>
<p>14.1.5 ASX orderly markets powers</p> <p>ASX may take any action it considers necessary to ensure that a market for one or more Products is fair, orderly and transparent, including, without limitation:</p> <ul style="list-style-type: none"> (a) suspending or halting trading in one or more Products for any period of time; (b) cancelling or amending any Market Transaction pursuant to Section 15; (c) directing any Market Participant to take, or not to take, a specified action in connection with the affected markets; (d) modifying or restricting access to a Trading Platform by one or more Market Participants; (e) taking, or refraining from taking, any other action which ASX considers is appropriate having regard to Rule 1.13; and (f) requesting any relevant Approved Clearing Facility (or any relevant Alternative Clearing Facility) to exercise its powers relating to the situation or practice. 	<p>5.9.3 Must not take advantage of breakdown or malfunction</p> <p>A Market Participant must not take advantage of a situation arising as a result of a breakdown or malfunction in <u>the Market Operator'sASX's</u> procedures or systems or an error in any Trading Message submitted by <u>the Market OperatorASX</u>.</p> <p>Proposed Penalty—Tier 3</p> <p>ASX orderly markets powers</p> <p>Propose no rule</p>

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>16.1 DEALING IN CASH MARKET PRODUCTS FOR WHICH OFFICIAL QUOTATION IS REQUIRED</p> <p>16.1.1 Trading Participants may not deal in Cash Market Products for which Official Quotation will be sought</p> <p>Except as permitted in Rule 16.1.2, 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):</p> <p>(a) made for the purpose of qualifying a company for admission to the Official List of ASX; or</p> <p>(b) for which Official Quotation will be sought,</p> <p>until those Cash Market Products have been granted Official Quotation.</p> <p>16.1.2 When Trading Participants may deal in Cash Market Products for which Official Quotation will be sought</p> <p>Notwithstanding Rule 16.1.1 but subject to any other provisions of these Rules, a Trading Participant may deal in Cash Market Products to which Rule 16.1.1 applies in the following circumstances:</p> <p>(a) a Trading Participant may underwrite or sub-underwrite a new issue or placement of Cash Market Products;</p> <p>(b) a Trading Participant may dispose of Cash Market Products if those Cash Market Products comprise an underwriting or sub-underwriting shortfall;</p> <p>(c) where the Cash Market Products have been issued on a pro rata basis to holders;</p> <p>(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 has made a prior firm arrangement with the vendor to place these Cash Market Products as soon as they are issued. The Trading Participant must then ensure that the details of the issue to the vendor are advised to ASX by the listed entity immediately the Cash Market Products are issued;</p>	<p>5.10 DEALING IN CASH MARKET PRODUCTS FOR WHICH OFFICIAL QUOTATION IS REQUIRED</p> <p>5.10.1 Trading Participants may not deal in Cash Market Products for which Official Quotation will be sought</p> <p>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):</p> <p>(a) made for the purpose of qualifying a company for admission to the Official List of ASX; or</p> <p>(b) for which Official Quotation will be sought,</p> <p>until those Cash Market Products have been granted Official Quotation.</p> <div data-bbox="1088 695 1751 735" style="border: 1px solid black; padding: 2px;">Proposed Penalty—Tier 2</div> <p>5.10.2 When Trading Participants may deal in Cash Market Products for which Official Quotation will be sought</p> <p>Notwithstanding Rule 5.10.1 but subject to any other provisions of these Rules and the operating rules of the Market, a Trading Participant may deal in Cash Market Products to which Rule 5.10.1 applies in the following circumstances:</p> <p>(a) a Trading Participant may underwrite or sub-underwrite a new issue or placement of Cash Market Products;</p> <p>(b) a Trading Participant may dispose of Cash Market Products if those Cash Market Products comprise an underwriting or sub-underwriting shortfall;</p> <p>(c) where the Cash Market Products have been issued on a pro rata basis to holders;</p> <p>(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 has made a prior firm arrangement with the vendor to place these Cash Market Products as soon as they are issued. The Trading Participant must then ensure that the details of the issue to the vendor are advised to ASX the Market Operator by the listed entity immediately the Cash Market Products are issued;</p>

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>(e) where a Trading Participant:</p> <ul style="list-style-type: none"> (i) makes a placement of new Cash Market Products (except Loan Securities) for which Official Quotation 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 is granted in respect of those Cash Market Products; or (ii) accepts selling orders in Cash Market Products (except Loan Securities) for which Official Quotation 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 (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 and: <ul style="list-style-type: none"> (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 market by, the Company Announcements Office of ASX; <p>(f) a Trading Participant may dispose of or acquire ETF Securities which are the subject of a subscription application if:</p> <ul style="list-style-type: none"> (i) the ETF Securities are in a class of ETF Securities which are quoted on ASX; (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 ASX in accordance with these Rules; (iv) there is an arrangement between the Issuer and ASX under which the ETF Securities will be granted Official Quotation before settlement of the disposal or acquisition; and 	<p>(e) where a Trading Participant:</p> <ul style="list-style-type: none"> (i) makes a placement of new Cash Market Products (except Loan Securities) for which Official Quotation 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 is granted in respect of those Cash Market Products; or (ii) accepts selling orders in Cash Market Products (except Loan Securities) for which Official Quotation 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 (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 and: <ul style="list-style-type: none"> (Aa) the Cash Market Products have already been issued by the Issuer; and (Bb) the fact that the Cash Market Products have been issued has been notified to, and released to the market by, the Company Announcements Office of ASXthe Market Operator; <p>(f) a Trading Participant may dispose of or acquire ETF Securities which are the subject of a subscription application if:</p> <ul style="list-style-type: none"> (i) the ETF Securities are in a class of ETF Securities which are quoted on ASXthe 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 ASXthe Market in accordance with these Rules; (iv) there is an arrangement between the Issuer and ASXthe Market Operator under which the ETF Securities will be granted Official Quotation before settlement of the disposal or acquisition; and

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>(v) the number of ETF Securities on issue is regularly reported to ASX on the basis required by ASX.</p> <p>16.1.3 Dealings in Securities for which Official Quotation will not be sought</p> <p>A Trading Participant may deal in new Securities issued by a listed entity for which Official Quotation will not be sought after the period specified in the Procedures.</p> <p>16.1.4 Dealings in Cash Market Products suspended from Official Quotation</p> <p>A Trading Participant must not deal in Cash Market Products which have been suspended from Official Quotation unless prior written approval has been given by ASX.</p>	<p>(v) the number of ETF Securities on issue is regularly reported to the Market Operator-ASX on the basis required by the Market OperatorASX.</p> <p>Proposed Penalty—N/A</p> <p>5.10.3 Dealings in Securities for which Official Quotation will not be sought</p> <p>A Trading Participant may deal in new Securities issued by a listed entity for which Official Quotation will not be sought after the period specified in the Procedures.</p> <p>Proposed Penalty—N/A</p> <p>5.10.4 Dealings in Cash Market Products suspended from Official Quotation</p> <p>A Trading Participant must not deal in Cash Market Products which have been suspended from Official Quotation unless prior written approval has been given by ASX and ASIC.</p> <p>Proposed Penalty—Tier 2</p>
<p>25.4 UNEXECUTED ORDER IN UNDERLYING FINANCIAL PRODUCTS</p> <p>25.4.1 Trading Participant not to make Bids or Offers</p> <p>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:</p> <p>(a) the market price of the Underlying Financial Product in the Underlying Market; or</p> <p>(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 Products,</p> <p>the Trading Participant must not make Bids or Offers to enter into an Options Market Transaction over that Underlying Financial Product as Principal (within the meaning of Rule 7.3.5) until the order in the Underlying Financial Product has been executed in the Underlying Market.</p>	<p>5.11 UNEXECUTED ORDER IN UNDERLYING FINANCIAL PRODUCTS</p> <p>Trading Participant not to make Bids or Offers</p> <p>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:</p> <p>(a) the market price of the Underlying Financial Product in the Underlying Market; or</p> <p>(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 Products,</p> <p>the Trading Participant must not make Bids or Offers to enter into an Options Market Transaction over that Underlying Financial Product as Principal (within the meaning of Rule 3.2.5) until the order in the Underlying Financial Product has been executed in the Underlying Market.</p> <p>Proposed Penalty—Tier 3</p>

Current text of ASX rule**7.19 NOMINEE HOLDINGS****7.19.1 Restrictions on when an Equity Security can be recorded in the name of a nominee company**

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. Any such Equity Security may only be registered in the name of a nominee company which:

- (a) is incorporated in Australia with a name which contains the word 'nominee' (unless otherwise agreed by ASX);
- (b) has a constitution which precludes the nominee company from owning any Equity Security or other property except cash beneficially; and
- (c) is a directly legally and beneficially wholly owned subsidiary of the Market Participant which is operated by the Market Participant unless the Market Participant is a Clearing Participant who appoints a Settlement Participant as its agent in accordance with the Clearing Rules.

Proposed text of ASIC/ASX Market Integrity Rules**5.12 NOMINEE HOLDINGS—RESTRICTONS ON WHEN AN EQUITY SECURITY CAN BE RECORDED IN THE NAME OF A NOMINEE COMPANY**

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. Any such Equity Security may only be registered in the name of a nominee company which:

- (a) is incorporated in Australia with a name which contains the word 'nominee' (unless otherwise agreed by [ASIC/ASX](#));
- (b) has a constitution which precludes the nominee company from owning any Equity Security or other property except cash beneficially; and
- (c) is a directly legally and beneficially wholly owned subsidiary of the Market Participant which is operated by the Market Participant unless the Market Participant is a Clearing Participant who appoints a Settlement Participant as its agent in accordance with the Clearing Rules.

Proposed Penalty—Tier 2

Relevant Procedures, Appendices to Procedures and Guidance Notes for this chapter

Guidance Note 1 (prevention of manipulative trading)

Guidance Note 21 (automated order processing—authorised persons)

PROCEDURE 7.6 MARKET FACILITATION FOR LARGE ORDERS—FUTURES

Guidance Note 11 (client order priority)

Guidance note 22 (automated order processing—operational requirements)

PROCEDURE 13.3.4 Certification prior to conducting automated client order processing

Relevant Procedures, Appendices to Procedures and Guidance Notes for this chapter

PROCEDURE 13.3.5 Material changes

PROCEDURE 14.1.3 DTR must be available

PROCEDURE 16.1.3 Dealings in securities for which official quotation will not be sought

Appendix 13.3.4 Certification of automated order processing systems

Appendix 13.3.5(A)

Appendix 13.3.5(B)

Guidance Note 19 (automated order processing—certification)

Chapter 6: Regulatory information requirements applicable to participants

Current text of ASX rule	Proposed text of ASIC/ASX Market Integrity Rules
<p>4.18 LEGAL PROCEEDINGS REQUIREMENTS</p> <p>4.18.1 Obligation to notify</p> <p>If:</p> <p>(a) a Market Participant commences legal proceedings against, or has legal proceedings commenced against it by, another Market Participant, a Clearing Participant, the Commission or other regulatory authority or a client in connection with their role as a Market Participant; and</p> <p>(b) those legal proceedings may affect the operations of ASX or the interpretation of the Rules,</p> <p>the Market Participant must, upon commencing or upon becoming aware of the proceedings, immediately notify ASX in writing of the particulars of the proceedings.</p>	<p>6.1 INFORMATION REQUIREMENTS—Obligation to notify of legal proceedings</p> <p>If:</p> <p>(a) a Market Participant commences legal proceedings against, or has legal proceedings commenced against it by, another Market Participant, a Clearing Participant, the Commission or other a regulatory authority or a client in connection with their role as a Market Participant; and</p> <p>(b) those legal proceedings may affect the operations of <u>Market Operator-ASX</u> or the interpretation of <u>these</u> Rules,</p> <p>the Market Participant must, upon commencing or upon becoming aware of the proceedings, immediately notify <u>ASX-ASIC</u> in writing of the particulars of the proceedings.</p> <div data-bbox="1131 742 1758 790" style="border: 1px solid black; padding: 2px;">Proposed Penalty—Tier 2</div>
<p>Relevant Procedures, Appendices to Procedures and Guidance Notes for this chapter</p>	
<p>N/A</p>	

Appendix 4 to CP 131: Detailed comparison of current SFE Operating Rules and proposed ASIC/SFE Market Integrity Rules

Chapter 1: Introduction

Proposed chapter	Proposed text of ASIC/SFE Market Integrity Rules
1.1	INTERPRETATION
1.1.1	<p>Application of these Rules</p> <p>These Rules apply to activities or conduct that take place on the Market unless otherwise stated in the Rules.</p>
1.1.2	<p>Entities that must comply with these Rules</p> <p>The following entities must comply with these Rules:</p> <p>(a) the Market Operator; and</p> <p>(b) Market Participants;</p> <p>as specified in the rule.</p>
1.2	WAIVER
1.2.1	<p>Waiver of rules and procedures</p> <p>Subject to Rule 1.2.3, ASIC may relieve any person or class of person from the obligation to comply with a provision of these Rules, either generally or in a particular case or category, and either unconditionally or subject to such conditions as ASIC thinks fit. If any conditions on a waiver are imposed, all of the conditions must be complied with for the waiver to be effective. ASIC may withdraw a waiver at any time. Any request for a waiver under this Rule 1.2 must be in writing.</p>
1.2.2	<p>Compliance with conditions</p> <p>Failure to comply with a condition imposed under Rule 1.2.1 is a contravention of that Rule.</p> <div style="border: 1px solid black; padding: 5px; width: fit-content; margin-top: 10px;">Proposed Penalty—Tier 3</div>

Proposed chapter	Proposed text of ASIC/SFE Market Integrity Rules
1.2.3	<p>Period during which relief applies</p> <p>ASIC may specify the period or specific event during which any relief from an obligation to comply with a provision of these Rules may apply.</p>
1.2.4	<p>Waiver generally</p> <p>A failure by ASIC to exercise, or any delay in exercising, any of its rights, powers or remedies (in whole or in part) under the Rules does not operate as a waiver of those rights, powers or remedies upon that or any subsequent occasion, nor does any single or partial exercise of any right, power or remedy prevent any further exercise of that or any other right, power or remedy.</p>
1.3	<p>NOTICE, NOTIFICATION AND SERVICE OF DOCUMENTS</p>
1.3.1	<p>Only those framework provisions which are required in addition to existing Corporations Act and Acts Interpretation Act provisions will be included. We are continuing to analyse these rules to see if any other content is necessary.</p>
1.4	<p>GENERAL PRINCIPLES OF INTERPRETATION</p>
	<p>Only those framework provisions which are required in addition to existing Corporations Act and Acts Interpretation Act provisions will be included. We are continuing to analyse these rules to see if any other content is necessary.</p>
1.5	<p>WORDS AND EXPRESSIONS DEFINED IN THE CORPORATIONS ACT</p>
1.5.1	<p>Words and expressions defined have the same meaning in these Rules</p> <p>Words and expressions defined in the Corporations Act will unless otherwise defined or specified in these Rules or the contrary intention appears, have the same meaning in these Rules.</p>
1.6	<p>CONDUCT, ACTS AND OMISSIONS</p>
1.6.1	<p>Conduct by officers, employees or agents</p> <p>In these Rules, conduct engaged in on behalf of a person:</p> <p>(a) by an officer, Employee, or other agent of the person, and whether or not within the scope of the actual or apparent authority of the officer, Employee, or other agent; or</p>

Proposed chapter	Proposed text of ASIC/SFE Market Integrity Rules
	<p>(b) by any other person at the direction or with the consent or agreement (whether express or implied) of an officer, Employee, or other agent of the person, and whether or not the giving of the direction, consent or agreement is within the scope of the actual or apparent authority of the officer, Employee, or other agent,</p> <p>is deemed to have been engaged in also by the person.</p>
1.6.2	<p>State of mind of a person</p> <p>If for the purposes of these Rules in respect of conduct engaged in by a person, it is necessary to establish the state of mind of the person, it is sufficient to show that an officer, Employee, or other agent of the person, being an officer, Employee, or other agent by whom the conduct was engaged in and whether or not the conduct was within the scope of the actual or apparent authority of that officer, Employee, or other agent, had that state of mind.</p> <p>In this Rule 1.6.2, 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.</p>

SFE rule	Current text of SFE rule	Proposed chapter	Proposed text of ASIC/SFE Market Integrity Rules
7.1	DEFINITIONS	1.7	DEFINITIONS
	Acquire "Acquire" as that term is defined in the Corporations Act.		Acquire "Acquire" as that term is defined in Chapter 7 of the Corporations Act .
	Account In relation to a daily open position report a single account carried by a Participant as principal or on behalf of a Client OR two (2) or more Affiliated Accounts carried by a Participant as principal or on behalf of a Client or Clients.		Account In relation to a daily open position report a single account carried by a Market Participant as principal or on behalf of a Client OR two (2) or more Affiliated Accounts carried by a Market Participant as principal or on behalf of a Client or Clients.
	Affiliated Accounts Two or more accounts maintained or carried by a Participant which that Participant knows, or with the exercise of due care should know, or is advised by the Exchange, are controlled by or under common control with the same related or affiliated persons or entities or are acting pursuant to an express or implied agreement or understanding that they will act in concert.		Affiliated Accounts Two or more accounts maintained or carried by a Market Participant which that Market Participant knows, or with the exercise of due care should know, or is advised by the ExchangeMarket Operator , are controlled by or under common control with the same related or affiliated persons or entities or are acting pursuant to an express or implied agreement or understanding that they will act in concert.

SFE rule	Current text of SFE rule	Proposed chapter	Proposed text of ASIC/SFE Market Integrity Rules
	Allocation or Allocated The signification through SFE Allocation & Clearing System that the bought or sold side of a Futures Contract or Option Contract is to be held in the name of another Participant.		Allocation or Allocated The signification through SFE Allocation & Clearing System that the bought or sold side of a Futures Contract or Option Contract is to be held in the name of another Market Participant .
	Approved Securities Those securities described in Section 5.		Approved Securities Those securities designated as approved securities by the Market Operator , described in Section 5.
	Australian Financial Services Licence or AFSL A licence granted by ASIC that authorises a person who carries on a financial services business to provide financial services.		Australian Financial Services Licence or AFSL Australian Financial Services licence as defined in Chapter 7 of the Corporations Act. A licence granted by ASIC that authorises a person who carries on a financial services business to provide financial services.
	Block Trade Any Trade which is executed via the Block Trade Facility.		Block Trade Any Trade which is executed via the Block Trade Facility.
	Block Trade Facility The facility described in Section 3 of the Operating Rules whereby Block Trades are executed.		Block Trade Facility The facility provided by the Market Operator for trading the Market Operator derivatives and referred to in the Market Operating Rules as the Block Trade Facility , described in Section 3 of the Operating Rules whereby Block Trades are executed.
	Block Trade Order An order in a Class of Contract prescribed by the Exchange which must be executed via the Block Trade Facility.		Block Trade Order An order in a Class of Contract prescribed by the Exchange-Market Operator which must be executed via the Block Trade Facility.
	Board The whole or any number of the Directors of the Exchange acting as a Board.		Board The whole or any number of the Directors of the Exchange Market Operator acting as a Board.
	Call The demand for payment of a sum of money made upon a client.		Call The demand for payment of a sum of money made upon a client.
	Chief Executive The chief executive officer of the Exchange or where there is no Chief Executive Officer, the Chairman of the Exchange or a person delegated by him to perform some or all of		Chief Executive The chief executive officer of the Exchange-Market Operator or where there is no Chief Executive Officer, the Chairman of the Market Operator Exchange or a person delegated by him to

SFE rule	Current text of SFE rule	Proposed chapter	Proposed text of ASIC/SFE Market Integrity Rules
	the powers and functions of the Chief Executive Officer, (including any power to nominate or delegate) as conferred by the Board or the Operating Rules.		perform some or all of the powers and functions of the Chief Executive Officer, (including any power to nominate or delegate) as conferred by the Board or the Market Operating Rules.
	<p>Class Of Contract</p> <p>(a) All those Contracts which have the same Individual Contract Specifications; and</p> <p>(b) All those Contracts whose Contract Units differ in terms of the number of securities, the class of securities or the company issuing the securities, provided the Individual Contract Specifications of such Contracts are otherwise the same.</p>		<p>Class Of Contract</p> <p>(a) All those Contracts which have the same Individual Contract Specifications; and</p> <p>(b) All those Contracts whose Contract Units differ in terms of the number of securities, the class of securities or the company issuing the securities, provided the Individual Contract Specifications of such Contracts are otherwise the same.</p>
	<p>Clearing Rules The Operating Rules of SFE Clearing Corporation Pty Limited.</p>		<p>Clearing Rules “Operating rules”</p> <p>(a) as the term is defined in Section 761A of the Corporations Act; and</p> <p>(b) made by SFE Clearing. The Operating Rules of SFE Clearing Corporation Pty Limited.</p>
	<p>Client In relation to a Participant, any person, firm or corporation on behalf of whom the Participant enters, acquires or disposes of a Futures Contract or Option Contract, or on whose behalf the Participant proposes to enter, acquire or dispose of a Futures Contract or Option Contract or from whom the Participant accepts instructions to enter, acquire or dispose of Futures Contracts or Option Contracts.</p>		<p>Client In relation to a Market Participant, any person, firm or corporation on behalf of whom the Market Participant enters, acquires or disposes of a Futures Contract or Option Contract, or on whose behalf the Market Participant proposes to enter, acquire or dispose of a Futures Contract or Option Contract or from whom the Market Participant accepts instructions to enter, acquire or dispose of Futures Contracts or Option Contracts.</p>
	<p>Client Account An account of a Client.</p>		<p>Client Account An account of a Client.</p>
	<p>Client Trade A trade of a Participant held on behalf of a Client.</p>		<p>Client Trade A trade of a Market Participant held on behalf of a Client.</p>

SFE rule	Current text of SFE rule	Proposed chapter	Proposed text of ASIC/SFE Market Integrity Rules
	Close Out To extinguish an Open Position by matching it with offsetting an Open Position and effecting the settlement of each such Open Position against the other.		Close Out To extinguish an Open Position by matching it with offsetting an Open Position and effecting the settlement of each such Open Position against the other.
	Confirmation or Confirmed The confirmation that the bought or sold side of a Futures Contract or Options Contract has been: (a) entered, acquired or disposed of by a Participant; or (b) accepted by Allocation from a Participant.		Confirmation or Confirmed The confirmation that the bought or sold side of a Futures Contract or Options Contract has been: (a) entered, acquired or disposed of by a Market Participant; or (b) accepted by Allocation from a Market Participant.
	Contract A contract entered, acquired or disposed of on the Exchange or capable of being entered, acquired, or disposed of on the Exchange.		Contract A contract entered, acquired or disposed of on the Exchange Market or capable of being entered, acquired, or disposed of on the ExchangeMarket .
	Contract Unit The amount of the underlying security, index, commodity, futures contract or other thing in respect of which the parties to a Contract make an agreement.		Contract Unit The amount of the underlying security, index, commodity, futures contract or other thing in respect of which the parties to a Contract make an agreement.
	Control "Control" as that term is defined in the Corporations Act.		Control "Control" as that term is defined in Section 50AA of the Corporations Act .
	Corporation Any body corporate.		Corporation " Corporation " as that term is defined in Section 57A of the Corporations Act . Any body corporate.
	Corporations Act The Corporations Act 2001 (Cth) as amended from time to time.		Corporations Act The Corporations Act 2001 (Cth). as amended from time to time.
	Cover Cash and/or Approved Securities as determined by the Exchange and held by a Participant against a Client's liability from time to time.		Cover Cash and/or Approved Securities as determined by the Exchange Market Operator and held by a Market Participant against a Client's liability from time to time.
	Deal, Deal In or Dealing or Cognate Expressions Deal or dealing as those terms are defined in Section 766C of the Corporations Act.		Deal, Deal In or Dealing or Cognate Expressions Deal or dealing as those terms are defined in Section 766C of the Corporations Act.

SFE rule	Current text of SFE rule	Proposed chapter	Proposed text of ASIC/SFE Market Integrity Rules
	Designate The indication or designation by any means within SFE Allocation & Clearing System that the trade is either a House Trade or a Client Trade.		Designate The indication or designation by any means within SFE Allocation & Clearing System that the trade is either a House Trade or a Client Trade.
	Directors The directors from time to time of a corporation, including any alternate directors.		Directors "Director" as defined in Section 9 of the Corporations Act The directors from time to time of a corporation, including any alternate directors.
	Dispose "Dispose" as that term is defined in the Corporations Act.		Dispose "Dispose" as that term is defined in Chapter 7 of the Corporations Act .
	Error Trade A Trade transacted in error or deemed by the Exchange to be transacted in error because it is not in the best interests of a fair, orderly and transparent market.		Error Trade A Trade determined transacted in error or deemed by the Exchange Market Operator to be transacted in error because it is not in the best interests of a fair, orderly and transparent market an error trade .
	Exchange Sydney Futures Exchange Limited (ACN 000 943 377). (Where the Operating Rules confer on the Exchange a power to do or refrain from doing some act or to exercise a discretion, a reference to the Exchange includes a reference to the Board, the Chief Executive or other officer of the Exchange authorised by the Board or Chief Executive to exercise that power or who is otherwise properly authorised to exercise that power).		Market Operator The Exchange SFE. (Where the Operating Rules confer on the Exchange a power to do or refrain from doing some act or to exercise a discretion, a reference to the Exchange includes a reference to the Board, the Chief Executive or other officer of the Exchange authorised by the Board or Chief Executive to exercise that power or who is otherwise properly authorised to exercise that power).
			SFE Sydney Futures Exchange Limited (ACN 000 943 377).
	Exchange For Physical An exchange for physical transaction is a transaction where: (i) a bona fide physical transaction, as determined by the Exchange, in a commodity or instrument is completed and physical delivery takes place at the time of the transaction or is intended by both parties to take place at a later time, or a transaction of a kind approved by the Board is entered into;		Exchange For Physical An exchange for physical transaction is a transaction where: (i) a bona fide physical transaction, as determined by the Exchange Market Operator , in a commodity or instrument is completed and physical delivery takes place at the time of the transaction or is intended by both parties to take place at a later time, or a transaction of a kind approved by the Board is entered

SFE rule	Current text of SFE rule	Proposed chapter	Proposed text of ASIC/SFE Market Integrity Rules
	<p>and</p> <p>(ii) at or about the same time a Contract, opposite in effect, is entered, acquired or disposed of by a Full Participant or two Full Participants, for the same or similar quantity or amount of the commodity or a substantially similar commodity or instrument between Full Participants, on behalf of the parties to the physical transaction.</p>		<p>into; and</p> <p>(ii) at or about the same time a Contract, opposite in effect, is entered, acquired or disposed of by a Full<u>Market</u> Participant or two Full<u>Market</u> Participants, for the same or similar quantity or amount of the commodity or a substantially similar commodity or instrument between Full<u>Market</u> Participants, on behalf of the parties to the physical transaction.</p>
	<p>Expression of Interest An enquiry made to a Participant either:</p> <p>(a) to obtain the current best bid and/or offer in a particular Market; or</p> <p>(b) to enquire as to the volume that may be obtained at a given price;</p> <p>but is not a firm order to buy or sell.</p>		<p>Expression of Interest An enquiry made to a <u>Market</u> Participant either:</p> <p>(a) to obtain the current best bid and/or offer in a particular Market; or</p> <p>(b) to enquire as to the volume that may be obtained at a given price; but is not a firm order to buy or sell.</p>
	<p>Financial Product “Financial Product” as that term is defined in the Corporations Act.</p>		<p>Financial Product “Financial Product” as that term is defined in <u>Chapter 7 of</u> the Corporations Act.</p>
	<p>Financial Services Licensee The holder of an Australian Financial Services Licence.</p>		<p>Financial Services Licensee The holder of an Australian Financial Services Licence.</p>
	<p>Firm A partnership of two (2) or more persons.</p>		<p>Firm A partnership of two (2) or more persons.</p>
	<p>Futures Contract A Contract designated by the Exchange as a Futures Contract.</p>		<p>Futures Contract A Contract designated by the <u>Exchange-Market Operator</u> as a Futures Contract.</p>
	<p>House Account Any account other than a Client Account.</p>		<p>House Account Any account other than a Client Account.</p>
	<p>House Trade Any Trade other than a Client Trade.</p>		<p>House Trade Any Trade other than a Client Trade.</p>
	<p>Individual Contract Specifications The terms of a Class of</p>		<p>Individual Contract Specifications The terms of a Class of Contracts</p>

SFE rule	Current text of SFE rule	Proposed chapter	Proposed text of ASIC/SFE Market Integrity Rules
	Contracts identified in the relevant sub-section (numbered from 6A to 6E) of Section 6 of the Operating Rules.		identified <u>designated by the Market Operator as individual contract specifications in the relevant sub-section (numbered from 6A to 6E) of Section 6 of the Operating Rules.</u>
	Initial Margin The amount which a Participant requires to be paid by a Client in respect of a Futures Contract entered into or proposed to be entered into on behalf of a Client.		Initial Margin The amount which a <u>Market</u> Participant requires to be paid by a Client in respect of a Futures Contract entered into or proposed to be entered into on behalf of a Client.
	Margin See Variation Margin		Margin See -Variation Margin
	Market A market in one or more of the Class of Contracts entered into, acquired or disposed of on the Exchange.		<u>Market means the market for derivatives operated by the Market Operator-A market in one or more of the Class of Contracts entered into, acquired or disposed of on the Exchange.</u>
			<u>Market Transaction A transaction entered into on a Trading Platform or reported to a Market Operator under the Market Operating Rules.</u>
	Minimum Volume Threshold The threshold determined by the Exchange from time to time, being the minimum number of lots in respect of each Contract.		Minimum Volume Threshold The threshold determined by the Exchange-Market Operator <u>from time to time</u> , being the minimum number of lots in respect of each Contract.
	Month Calendar month.		Month Calendar month.
	Open Position An open position exists where the obligations under a Contract held by a party, which has not been closed out are yet to be performed and shall refer as the context requires either to an open position as defined by the Clearing Rules held by a Clearing Participant or to such an open position which is held by a Participant on the instructions of a client, including open positions held, where applicable on markets other than Markets of the Exchange.		Open Position An open position exists where the obligations under a Contract held by a party, which has not been closed out are yet to be performed and shall refer as the context requires either to an open position as defined by the Clearing Rules held by a Clearing Participant or to such an open position which is held by a <u>Market</u> Participant on the instructions of a client, including open positions held, where applicable on markets other than Markets of the Exchange <u>other markets.</u>
	Operating Rules The rules and regulations made by the Exchange that deal with the activities and conduct of the		<u>Market Operating Rules "Operating rules"</u> <u>(a) as the term is defined in Section 761A of the Corporations Act;</u>

SFE rule	Current text of SFE rule	Proposed chapter	Proposed text of ASIC/SFE Market Integrity Rules
	Exchange and its Participants, and the activities and conduct of other persons in relation to each Market run by the Exchange.		<p><u>and</u></p> <p><u>(b) made by the Market Operator. The rules and regulations made by the Exchange that deal with the activities and conduct of the Exchange and its Participants, and the activities and conduct of other persons in relation to each Market run by the Exchange.</u></p>
	Option or Option Contract An Option over a Futures Contract or a number of Futures Contracts or an Option over an Underlying Physical as listed by the Exchange.		Option or Option Contract An Option over a Futures Contract or a number of Futures Contracts or an Option over an Underlying Physical as listed by the <u>ExchangeMarket Operator</u> .
	Order System A software application, satisfactory to the Exchange, for entering orders into the Trading Platform through a terminal.		Order System A software application, satisfactory to the <u>ExchangeMarket Operator</u> , for entering orders into the Trading Platform through a terminal.
	Clearing Participant Any corporation, body or person which is a party to clearing arrangements with the SFE Clearing (and unless the context otherwise requires, a reference in these Operating Rules to a Clearing Participant will include a reference to a Facility Participant).		Clearing Participant Any corporation, body or person which is a party to clearing arrangements with the SFE Clearing <u>(and unless the context otherwise requires, a reference in these Operating Rules to a Clearing Participant will include a reference to a Facility Participant).</u>
	Facility Participant Any person approved by the Exchange who has an Australian CS Facility Licence and is a Clearing Participant.		Facility Participant Any person approved by the Market Operator who has an Australian CS Facility Licence and is a Clearing Participant.
	Participant A Full Participant.		Market Participant <u>A participant admitted under the Market Operating Rules. A Full Participant.</u>
			Permitted Order <u>An order which is accepted by the Market Operator as a permitted order under the Market Operating Rules.</u>

SFE rule	Current text of SFE rule	Proposed chapter	Proposed text of ASIC/SFE Market Integrity Rules
	<p>Proprietary Full Participant A Full Participant that is not also a Clearing Participant and that only executes House Trades on the Markets of the Exchange and does not accept orders from Clients for execution of Client Orders.</p>		<p>Proprietary Full-Market Participant A Full-Market Participant that is not also a Clearing Participant and that only executes House Trades on the Markets of the Exchange-Market Operator and does not accept orders from Clients for execution of Client Orders.</p>
	<p>Procedures, Determinations and Practice Notes The document set out at www.asx.com.au containing:</p> <ul style="list-style-type: none"> (a) procedures which, if adopted by Participants or the Exchange as the case may be, will facilitate trading on the Exchange; (b) decisions made by the Exchange pursuant to these Operating Rules; and (c) practice notes issued by the Exchange as to how the Operating Rules are interpreted and enforced. 		<p>Procedures, Determinations and Practice Notes The document set out at www.asx.com.au containing:</p> <p>(a) procedures which, if adopted by Participants or the Exchange as the case may be, will facilitate trading on the Exchange;</p> <p>(b) decisions made by the Exchange pursuant to these Operating Rules; and</p> <p>(c) practice notes issued by the Exchange as to how the Operating Rules are interpreted and enforced. A reference in a Rule to Procedures or to Appendices to Procedures is a reference to the content of the relevant SFE Market Rules Procedures, Determinations and Practice Notes set out following the proposed Chapter in which the Rule appears. As noted in the Consultation Paper, ASIC is considering the form these Procedures will take in the ASIC regulatory framework. ASIC does not intend to change the substance of the obligations in those Procedures</p>
	<p>Related Body Corporate “Related Body Corporate” as that term is defined in the Corporations Act 2001 (Cth).</p>		<p>Related Body Corporate “Related bBody cCorporate” as that term is defined in Section 9 the Corporations Act 2001 (Cth).</p>
	<p>Relative In relation to a person, the spouse, parent or remoter lineal ancestor, son, daughter or remoter issue or brother or sister of the person.</p>		<p>Relative “Relative” as that term is defined in Section 9 of the Corporations Act. In relation to a person, the spouse, parent or remoter lineal ancestor, son, daughter or remoter issue or brother or sister of the person.</p>
	<p>Representative “Representative” as that term is defined in Section 910A of the Corporations Act.</p>		<p>Representative “Representative” as that term is defined in Section 910A of the Corporations Act.</p>

SFE rule	Current text of SFE rule	Proposed chapter	Proposed text of ASIC/SFE Market Integrity Rules
	<p>Roll Trading a position from the nearest delivery month to an equivalent position in a different delivery month.</p>		<p>Roll Trading a position from the nearest delivery month to an equivalent position in a different delivery month.</p>
	<p>Rule See “Operating Rule”.</p>		<p>Rule These Market Integrity Rules. See “Operating Rule”.</p>
	<p>SFE Allocation & Clearing System The computer system known as OM SECUR which includes the OMnet Gateway and related systems, and which comprises the central clearing system of the Exchange and all of its Related Bodies Corporate used for the receipt of matched trade records from the Trading Platform, and the processing of Allocations and Confirmations of each Trade.</p>		<p>SFE Allocation & Clearing System The computer system identified as the SFE Allocation and Clearing System by the SFE, known as OM SECUR which includes the OMnet Gateway and related systems, and which comprises the central clearing system of the Exchange and all of its Related Bodies Corporate used for the receipt of matched trade records from the Trading Platform, and the processing of Allocations and Confirmations of each Trade.</p>
	<p>SFE Clearing SFE Clearing Corporation Pty Limited (ACN 050 615 864). Where the Clearing Rules confer on SFE Clearing a power to do or refrain from doing some act or to exercise a discretion, a reference to SFE Clearing includes a reference to the Board, the Managing Director or other officer of SFE Clearing authorised by the Board or Managing Director to exercise that power or who is otherwise properly authorised to exercise that power.</p>		<p>SFE Clearing SFE Clearing Corporation Pty Limited (ACN 050 615 864). Where the Clearing Rules confer on SFE Clearing a power to do or refrain from doing some act or to exercise a discretion, a reference to SFE Clearing includes a reference to the Board, the Managing Director or other officer of SFE Clearing authorised by the Board or Managing Director to exercise that power or who is otherwise properly authorised to exercise that power.</p>
	<p>SFE Clearing Rules The By-Laws of SFE Clearing.</p>		<p>SFE Clearing Rules “Operating rules”</p> <p>(a) as the term is defined in Section 761A of the Corporations Act; and</p> <p>(b) made by SFE Clearing. The By-Laws of SFE Clearing.</p>
	<p>Strategy Trade A strategy, as determined by the Exchange, for Trading more than one contract and conducted in accordance with Rule 3.2.</p>		<p>Strategy Trade A Trade designated by the Market Operator as a strategy trade. A strategy, as determined by the Exchange, for Trading more than one contract and conducted in accordance with Rule 3.2.</p>

SFE rule	Current text of SFE rule	Proposed chapter	Proposed text of ASIC/SFE Market Integrity Rules
	<p>Terminal</p> <p>(a) An automated order entry interface through which an Order System routes orders to the trading platform; or</p> <p>(b) a workstation.</p>		<p>Terminal</p> <p>(a) An automated order entry interface through which an Order System routes orders to the trading platform; or</p> <p>(b) a workstation.</p>
	<p>“To Trade” and Similar Expressions To enter, acquire or dispose of Contracts on a Market operated by the Exchange.</p>		<p>“To Trade” and Similar Expressions “Trade” as defined in Section 9 of the Corporations Act. To enter, acquire or dispose of Contracts on a Market operated by the Exchange.</p>
	<p>Trading Platform The computerised trading facility operated by the Exchange and depending on the context may also include Exchange Systems.</p>		<p>Trading Platform The computerised trading facility operated by the Exchange Market Operator and depending on the context may also include Exchange Market Operator Systems.</p>
	<p>Underlying Physical The asset, instrument, index, reference rate or any other thing, excluding a futures contract, whose price movement determines the value of the Contract.</p>		<p>Underlying Physical The asset, instrument, index, reference rate or any other thing, excluding a futures contract, whose price movement determines the value of the Contract.</p>
	<p>Variation Margin The difference between the value of a Futures Contract or Option Contract as shown in the contract, and the value of that contract at any given time.</p>		<p>Variation Margin The difference between the value of a Futures Contract or Option Contract as shown in the contract, and the value of that contract at any given time.</p>

Chapter 2: The participants

SFE rule	Current text of SFE rule	Proposed chapter	Proposed text in ASIC/SFE Market Integrity Rules
		2.1	<u>COMPLIANCE WITH OPERATING RULES AND NOTIFICATION OF BREACHES</u>
2.2.10 Compliance with Operating Rules and Notification of Breaches	<p>A Full Participant shall:</p> <p>(a) at all times comply, and ensure that its Representatives comply with the Operating Rules, and any condition of an exemption granted from the Operating Rules, and the SFE Clearing Rules and the Corporations Act;</p> <p>(b) notify the Exchange immediately upon becoming aware that it has breached any provision of the Operating Rules or any law relating to the regulation of markets operated by the Exchange; and</p> <p>(c) notify the Exchange immediately upon becoming aware that ASIC or another regulatory body is investigating and/or instituting proceedings against it.</p>		<p>A <u>Full-Market</u> Participant shall: (a) at all times comply, and ensure that its Representatives comply with the Operating Rules, and any condition of an exemption granted from the Operating Rules, and the SFE Clearing Rules and the Corporations Act;</p> <p>(b) notify the Exchange immediately upon becoming aware that it has breached any provision of the Operating Rules or any law relating to the regulation of markets operated by the Exchange; and</p> <p>(c) notify the Exchange ASIC immediately as soon as practical upon becoming aware that a Market OperatorASIC or regulatory body <u>agency</u> is investigating and/or instituting proceedings against it.</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;">Proposed Penalty—Tier 2</div>
Procedure 2.2.10(b)			
1.11	EXCHANGE RIGHT TO CANCEL TRADES	2.2	<u>EXCHANGE RIGHT TO CANCEL TRADES</u> <u>TRADE CANCELLATION</u>
1.11.3 Notice of Decision	The Trading Manager will give notice of the decision made under this Rule 1.11 to the Participant(s) concerned, as soon as possible.	Notice of Decision	<p>Where the Market Operator cancels and order or cancels a trade it must provide notice of the decision to ASIC as soon as practical.</p> <p>The Trading ManagerMarket Operator will <u>must</u> give notice of the decision made under this Rule 2.34.14 to the <u>Market</u> Participant(s) concerned, as soon as possible.</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;">Proposed Penalty—Tier 1</div>

SFE rule	Current text of SFE rule	Proposed chapter	Proposed text in ASIC/SFE Market Integrity Rules
1.11	FULL PARTICIPANTS	2.3	FULL-MARKET PARTICIPANTS
2.2.13 Prudent Risk Management	<p>(a) Client Limits A Full Participant must demonstrate prudent risk management procedures, as determined by the Exchange, including, but not limited to:</p> <ul style="list-style-type: none"> (i) set and document appropriate pre-determined order and/or position limits on each of its Client accounts, including a volume per order limit, an aggregate loss limit and an aggregate net session limit, based on the Full Participant's analysis of Clients' financial resources or other relevant factors; (ii) set and document maximum price change limits; (iii) the limits determined in Rules 2.2.13(a)(i) and (ii) must be input by a Full Participant's risk manager into Trading Platform account maintenance and will be established as preset accounts; (iv) limit setting capability must exist in the Participant's Order System which reflects prudent account risk management and the Order System must have order rejection capability where orders are in excess of limit parameters set by the Full Participant; (v) the Full Participant may in its absolute discretion amend the pre-determined order and/or position limit; (vi) orders in excess of the agreed pre-determined limits must be rejected by the Participant's Order System and may be rejected by the Trading Platform. <p>(b) Client Connections</p> <ul style="list-style-type: none"> (i) Any Full Participant who has permitted its Client to connect to a Terminal shall be responsible for any 	2.3.1 Prudent Risk Management	<p>(a) Client Limits A Full Participant must demonstrate prudent risk management procedures, as determined by the Exchange, including, but not limited to:</p> <ul style="list-style-type: none"> (i) set and document appropriate pre-determined order and/or position limits on each of its Client accounts, including a volume per order limit, an aggregate loss limit and an aggregate net session limit, based on the Full Participant's analysis of Clients' financial resources or other relevant factors; (ii) set and document maximum price change limits; (iii) the limits determined in Rules 2.2.13(a)(i) and (ii) must be input by a Full Participant's risk manager into Trading Platform account maintenance and will be established as preset accounts; (iv) limit setting capability must exist in the Participant's Order System which reflects prudent account risk management and the Order System must have order rejection capability where orders are in excess of limit parameters set by the Full Participant; (v) the Full Participant may in its absolute discretion amend the pre-determined order and/or position limit; (vi) orders in excess of the agreed pre-determined limits must be rejected by the Participant's Order System and may be rejected by the Trading Platform. <p>(ba) Client Connections</p> <ul style="list-style-type: none"> (i) Any <u>Full-Market</u> Participant who has permitted its Client to connect to a Terminal shall be responsible for any orders

SFE rule	Current text of SFE rule	Proposed chapter	Proposed text in ASIC/SFE Market Integrity Rules
	orders entered through the Terminal by the Client.		entered through the Terminal by the Client.
	(ii) The entitlement of Full Participants to connect their Clients to the Terminal is a privilege and not a right.		(ii) The entitlement of Full Participants to connect their Clients to the Terminal is a privilege and not a right.
	(iii) The Exchange may at any time by notice to the Full Participant and/or the Client terminate the entitlement of a Full Participant to provide such connection either generally or in relation to a particular individual, Client, system or device or class of system or device.		(iii) The Exchange-ASIC may at any time by notice to the Full Market Participant and/or the Client terminate the entitlement of a Full-Market Participant to provide such connection either generally or in relation to a particular individual, Client, system or device or class of system or device.
	(iv) A Full Participant or Client of a Full Participant shall have no recourse to any appeal, objection, hearing or re-hearing whatsoever in relation to any decision to terminate such entitlement and any such decision shall be final.		(iv) A Full Participant or Client of a Full Participant shall have no recourse to any appeal, objection, hearing or re-hearing whatsoever in relation to any decision to terminate such entitlement and any such decision shall be final.
	(v) As soon as a Full Participant receives notice of termination of the connection entitlement pursuant to Rule 2.2.13, it shall promptly take all steps necessary to terminate such connection.		(iiiiv) As soon as a Full-Market Participant receives notice of termination of the connection entitlement pursuant to Rule 2.32.123, it shall promptly take all steps necessary to terminate such connection.
	(c) Obligations Prior to Client Connection Prior to permitting any Client to connect to a Terminal the Full Participant shall:		(eb) Obligations Prior to Client Connection Prior to permitting any Client to connect to a Terminal the Full Market Participant shall:
	(i) satisfy itself that the Client has the necessary skills, facilities and procedures to operate such a facility;		(i) satisfy itself that the Client has the necessary skills, facilities and procedures to operate such a facility;
	(ii) satisfy itself that the Client understands the risks and obligations attached to the use of such a facility;		(ii) satisfy itself that the Client understands the risks and obligations attached to the use of such a facility;
	(iii) ensure that each order so placed, and any Order System complies with the Operating Rules;		(iii) ensure that each order so placed, and any Order System complies with the Operating Rules;
	(iv) provide appropriate controls on the connection of their Clients and their staff to such systems;		(iv) provide appropriate controls on the connection of their Clients and their staff to such systems;
	(v) provide appropriate controls on the access to		(v) provide appropriate controls on the access to passwords of their Clients and their staff to such systems; and

SFE rule	Current text of SFE rule	Proposed chapter	Proposed text in ASIC/SFE Market Integrity Rules
	<p>passwords of their Clients and their staff to such systems; and</p> <p>(vi) ensure appropriate controls are implemented for the security of their Clients' premises and physical access of their Clients and their staff to such systems.</p> <p>(d) Position Limits</p> <p>(i) A Full Participant must comply with any determination by the Exchange as to the maximum number of Open Positions which may be held by that Full Participant or by each Full Participant in respect of a nominated Class of Contract at the end of a nominated Trading Day.</p> <p>(ii) A determination by the Exchange may express the permitted number of Open Positions which may be held by that Full Participant by reference to the number of Open Positions held as a result of instructions from Clients nominated by the Exchange or by reference to the number of Open Positions held on behalf of the Full Participant and some or all of its Related Bodies Corporate.</p>		<p>(vi) ensure appropriate controls are implemented for the security of their Clients' premises and physical access of their Clients and their staff to such systems.</p> <div data-bbox="1317 395 2011 459" style="border: 1px solid black; padding: 5px; margin: 10px 0;"> <p>Proposed Penalty—Tier 3</p> </div> <p>(d) Position Limits</p> <p>(i) A Full Participant must comply with any determination by the Exchange as to the maximum number of Open Positions which may be held by that Full Participant or by each Full Participant in respect of a nominated Class of Contract at the end of a nominated Trading Day.</p> <p>(ii) A determination by the Exchange may express the permitted number of Open Positions which may be held by that Full Participant by reference to the number of Open Positions held as a result of instructions from Clients nominated by the Exchange or by reference to the number of Open Positions held on behalf of the Full Participant and some or all of its Related Bodies Corporate.</p>
<p>Procedure 2.2.13</p>			
<p>2.2.22 Prohibited Employment</p>	<p>(a) A Full Participant shall not employ any person who has been a Participant (or a Director, Partner, employee or representative of a Participant) if that person has to the knowledge of the Participant taken part or been concerned in any failure to comply with the Operating Rules which failure has been found to have occurred by the Board, BCC or MPC under Section 5, and where the Board, BCC or MPC has determined (at the time that action is taken under Section 5 or at some later time) that this provision shall apply in relation to the</p>	<p>2.3.2 Prohibited Employment</p>	<p>(a) A Full Market Participant shall not employ any person who has been a <u>Market</u> Participant (or a Director, Partner, employee or representative of a <u>Market</u> Participant) if that person has to the knowledge of the <u>Market</u> Participant taken part or been concerned in any failure to comply with the Operating-Rules which failure has been found to have occurred by the Board, BCC or MPC under Section 5, ASIC and where the Board, BCC or MPC<u>ASIC</u> has determined (at the time that action is taken under Section 5 or at some later time) that this provision shall apply in relation to the person.</p>

SFE rule	Current text of SFE rule	Proposed chapter	Proposed text in ASIC/SFE Market Integrity Rules
	<p>person.</p> <p>(b) For the purposes of Rule 2.2.22 the words “to employ” and cognate expressions shall include agreeing or arranging with a person for that person to act as the Participant’s Representative to advise or solicit instructions from other persons or to trade, on the Participant’s behalf in relation to dealings in Contracts.</p>		<p>(b) For the purposes of Rule 2.3.22-22 the words “to employ” and cognate expressions shall include agreeing or arranging with a person for that person to act as the <u>Market</u> Participant’s Representative to advise or solicit instructions from other persons or to trade, on the <u>Market</u> Participant’s behalf in relation to dealings in Contracts.</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;">Proposed Penalty—Tier 3</div>
<p>2.2.23 Order Records and Accounting Records</p>	<p>(a) Client Orders A Full Participant, other than a Proprietary Full Participant, must maintain internal records of instructions received from Clients and trades executed for Clients for a period of not less than five (5) years from the date of the trade, containing the following information, and any other information as determined by the Exchange:</p> <ul style="list-style-type: none"> (i) the nature of the instructions received; (ii) the Client; (iii) the person who gave the instructions; (iv) the time and date of receipt of the instructions, and the person who received the instructions; (v) the time and date of transmission of the instructions, and the person who transmitted the instructions; and (vi) the time and date of execution of the instructions, and the person who executed the instructions. <p>(b) Proprietary Orders A Full Participant must maintain records of its Representatives’ trading for a House Account for a period of not less than five (5) years from the date of a trade, containing the following information, and any other</p>	<p>2.3.3 Order Records and Accounting Records</p>	<p>(a) Client Orders A <u>Full-Market</u> Participant, other than a Proprietary <u>Full-Market</u> Participant, must maintain internal records of instructions received from Clients and trades executed for Clients for a period of not less than five (5) years from the date of the trade, containing the following information, and any other information as determined by <u>the ExchangeASIC</u>:</p> <ul style="list-style-type: none"> (i) the nature of the instructions received; (ii) the Client; (iii) the person who gave the instructions; (iv) the time and date of receipt of the instructions, and the person who received the instructions; (v) the time and date of transmission of the instructions, and the person who transmitted the instructions; and (vi) the time and date of execution of the instructions, and the person who executed the instructions. <p>(b) Proprietary Orders A <u>Full-Market</u> Participant must maintain records of its Representatives’ trading for a House Account for a period of not less than five (5) years from the date of a trade, containing the following information, and any other information as determined by <u>the</u></p>

SFE rule	Current text of SFE rule	Proposed chapter	Proposed text in ASIC/SFE Market Integrity Rules
	<p>information as determined by the Exchange:</p> <ul style="list-style-type: none"> (i) the time and date of receipt of instructions; (ii) the nature of the instructions received; (iii) the person who received the instructions; (iv) the time and date of transmission of those instructions, and the person who transmitted the instructions; and (v) the time and date of execution of those instructions, and the person who executed the instructions 		<p>ExchangeASIC:</p> <ul style="list-style-type: none"> (i) the time and date of receipt of instructions; (ii) the nature of the instructions received; (iii) the person who received the instructions; (iv) the time and date of transmission of those instructions, and the person who transmitted the instructions; and (v) the time and date of execution of those instructions, and the person who executed the instructions
	<p>(c) Error Trades</p> <p>A Full Participant must maintain a separate record of all Error Trades for a period of not less than five (5) years from the date of a trade, containing the following information, and any other information as determined by the Exchange:</p> <ul style="list-style-type: none"> (i) the name of the Representative responsible for the Error Trade; (ii) the name of the Representative responsible for the execution of the trade; (iii) a detailed explanation as to how the trade occurred; (iv) any subsequent action taken by the Full Participant in relation to that trade; and (v) the financial result of the trade. 		<p>(c) Error Trades</p> <p>A FullMarket Participant must maintain a separate record of all Error Trades for a period of not less than five (5) years from the date of a trade, containing the following information, and any other information as determined by the ExchangeASIC:</p> <ul style="list-style-type: none"> (i) the name of the Representative responsible for the Error Trade; (ii) the name of the Representative responsible for the execution of the trade; (iii) a detailed explanation as to how the trade occurred; (iv) any subsequent action taken by the FullMarket Participant in relation to that trade; and (v) the financial result of the trade.
	<p>(d) Accounting Records</p> <ul style="list-style-type: none"> (i) A Full Participant must maintain such accounting records as correctly record and explain the transactions of the Full Participant and the financial position of the Full Participant, and in addition will enable compliance with these Operating Rules to be conveniently ascertained by the Exchange; 		<p>(d) Accounting Records</p> <ul style="list-style-type: none"> (i) A FullMarket Participant must maintain such accounting records as correctly record and explain the transactions of the FullMarket Participant and the financial position of the FullMarket Participant, and in addition will enable compliance with these OperatingRules to be conveniently ascertained by theExchangeASIC;

SFE rule	Current text of SFE rule	Proposed chapter	Proposed text in ASIC/SFE Market Integrity Rules
	<p>(ii) Such records are to be maintained in a form that will enable them to be conveniently and properly audited; and</p> <p>(iii) In relation to Calls, a Full Participant shall at all times maintain such accounting records as accurately indicate in respect of each call for Initial or Variation Margin made upon Clients:</p> <p>(A) the date and time at which such Call was received;</p> <p>(B) the amount of such Call;</p> <p>(C) the extent to which the Call was payable by reason of:</p> <p>(i) trading undertaken by the Full Participant on its own account or an account of a related corporation; and</p> <p>(ii) trading undertaken by the Full Participant for Clients, so that the amount of any such Call is apportioned accordingly;</p> <p>(D) the extent to which the Call was met from:</p> <p>(i) monies in the Clients' segregated account; and</p> <p>(ii) other sources (specifying those sources and the amount satisfied from each such source); and</p> <p>(E) the date and time at which such Call was met.</p>		<p>(ii) Such records are to be maintained in a form that will enable them to be conveniently and properly audited; and</p> <p>(iii) In relation to Calls, a Full-Market Participant shall at all times maintain such accounting records as accurately indicate in respect of each call for Initial or Variation Margin made upon Clients:</p> <p>(A) the date and time at which such Call was received;</p> <p>(B) the amount of such Call;</p> <p>(C) the extent to which the Call was payable by reason of:</p> <p>(i) trading undertaken by the Full-Market Participant on its own account or an account of a related corporation; and</p> <p>(ii) trading undertaken by the Full-Market Participant for Clients, so that the amount of any such Call is apportioned accordingly;</p> <p>(D) the extent to which the Call was met from:</p> <p>(i) monies in the Clients' segregated account; and</p> <p>(ii) other sources (specifying those sources and the amount satisfied from each such source); and</p> <p>(E) the date and time at which such Call was met.</p>
			Proposed Penalty—Tier 2
Procedure 2.2.23			
2.2.24 Daily Beneficial	(a) Daily Open Position Reports	2.3.4 Daily Beneficial	(a) Daily Open Position Reports
	(i) In respect of every Open Position in an Account, as at		(i) In respect of every Open Position in an Account, as at the

SFE rule	Current text of SFE rule	Proposed chapter	Proposed text in ASIC/SFE Market Integrity Rules
<p>Ownership Reports and Exceptional Reports</p>	<p>the Close of Trading on a Business Day, a Full Participant shall, no later than 8.00 am on every Business Day, or such other time as determined by the Exchange, provide to the Exchange a daily report, or reports, in a machine readable form, approved by the Exchange, and containing such information regarding the beneficial ownership of the position as determined by the Exchange.</p> <p>(ii) In the case of an emergency, including but not limited to system failure, or if an exemption is granted by the Exchange, the daily report may be provided in a non-machine readable form approved by the Exchange.</p> <p>(b) Exceptional Reports The Exchange may at any time call for an exceptional report from any Participant in respect of Open Positions, requiring it to furnish such information as determined by the Exchange.</p>	<p>Ownership Reports and Exceptional Reports</p>	<p>Close of Trading on a Business Day, a Full Participant shall, no later than 8.00 am on every Business Day, or such other time as determined by the Exchange, provide to the Exchange a daily report, or reports, in a machine readable form, approved by the Exchange, and containing such information regarding the beneficial ownership of the position as determined by the Exchange.</p> <p>(ii) In the case of an emergency, including but not limited to system failure, or if an exemption is granted by the Exchange, the daily report may be provided in a non-machine readable form approved by the Exchange.</p> <p>(b) Exceptional Reports The Exchange may at any time call for an exceptional report from any Participant in respect of Open Positions, requiring it to furnish such information as determined by the Exchange. <u>The Market Operator must make available as soon as practical upon request by ASIC any open position reports or exception reports provided to it by any Market Intermediary.</u></p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;">Proposed Penalty—Tier 2</div>

Procedure 2.2.24

<p>2.2.25 Client Documentation</p>	<p>(a) Subject to Rule 2.2.25(b), a Full Participant shall have in force a duly signed agreement with each of its Clients containing minimum terms to the following effect:</p> <p>(i) Governing Law and Rules The Client and Participant are bound by the SFE Operating Rules and the customs, usages and practices of the Exchange's Markets.</p> <p>(ii) Client to Provide Information In relation to the Client's trading on the Exchange, the Client will upon the Participant's request, provide all information and documentation relevant to that trading,</p>	<p>2.3.5 Client Documentation</p>	<p>(a) Subject to Rule 2.2.25<u>3.5</u>(b), a Full<u>Market</u> Participant shall have in force a duly signed agreement with each of its Clients containing minimum terms to the following effect:</p> <p>(i) Governing Law and Rules The Client and Participant are bound by the SFE Operating Rules and the customs, usages and practices of the Exchange's Markets.</p> <p>(ii) Client to Provide Information In relation to the Client's trading on the <u>ExchangeMarket</u>, the Client will upon the <u>Market</u> Participant's request, provide all information and documentation relevant to that trading, to the</p>
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SFE rule	Current text of SFE rule	Proposed chapter	Proposed text in ASIC/SFE Market Integrity Rules
	<p>to the Participant and the Participant is authorised by the Client to provide the information and documentation to the Exchange.</p> <p>(iii) Benefit to Participant of Contract Registration with SFE Clearing Any benefit or right obtained by any Participant upon registration of a contract with SFE Clearing by way of assumption of liability of SFE Clearing under any contract or any other legal result of such registration is personal to the Participant and the benefit of such benefit or right does not pass to the Client.</p> <p>(iv) Client only has Rights Against Participant In relation to all trades conducted on the Exchange by the Participant and all Contracts registered by the Participant with SFE Clearing the Client has no rights whether by way of subrogation or otherwise, against any person or corporation other than the Participant.</p> <p>(v) Margins An acknowledgment by the Client that:</p> <p>(A) the Participant may call for payment of Margin such money or property (or Call for the lodgement of Approved Securities in lieu thereof) as the Participant, in its absolute discretion, feels is necessary to protect itself from the personal obligation incurred by Dealing in Contracts on behalf of the Client.</p> <p>(B) should the Client fail to meet the Call (or lodge Approved Securities) then the Participant may (without prejudice to any other rights or powers under the Agreement) in its absolute discretion, and without creating an obligation to do so, Close Out, without notice, all or some of the Client's</p>		<p><u>Market</u> Participant and the <u>Market</u> Participant is authorised by the Client to provide the information and documentation to the Exchange<u>ASIC</u>.</p> <p>(iii) Benefit to Participant of Contract Registration with SFE Clearing Any benefit or right obtained by any Participant upon registration of a contract with SFE Clearing by way of assumption of liability of SFE Clearing under any contract or any other legal result of such registration is personal to the Participant and the benefit of such benefit or right does not pass to the Client.</p> <p>(iv) Client only has Rights Against Participant In relation to all trades conducted on the Exchange by the Participant and all Contracts registered by the Participant with SFE Clearing the Client has no rights whether by way of subrogation or otherwise, against any person or corporation other than the Participant.</p> <p>(iv) Margins An acknowledgment by the Client that:</p> <p>(A) the <u>Market</u> Participant may call for payment of Margin such money or property (or Call for the lodgement of Approved Securities in lieu thereof) as the <u>Market</u> Participant, in its absolute discretion, feels is necessary to protect itself from the personal obligation incurred by Dealing in Contracts on behalf of the Client.</p> <p>(B) should the Client fail to meet the Call (or lodge Approved Securities) then the <u>Market</u> Participant may (without prejudice to any other rights or powers under the Agreement) in its absolute discretion, and without creating an obligation to do so, Close Out, without notice, all or some of the Client's Contracts.</p> <p>(C) the time for payment of Margins is of the essence and if</p>

SFE rule	Current text of SFE rule	Proposed chapter	Proposed text in ASIC/SFE Market Integrity Rules
	<p>Contracts.</p> <p>(C) the time for payment of Margins is of the essence and if no other time is stipulated by the Participant prior to calling a Margin then the Client is required to comply within twenty-four (24) hours.</p> <p>(D) liability to pay the Initial Margin accrues at the time the trade is executed regardless of when a Call is made.</p> <p>(E) liability to pay Margin accrues at the time the Margin comes into existence regardless of when a Call is made.</p> <p>(F) the Client is responsible to pay in cash any deficit owing to the Participant after closure and that if the Client defaults in payment of such deficit, the Participant may realise any securities held by the Participant and apply the proceeds against that deficiency.</p> <p>(vi) Appointment of Attorney An appointment by the Client of the Managing Director of SFE Clearing as the Client's attorney to do all things necessary to transfer any Open Position held by the Participant on the Client's behalf to another Participant where the Participant status of the Participant has been suspended or terminated.</p> <p>(vii) Exchange Data An acknowledgment by the Client who has access to electronic order facilities that:</p> <p>(A) data made available to the Client by access to electronic order entry facilities is not the property of the Participant and remains the valuable property of the Exchange; and</p>		<p>no other time is stipulated by the <u>Market</u> Participant prior to calling a Margin then the Client is required to comply within twenty-four (24) hours.</p> <p>(D) liability to pay the Initial Margin accrues at the time the trade is executed regardless of when a Call is made.</p> <p>(E) liability to pay Margin accrues at the time the Margin comes into existence regardless of when a Call is made.</p> <p>(F) the Client is responsible to pay in cash any deficit owing to the <u>Market</u> Participant after closure and that if the Client defaults in payment of such deficit, the <u>Market</u> Participant may realise any securities held by the <u>Market</u> Participant and apply the proceeds against that deficiency.</p> <p>(vi) Appointment of Attorney An appointment by the Client of the Managing Director of SFE Clearing as the Client's attorney to do all things necessary to transfer any Open Position held by the Participant on the Client's behalf to another Participant where the Participant status of the Participant has been suspended or terminated.</p> <p>(vii) Exchange Data An acknowledgment by the Client who has access to electronic order facilities that:</p> <p>(A) data made available to the Client by access to electronic order entry facilities is not the property of the Participant and remains the valuable property of the Exchange; and</p> <p>(B) the client is prohibited from publicly displaying, redistributing or re-transmitting the data in any way without having executed a Market Data Distribution Agreement or similar agreement with the Exchange.</p> <p>(viii) Tape Recordings An acknowledgment by the Client that the Client's telephone</p>

SFE rule	Current text of SFE rule	Proposed chapter	Proposed text in ASIC/SFE Market Integrity Rules
	<p>(B) the client is prohibited from publicly displaying, redistributing or re-transmitting the data in any way without having executed a Market Data Distribution Agreement or similar agreement with the Exchange.</p> <p>(viii) Tape Recordings An acknowledgment by the Client that the Client's telephone conversations with the Participant can be recorded by the Participant or the Exchange. The Client is to be given the right to listen to any recording in the event of a dispute or anticipated dispute.</p> <p>(ix) Right to Refuse to Deal An acknowledgment by the Client that the Participant reserves the right to refuse to Deal on behalf of the Client in relation to any Dealings in Contracts (other than closing out existing Open Positions held in the Participant's account on behalf of the Client) or limit the number of Open Positions held on behalf of the Client or both. The Participant will inform the Client of any refusal at or before the time of the Client placing the order or as soon as possible thereafter.</p> <p>(x) Termination and Closing Out An acknowledgment that:</p> <p>(A) without affecting any existing obligations or liabilities, either the Client or the Participant may terminate the agreement at any time by giving the other notice In Writing to that effect;</p> <p>(B) upon termination of the Client Agreement that unless otherwise agreed In Writing the Participant will Close out all the Client's Futures Contracts and Close Out, abandon or exercise any Options not yet exercised.</p>		<p>conversations with the Market Participant can be recorded by the Market Participant or the ExchangeMarket Operator. The Client is to be given the right to listen to any recording in the event of a dispute or anticipated dispute.</p> <p>(ivix) Right to Refuse to Deal An acknowledgment by the Client that the Market Participant reserves the right to refuse to Deal on behalf of the Client in relation to any Dealings in Contracts (other than closing out existing Open Positions held in the Market Participant's account on behalf of the Client) or limit the number of Open Positions held on behalf of the Client or both. The Market Participant will inform the Client of any refusal at or before the time of the Client placing the order or as soon as possible thereafter.</p> <p>(ix) Termination and Closing Out An acknowledgment that:</p> <p>(A) without affecting any existing obligations or liabilities, either the Client or the Market Participant may terminate the agreement at any time by giving the other notice In Writing to that effect;</p> <p>(B) upon termination of the Client Agreement that unless otherwise agreed In Writing the Market Participant will Close out all the Client's Futures Contracts and Close Out, abandon or exercise any Options not yet exercised.</p> <p>(b) Rule 2.3.52-25(a) does not apply:</p> <p>(i) to a Proprietary Full-Market Participant;</p> <p>(ii) where the Client is another Full-Market Participant, in which case an agreement containing this term is deemed to have been entered and come into effect immediately upon the Full Market Participant accepting the first instruction from the Client to enter a contract on any the Exchange's Markets which is</p>

SFE rule	Current text of SFE rule	Proposed chapter	Proposed text in ASIC/SFE Market Integrity Rules
	<p>(b) Rule 2.2.25(a) does not apply:</p> <p>(i) to a Proprietary Full Participant;</p> <p>(ii) where the Client is another Full Participant, in which case an agreement containing this term is deemed to have been entered and come into effect immediately upon the Full Participant accepting the first instruction from the Client to enter a contract on the Exchange's Markets; or</p> <p>(iii) where the Full Participant is performing execution business only and has an agreement in place with the Client that incorporates all the terms of an agreement determined by the Exchange to be appropriate for use when a Full Participant is performing execution business only.</p>		<p>subject to these Rules; or</p> <p>(iii) where the Full-Market Participant is performing execution business only and has an agreement in place with the Client that incorporates all the terms of an agreement determined by the ExchangeASIC to be appropriate for use when a Full Market Participant is performing execution business only.</p> <div data-bbox="1317 491 2011 558" style="border: 1px solid black; padding: 5px; margin-top: 10px;">Proposed Penalty—Tier 2</div>
Procedure 2.2.25			
<p>2.2.26 Clients' Segregated Account Obligations</p>	<p>A Full Participant, who holds Client monies, must comply with the following:</p> <p>(a) Client Money</p> <p>(i) all money received by the Participant from its Clients or by a person acting on behalf of the Client under the Operating Rules must be deposited in an account operated by the Participant and designated as a Clients' segregated account; and</p> <p>(ii) if the account is operated outside Australia and the law in force in the jurisdiction where it is maintained requires the account to be designated in a particular way, the Participant must designate the account in that way.</p>	<p>2.3.6 Clients' Segregated Account Obligations</p>	<p>A Full-Market Participant, who holds Client monies, must comply with the following:</p> <p>(a) Client Money</p> <p>(i) all money received by the Market Participant from its Clients or by a person acting on behalf of the Client under the Operating Rules must be deposited in an account operated by the Market Participant and designated as a Clients' segregated account; and</p> <p>(ii) if the account is operated outside Australia and the law in force in the jurisdiction where it is maintained requires the account to be designated in a particular way, the Market Participant must designate the account in that way.</p>

SFE rule	Current text of SFE rule	Proposed chapter	Proposed text in ASIC/SFE Market Integrity Rules
	<p>(b) Type of Money to be Paid into an Account Only the following monies should be paid into a Clients' segregated account:</p> <ul style="list-style-type: none"> (i) all money received by the Participant from its Client or by a person acting on behalf of its Client; (ii) interest on the amount from time to time standing to the credit of the account; (iii) interest or other similar payments on an Investment, and the proceeds of the realisation of an Investment; and (iv) any other money as required by the Operating Rules or the law to be paid by the Participant into a Clients' segregated account. <p>(c) When Money shall be Paid into an Account The money must be paid into a Clients' segregated account on the day it is received by the Participant, or on the next Business Day.</p> <p>(d) Permitted Withdrawal Withdrawals from a Clients' segregated account made in any of the following circumstances are permissible:</p> <ul style="list-style-type: none"> (i) paying Margins and the settling of dealings; (ii) making a payment to, or in accordance with the written direction of, a person entitled to the money; (iii) defraying brokerage and other proper charges; (iv) paying to the Participant money to which the Participant is entitled, whether at law or pursuant to the Operating Rules; and (v) making a payment that is otherwise authorised by law. 		<p>(b) Type of Money to be Paid into an Account Only the following monies should be paid into a Clients' segregated account:</p> <ul style="list-style-type: none"> (i) all money received by the <u>Market</u> Participant from its Client or by a person acting on behalf of its Client; (ii) interest on the amount from time to time standing to the credit of the account; (iii) interest or other similar payments on an Investment, and the proceeds of the realisation of an Investment; and (iv) any other money as required by the <u>Operating</u> Rules or the law to be paid by the <u>Market</u> Participant into a Clients' segregated account. <p>(c) When Money shall be Paid into an Account The money must be paid into a Clients' segregated account on the day it is received by the <u>Market</u> Participant, or on the next Business Day.</p> <p>(d) Permitted Withdrawal Withdrawals from a Clients' segregated account made in any of the following circumstances are permissible:</p> <ul style="list-style-type: none"> (i) paying Margins and the settling of dealings; (ii) making a payment to, or in accordance with the written direction of, a person entitled to the money; (iii) defraying brokerage and other proper charges; (iv) paying to the <u>Market</u> Participant money to which the <u>Market</u> Participant is entitled, whether at law or pursuant to the <u>Operating</u> Rules; and (v) making a payment that is otherwise authorised by law.

SFE rule	Current text of SFE rule	Proposed chapter	Proposed text in ASIC/SFE Market Integrity Rules
	<p>(e) Payment to Another Financial Services Licensee</p> <p>(i) If payment referred to in Rule 2.2.26(e)(ii) is made by the Participant to another Financial Services Licensee, the Participant must ensure that the Financial Services Licensee is notified, at the same time as the payment is made or as soon as practicable after, that the money:</p> <p>(A) has been withdrawn from an account of the Participant maintained for Rule 2.2.26; and</p> <p>(B) should be paid into an account of the Financial Services Licensee maintained for Rule 2.2.26.</p> <p>(ii) If the Financial Services Licensee who receives the payment in Rule 2.2.26(e)(i) is also a Participant, it must, not later than the day after it receives the payment, pay the money received into an account maintained by it for Rule 2.2.26.</p> <p>(f) Requirement to Deposit Additional Monies in Clients' Segregated Account</p> <p>(i) Where five (5) clear Business Days (inclusive of the day of the Call) after a Call has been made on a Client for Initial or Variation Margin in accordance with the Operating Rules, or such Call should have been made in accordance with those Operating Rules, the Call which was or should have been made has not been satisfied by payment of monies into a Clients' segregated account or lodgement of Cover, then the Participant shall pay into the Clients' segregated account an amount of money not less than either:</p> <p>(A) the liability of the Client under such a Call; or</p> <p>(B) the amount which the Participant would be obliged to Call the Client on the day after five (5) clear Business Days (inclusive of the day of the Call) has elapsed, whichever is the lesser.</p>		<p>(e) Payment to Another Financial Services Licensee</p> <p>(i) If payment referred to in Rule 2.2.26<u>4.6</u>(e)(ii) is made by the <u>Market</u> Participant to another Financial Services Licensee, the <u>Market</u> Participant must ensure that the Financial Services Licensee is notified, at the same time as the payment is made or as soon as practicable after, that the money:</p> <p>(A) has been withdrawn from an account of the <u>Market</u> Participant maintained for Rule 2.2.26<u>3.6</u>; and</p> <p>(B) should be paid into an account of the Financial Services Licensee maintained for Rule 2.3.62<u>26</u>.</p> <p>(ii) If the Financial Services Licensee who receives the payment in Rule 2.3.62<u>26</u>(e)(i) is also a <u>Market</u> Participant, it must, not later than the day after it receives the payment, pay the money received into an account maintained by it for Rule 2.3.62<u>26</u>.</p> <p>(f) Requirement to Deposit Additional Monies in Clients' Segregated Account</p> <p>(i) Where five (5) clear Business Days (inclusive of the day of the Call) after a Call has been made on a Client for Initial or Variation Margin in accordance with the <u>Operating</u> Rules, or such Call should have been made in accordance with those <u>Operating</u> Rules, the Call which was or should have been made has not been satisfied by payment of monies into a Clients' segregated account or lodgement of Cover, then the <u>Market</u> Participant shall pay into the Clients' segregated account an amount of money not less than either:</p> <p>(A) the liability of the Client under such a Call; or</p> <p>(B) the amount which the <u>Market</u> Participant would be obliged to Call the Client on the day after five (5) clear Business Days (inclusive of the day of the Call) has elapsed, whichever is the lesser.</p>

SFE rule	Current text of SFE rule	Proposed chapter	Proposed text in ASIC/SFE Market Integrity Rules
	<p>(ii) Subject to Rule 2.2.26(f) such monies may only be withdrawn in accordance with Rule 2.2.26(d) and only after such monies have been received by the Participant.</p> <p>(iii) The Full Participant is furthermore obligated to pay into the Clients' segregated account after five (5) clear Business Days, any amount (which has not been met by the Client), which arises as a result of debit balances of a Client resulting from realised losses or otherwise.</p> <p>(g) Prohibited Agreements A Full Participant is prohibited from making any agreement with a Client that the Client's money is not to be held or does not need to be held in a segregated account for the benefit of the Client.</p> <p>(h) Permissible Investments Where a Full Participant invests money from a Clients' segregated account, the following kinds of investments may be made:</p> <p>(i) investment in any manner in which trustees are for the time being authorised by law to invest trust funds;</p> <p>(ii) investment on deposit with an eligible money market dealer;</p> <p>(iii) investment on deposit at interest with: (A) an Australian ADI; or (B) an Approved Foreign Bank;</p> <p>(iv) the acquisition of cash management trust interests;</p> <p>(v) investment in a security issued or guaranteed by the Commonwealth or a State or Territory;</p> <p>(vi) investment on deposit with a licensed clearing and settlement facility; or</p> <p>(vii) an investment in accordance with the specific direction of a Client.</p>		<p>(ii) Subject to Rule 2.3.62-26(f) such monies may only be withdrawn in accordance with Rule 2.3.62-26(d) and only after such monies have been received by the <u>Market</u> Participant.</p> <p>(iii) The <u>Full-Market</u> Participant is furthermore obligated to pay into the Clients' segregated account after five (5) clear Business Days, any amount (which has not been met by the Client), which arises as a result of debit balances of a Client resulting from realised losses or otherwise.</p> <p>(g) Prohibited Agreements A <u>Full-Market</u> Participant is prohibited from making any agreement with a Client that the Client's money is not to be held or does not need to be held in a segregated account for the benefit of the Client.</p> <p>(h) Permissible Investments Where a <u>Full-Market</u> Participant invests money from a Clients' segregated account, the following kinds of investments may be made:</p> <p>(i) investment in any manner in which trustees are for the time being authorised by law to invest trust funds;</p> <p>(ii) investment on deposit with an eligible money market dealer;</p> <p>(iii) investment on deposit at interest with: (A) an Australian ADI; or (B) an Approved Foreign Bank;</p> <p>(iv) the acquisition of cash management trust interests;</p> <p>(v) investment in a security issued or guaranteed by the Commonwealth or a State or Territory;</p> <p>(vi) investment on deposit with a licensed clearing and settlement facility; or</p> <p>(vii) an investment in accordance with the specific direction of a Client.</p>

SFE rule	Current text of SFE rule	Proposed text in ASIC/SFE Market Integrity Rules
	<p>(i) Monies Invested Where a Full Participant invests money from a Clients' segregated account then:</p> <p>(i) the Full Participant must, prior to investing any amount obtained the Client's written agreement to the following matters:</p> <p>(a) the making of the investment;</p> <p>(b) how earnings on the investment are to be dealt with;</p> <p>(c) how the realisation of the investment is to be dealt with;</p> <p>(d) how any losses made on the investment are to be dealt with; and</p> <p>(e) the fee (if any) that the Participant proposes to charge for the investment; and</p> <p>(ii) such investment shall be readily realisable and no less than fifty per cent (50%) of monies invested shall be on twenty-four (24) hour call.</p> <p>(j) Separation of Full Participants' Trading Liabilities From Clients' Trading Liabilities No Full Participant shall use a Clients' segregated account to meet any Initial or Variation Margin liabilities which relate to trading by that Participant on its own behalf or on behalf of a related corporation.</p> <p>(k) Accounting Records for Withdrawals A Full Participant shall at all times maintain such accounting records as accurately indicate each withdrawal from a Clients' segregated account.</p> <p>(l) Definition of Client For the purpose of Rule 2.2.26, "Client" shall exclude a Related Body Corporate or a division of the Participant.</p>	<p>(i) Monies Invested Where a <u>Full-Market</u> Participant invests money from a Clients' segregated account then:</p> <p>(i) the <u>Full-Market</u> Participant must, prior to investing any amount obtained the Client's written agreement to the following matters:</p> <p>(a) the making of the investment;</p> <p>(b) how earnings on the investment are to be dealt with;</p> <p>(c) how the realisation of the investment is to be dealt with;</p> <p>(d) how any losses made on the investment are to be dealt with; and</p> <p>(e) the fee (if any) that the <u>Market</u> Participant proposes to charge for the investment; and</p> <p>(ii) such investment shall be readily realisable and no less than fifty per cent (50%) of monies invested shall be on twenty-four (24) hour call.</p> <p>(j) Separation of <u>Full-Market</u> Participants' Trading Liabilities From Clients' Trading Liabilities No <u>Full-Market</u> Participant shall use a Clients' segregated account to meet any Initial or Variation Margin liabilities which relate to trading by that <u>Market Participant</u> on its own behalf or on behalf of a related corporation.</p> <p>(k) Accounting Records for Withdrawals A <u>Full-Market</u> Participant shall at all times maintain such accounting records as accurately indicate each withdrawal from a Clients' segregated account.</p> <p>(l) Definition of Client For the purpose of Rule 2.2.263.6, "Client" shall exclude a Related Body Corporate or a division of the <u>Market</u> Participant.</p> <div data-bbox="1317 1313 2011 1380" style="border: 1px solid black; padding: 5px; margin-top: 10px;">Proposed Penalty - Tier 3</div>

SFE rule	Current text of SFE rule	Proposed chapter	Proposed text in ASIC/SFE Market Integrity Rules
Procedure 2.2.26			
<p>2.2.28 Mandatory Recording of Information by the Exchange and its Participants</p>	<p>(a) Recording by Participant</p> <p>(i) Each Full Participant dealing with Clients must record, via telephone lines and/or other electronic device, at its own expense all conversations with Clients and other parties relating to Client instructions. Such recordings shall be retained for a minimum three (3) month period, or such other period as determined by the Exchange and shall be made available, as soon as practicable to the Exchange upon request for the purpose of the Exchange fulfilling its regulatory responsibilities and to monitor compliance by its Participants with the Operating Rules.</p> <p>(ii) For the purpose of Rule 2.2.28 in respect of a Participant which is a corporation, a “Client” shall include a Related Body Corporate or a division of the Participant—which is separate from the Participant’s futures division.</p> <p>(b) Recording by the Exchange</p> <p>(i) The Exchange shall be entitled to record all conversations conducted on its telecommunications equipment.</p> <p>(ii) Disclosure to any other person of information obtained by the Exchange pursuant to Rule 2.2.28 shall be subject to Rule 1.6 or the consent of the Participant.</p>	<p>2.3.7 Mandatory Recording of Information by the Exchange and its Participants</p>	<p>(a)—Recording by Market Participant</p> <p>(i) Each FullMarket Participant dealing with Clients must record, via telephone lines and/or other electronic device, at its own expense all conversations with Clients and other parties relating to Client instructions. Such recordings shall be retained for a minimum three (3) month period, or such other period as determined by the ExchangeASIC and shall be made available, as soon as practicable to the ExchangeASIC upon request for the purpose of the Exchange fulfilling its regulatory responsibilities and to monitor compliance by its Participants with the Operating Rules.</p> <p>(ii) For the purpose of Rule 2.3.72.28 in respect of a Market Participant which is a corporation, a “Client” shall include a Related Body Corporate or a division of the Market Participant—which is separate from the Market Participant’s futures division.</p> <div data-bbox="1317 909 2011 976" style="border: 1px solid black; padding: 5px; margin: 10px 0;"> <p>Proposed Penalty—Tier 2</p> </div> <p>(b)—Recording by the Exchange</p> <p>(i) The Exchange shall be entitled to record all conversations conducted on its telecommunications equipment.</p> <p>(ii) Disclosure to any other person of information obtained by the Exchange pursuant to Rule 2.2.28 shall be subject to Rule 1.6 or the consent of the Participant.</p>
Procedure 2.2.28			

Chapter 3: Trading principles

SFE rule	Current text of SFE rule	Proposed chapter	Proposed text of ASIC/SFE Market Integrity Rules
3.1	TRADING PRINCIPLES FOR ORDERS ENTERED ON THE TRADING PLATFORM	3.1	TRADING PRINCIPLES FOR ORDERS ENTERED ON THE TRADING PLATFORM
3.1.1 Expressions of Interest	<p>(a)(i) Upon receipt of an Expression of Interest where the enquiry concerns a single contract and/or price/volume details relating to that single contract, the Participant must make an enquiry via the Trading Platform "Request for Quote" facility.</p> <p>(ii) Upon receipt of an Expression of Interest where the enquiry concerns multi-legged strategy and/or price/volume details relating to that multi-legged strategy, the Participant must make an enquiry via the Trading Platform "Message" facility.</p> <p>(b) Once the Expression of Interest has been entered pursuant to Rules 3.1.1(a)(i) or (ii), the Participant may then make an enquiry regarding the same Expression of Interest amongst other market participants and must only disclose that same information that has been disclosed either via the Request for Quote or Message facility to the Exchange pursuant to Rules 3.1.1(a)(i) or (ii) in relation to the Expression of Interest.</p> <p>(c) An Expression of Interest becomes an order when the Client confirms trading instructions based on responses to the Expression of Interest.</p> <p>(d) Where a Participant enters an order into the Trading Platform based on an Expression of Interest without first confirming with the Client that it is a firm order to buy or sell, the Participant shall be in breach of Rule 3.1.20.</p> <p>(e) For the purpose of this Rule 3.1.1, in respect of a</p>	3.1.1 Expressions of Interest	<p>(a)(i) Upon receipt of an Expression of Interest where the enquiry concerns a single contract and/or price/volume details relating to that single contract, the Participant must make an enquiry via the Trading Platform "Request for Quote" facility.</p> <p>(ii) Upon receipt of an Expression of Interest where the enquiry concerns multi-legged strategy and/or price/volume details relating to that multi-legged strategy, the Participant must make an enquiry via the Trading Platform "Message" facility.</p> <p>(b) Once the Expression of Interest has been entered pursuant to Rules 3.1.1(a)(i) or (ii), the Participant may then make an enquiry regarding the same Expression of Interest amongst other market participants and must only disclose that same information that has been disclosed either via the Request for Quote or Message facility to the Exchange pursuant to Rules 3.1.1(a)(i) or (ii) in relation to the Expression of Interest.</p> <p>(c) An Expression of Interest becomes an order when the Client confirms trading instructions based on responses to the Expression of Interest.</p> <p>(ad) Where a <u>Market</u> Participant enters an order into the Trading Platform based on an Expression of Interest without first confirming with the Client that it is a firm order to buy or sell, the <u>Market</u> Participant shall be in breach of Rule 3.1.1820.</p> <p>(be) For the purpose of this Rule 3.1.1, in respect of a <u>Market</u> Participant which is a corporation, a "Client" shall include a Related Body Corporate or a division of the <u>Market</u> Participant—which is separate from the <u>Market</u> Participant's</p>

SFE rule	Current text of SFE rule	Proposed chapter	Proposed text of ASIC/SFE Market Integrity Rules
	Participant which is a corporation, a “Client” shall include a Related Body Corporate or a division of the Participant—which is separate from the Participant’s futures division.		futures division. Proposed Penalty—Tier 2
Procedure 3.1.1			
3.1.4 Market Manipulation	Participants must not engage in price manipulation of a Contract.	3.1.2 Market Manipulation	Market Participants must not engage in price manipulation of a Contract. Proposed Penalty—Tier 3
Procedure 3.1.4			
3.1.5 Misleading Acts or Practices Regarding Price	Participants must not engage in any misleading act or practice regarding the price of a Contract.	3.1.3 Misleading Acts or Practices Regarding Price	Market Participants must not engage in any misleading act or practice regarding the price of a Contract. Proposed Penalty—Tier 3
Procedure 3.1.5			
3.1.6 Entering Orders without an Intent to Trade	Participants must not enter orders where there does not exist an intent to trade.	3.1.4 Entering Orders without an Intent to Trade	Market Participants must not enter orders where there does not exist an intent to trade. Proposed Penalty—Tier 3
Procedure 3.1.6			
3.1.7 Orders to be Transmitted as Soon as Received	A Participant must transmit orders to the Trading Platform as soon as they are received.	3.1.5 Orders to be Transmitted as Soon as Received	A Market Participant must transmit orders to the Trading Platform as soon as they are received. Proposed Penalty—Tier 2

SFE rule	Current text of SFE rule	Proposed chapter	Proposed text of ASIC/SFE Market Integrity Rules
Procedure 3.1.17			
3.1.8 Orders to be Transmitted and Executed in the Sequence Received	A Participant shall transmit orders in the sequence in which they are received unless it would be fair and equitable, as determined by the Exchange, to transmit those orders out of sequence.	3.1.6 Orders to be Transmitted and Executed in the Sequence Received	A <u>Market</u> Participant shall transmit orders in the sequence in which they are received unless it would be fair and equitable, as determined by the Exchange <u>ASIC</u> , to transmit those orders out of sequence. Proposed Penalty—Tier 3
Procedure 3.1.19			
3.1.9 Aggregation of Orders	A Participant must not aggregate orders for entry into the Trading Platform, unless it would be fair and equitable as determined by the Exchange, to aggregate those orders.	3.1.7 Aggregation of Orders	A <u>Market</u> Participant must not aggregate orders for entry into the Trading Platform, unless it would be fair and equitable as determined by <u>ASIC</u> the Exchange , to aggregate those orders. Proposed Penalty—Tier 3
3.1.10 Disclosure	(a) Participants must not disclose any information about orders unless specifically permitted otherwise under the Operating Rules; (b) For the purposes of this Rule 3.1.10, “order” is an instruction to deal or trade on behalf of a Client or an intention to deal or trade by a party dealing proprietary business.	3.1.8 Disclosure	(a) <u>Market</u> Participants must not disclose any information about orders unless specifically permitted otherwise under the Operating Rules; (b) For the purposes of this Rule 3.1. 849 , “order” is an instruction to deal or trade on behalf of a Client or an intention to deal or trade by a party dealing proprietary business Proposed Penalty—Tier 3
3.1.11 Withholding Orders	Participants must not withhold an order with an intent to obtain a counterparty/counterparties.	3.1.9 Withholding Orders	<u>Market</u> Participants must not withhold an order with an intent to obtain a counterparty/counterparties. Proposed Penalty—Tier 3

SFE rule	Current text of SFE rule	Proposed chapter	Proposed text of ASIC/SFE Market Integrity Rules
3.1.12 Withdrawing Orders	Participants must not withdraw orders in whole or in part for the benefit of another person.	3.1.10 Withdrawing Orders	<u>Market</u> Participants must not withdraw orders in whole or in part for the benefit of another person. Proposed Penalty—Tier 2
3.1.13 Pre- arrangement	Participants must not arrange the details of a potential trade between two or more parties whether or not orders are entered into the Trading Platform, unless the market has been made aware of all relevant details of the potential trade, or unless specifically permitted otherwise under the Operating Rules.	3.1.11 Pre- arrangement	<u>Market</u> Participants must not arrange the details of a potential trade between two or more parties whether or not orders are entered into the Trading Platform, unless the market has been made aware of all relevant details of the potential trade, or unless specifically permitted otherwise under the <u>Operating</u> -Rules. Proposed Penalty—Tier 2
3.1.14 Trading to the Exclusion of Others	Participants must not execute or attempt to execute trades with the intent to exclude other Participants or their Representatives.	3.1.12 Trading to the Exclusion of Others	<u>Market</u> Participants must not execute or attempt to execute trades with the intent to exclude other <u>Market</u> Participants or their Representatives. Proposed Penalty—Tier 2
3.1.15 Wash Trades	Participants must not allow trades to occur such that both sides of the trade are on behalf of the same account.	3.1.13 Wash Trades	<u>Market</u> Participants must not allow trades to occur such that both sides of the trade are on behalf of the same account. Proposed Penalty—Tier 2
3.1.16 Acting in Accordance with Client Instructions and Client's Best Interests	Full Participants must: (a) act on behalf of a Client only in accordance with that Client's instructions, unless to do so would be contrary to the Operating Rules; and (b) not act in a manner which has, or is intended to have, a detrimental effect, as determined by the Exchange, on	3.1.14 Acting in Accordance with Client Instructions and Client's Best Interests	Full <u>Market</u> Participants must: (a) act on behalf of a Client only in accordance with that Client's instructions, unless to do so would be contrary to the <u>Operating</u> -Rules; and (b) not act in a manner which has, or is intended to have, a detrimental effect, as determined by the Exchange <u>ASIC</u> , on

SFE rule	Current text of SFE rule	Proposed chapter	Proposed text of ASIC/SFE Market Integrity Rules
	<p>the Client’s best interests.</p> <p>(c) For the purposes of this Rule 3.1.16 “a Client” of a Full Participant which is a corporation shall include a Related Body Corporate or a division of the Full Participant which is separate from that Full Participant’s futures division.</p>		<p>the Client’s best interests.</p> <p>(c) Forfor the purposes of this Rule 3.1.146 “a Client” of a FullMarket Participant which is a corporation shall include a Related Body Corporate or a division of the FullMarket Participant which is separate from that FullMarket Participant’s futures division.</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;">Proposed Penalty—Tier 2</div>
<p>3.1.17 Personal Account Trading</p>	<p>(a) No person shall at any time trade or initiate a trade on any Market in any Contract for that person’s account where that person has or is likely to have knowledge or information about any Client orders of any Full Participant to trade, or instructions to trade, in the same or similar commodity.</p> <p>(b) For the purpose of this Operating Rule, a person shall be deemed to have traded for that person’s account if that person trades for any entity, person or account:</p> <p>(i) in which that person has a beneficial interest, including a Full Participant’s House Account in which the person has a financial interest; or</p> <p>(ii) in which that person might by exercise of some discretion have a beneficial interest, including a Full Participant’s House Account in which the person has, or may have, a financial interest; or</p> <p>(iii) over which that person exercises any control (other than an account of the Full Participant of which the person is a Director, partner or employee where such control is exercised in that capacity); or</p> <p>(iv) which is a corporation in whose shares that person has a “Relevant Interest” as that term is defined by the</p>	<p>3.1.15 Personal Account Trading</p>	<p>(a) No person shall at any time trade or initiate a trade on any Market in any Contract for that person’s account where that person has or is likely to have knowledge or information about any Client orders of any FullMarket Participant to trade, or instructions to trade, in the same or similar commodity.</p> <p>(b) For the purpose of this OperatingRule, a person shall be deemed to have traded for that person’s account if that person trades for any entity, person or account:</p> <p>(i) in which that person has a beneficial interest, including a FullMarket Participant’s House Account in which the person has a financial interest; or</p> <p>(ii) in which that person might by exercise of some discretion have a beneficial interest, including a FullMarket Participant’s House Account in which the person has, or may have, a financial interest; or</p> <p>(iii) over which that person exercises any control (other than an account of the FullMarket Participant of which the person is a Director, partner or employee where such control is exercised in that capacity); or</p> <p>(iv) which is a corporation in whose shares that person has a “Relevant Interest” as that term is defined by the</p>

SFE rule	Current text of SFE rule	Proposed chapter	Proposed text of ASIC/SFE Market Integrity Rules
	<p>Corporations Act; or</p> <p>(v) which is that person's Relative or a Relative's account in which that person has a financial interest.</p> <p>(c) For the purposes of this Rule 3.1.17:</p> <p>(i) a "Client" of a Full Participant which is a corporation shall include a Related Body Corporate or a division of the Full Participant which is separate from the Full Participant's futures division, and</p> <p>(ii) "a person having a financial interest in an account" includes any benefit which that person may enjoy as the result of the operation of that account, or trading under that account.</p>		<p>Corporations Act; or</p> <p>(v) which is that person's Relative or a Relative's account in which that person has a financial interest.</p> <p>(c) For the purposes of this Rule 3.1.157:</p> <p>(i) a "Client" of a <u>Full-Market</u> Participant which is a corporation shall include a Related Body Corporate or a division of the <u>Full-Market</u> Participant which is separate from the <u>Full-Market</u> Participant's futures division, and</p> <p>(ii) "a person having a financial interest in an account" includes any benefit which that person may enjoy as the result of the operation of that account, or trading under that account.</p> <div data-bbox="1330 695 2029 762" style="border: 1px solid black; padding: 5px; margin-top: 10px;">Proposed Penalty—Tier 2</div>
<p>3.1.18 Dual Trading Prohibition</p>	<p>(a) A Full Participant's Representative shall not initiate a trade for any Full Participant's House Account in a Contract, where that Representative is holding or is likely to hold the Full Participant's Client orders to trade, or for any reason is likely to have knowledge or information of the Full Participant's Client orders to trade, in the same or similar commodity.</p> <p>(b) The Exchange may in its absolute discretion from time to time prescribe classes of Contracts for the purposes of this Rule 3.1.18.</p> <p>(c) This Rule 3.1.18 shall not apply to a Representative where that Representative has executed an Error Trade and subsequent action taken by the Representative requires execution of a trade to cover that position.</p> <p>(d) For the purposes of this Rule 3.1.18 "a Client" of a Full Participant which is a corporation shall include a</p>	<p>3.1.16 Dual Trading Prohibition</p>	<p>(a) A <u>Full-Market</u> Participant's Representative shall not initiate a trade for any <u>Full-Market</u> Participant's House Account in a Contract, where that Representative is holding or is likely to hold the <u>Full-Market</u> Participant's Client orders to trade, or for any reason is likely to have knowledge or information of the <u>Full-Market</u> Participant's Client orders to trade, in the same or similar commodity.</p> <p>(b) The Exchange may in its absolute discretion from time to time prescribe eClasses of Contracts for the purposes of this Rule 3.1.168 <u>are as prescribed in the Procedures.</u></p> <p>(c) This Rule 3.1.168 shall not apply to a Representative where that Representative has executed an Error Trade and subsequent action taken by the Representative requires execution of a trade to cover that position.</p> <p>(d) For the purposes of this Rule 3.1.168 "a Client" of a <u>Full Market</u> Participant which is a corporation shall include a</p>

SFE rule	Current text of SFE rule	Proposed chapter	Proposed text of ASIC/SFE Market Integrity Rules
	<p>Related Body Corporate or a division of the Participant which is separate from that Participant's futures division.</p>		<p>Related Body Corporate or a division of the Market Participant which is separate from that Market Participant's futures division.</p> <div data-bbox="1335 373 2031 442" style="border: 1px solid black; padding: 5px; margin-top: 10px;">Proposed Penalty—Tier 3</div>
<p>3.1.19 Trades to be Allocated in Sequence of Order Receipt</p>	<p>(a) A Full Participant and its Representative shall allocate trades to Clients in the sequence in which the orders are received unless it would be fair and equitable, as determined by the Exchange, to allocate out of sequence.</p> <p>(b) For the purposes of this Rule 3.1.19 “a Client” of a Full Participant which is a corporation shall include a Related Body Corporate or a division of the Full Participant which is separate from that Full Participant's futures division.</p>	<p>3.1.17 Trades to be Allocated in Sequence of Order Receipt</p>	<p>(a) A Full-Market Participant and its Representative shall allocate trades to Clients in the sequence in which the orders are received unless it would be fair and equitable, as determined by the ExchangeASIC, to allocate out of sequence.</p> <p>(b) For the purposes of this Rule 3.1.179 “a Client” of a Full Market Participant which is a corporation shall include a Related Body Corporate or a division of the Full-Market Participant which is separate from that Full-Market Participant's futures division.</p> <div data-bbox="1335 829 2031 898" style="border: 1px solid black; padding: 5px; margin-top: 10px;">Proposed Penalty—Tier 3</div>
<p>3.1.20 Post-Allocation Prohibition</p>	<p>(a) Full Participants must not offer and/or allocate trades to a Client unless those trades have been obtained pursuant to instructions previously obtained from that Client.</p> <p>(b) For the purposes of this Rule 3.1.20 “a Client” of a Full Participant which is a corporation shall include a Related Body Corporate or a division of the Full Participant which is separate from that Full Participant's futures division.</p>	<p>3.1.18 Post-Allocation Prohibition</p>	<p>(a) Full-Market Participants must not offer and/or allocate trades to a Client unless those trades have been obtained pursuant to instructions previously obtained from that Client.</p> <p>(b) For the purposes of this Rule 3.1.1820 “a Client” of a Full Market Participant which is a corporation shall include a Related Body Corporate or a division of the Full-Market Participant which is separate from that Full-Market Participant's futures division.</p> <div data-bbox="1335 1220 2031 1289" style="border: 1px solid black; padding: 5px; margin-top: 10px;">Proposed Penalty—Tier 2</div>

SFE rule	Current text of SFE rule	Proposed chapter	Proposed text of ASIC/SFE Market Integrity Rules
3.2	STRATEGY TRADING	3.2	STRATEGY TRADING
3.2.2 Strategy Trades	<p>(a) Participants must provide a record of those types of Strategy trades as determined by the Exchange, and within the relevant time as determined by the Exchange.</p> <p>(b) Participants must allocate each leg of a Strategy Trade, unless determined otherwise by the Exchange, to the same account.</p> <p>(c) Participants must only enter the orders of a type of Strategy Trade in the specific pre-defined Market of the Trading Platform for that type of Strategy Trade, as determined by the Exchange.</p>	Strategy Trades	<p>(a) <u>Market</u> Participants must provide a record of those types of Strategy trades as determined by the Exchange, and within the relevant time as determined by the Exchange. <u>the Market Operator under the Market Operating Rules.</u></p> <p>(b) <u>Market</u> Participants must allocate each leg of a Strategy Trade, unless determined otherwise by the Exchange <u>ASIC</u>, to the same account.</p> <p>(c) Participants must only enter the orders of a type of Strategy Trade in the specific pre-defined Market of the Trading Platform for that type of Strategy Trade, as determined by the Exchange.</p>
			Proposed Penalty—Tier 2
Procedure 3.2			
3.3	PRE-NEGOTIATED BUSINESS ORDERS	3.3	PRE-NEGOTIATED BUSINESS ORDERS
3.3.2 Exchange to Prescribe Contracts	Pre-negotiated business refers to orders involving Contracts which have been prescribed by the Exchange and in numbers of contracts which exceed any minimum volume threshold which has been prescribed by the Exchange in respect of those Contracts.	3.3.1 Exchange to Prescribe Contracts	Pre-negotiated business refers to orders involving Contracts which have been: <p>(a) prescribed by the <u>Market Operator</u>; and</p> <p>(b) <u>are Exchange and</u> in numbers of contracts which exceed any minimum volume threshold which has been prescribed by the Exchange in respect of those Contracts, greater than or equal to the number designated by the Market Operator.</p>
3.3.3 Participant Entitlements	Where a Participant receives an instruction from a Client which can be executed as pre-negotiated business, the Participant may:	3.3.2 Participant Entitlements	Where a <u>Market</u> Participant receives an instruction from a Client which can be executed as pre-negotiated business, the <u>Market</u> Participant may:

SFE rule	Current text of SFE rule	Proposed chapter	Proposed text of ASIC/SFE Market Integrity Rules
	<ul style="list-style-type: none"> (a) withhold transmission of the instructions in order to solicit orders from Clients and other Participants; (b) disclose details of Clients' instructions; and (c) aggregate orders received from Clients in satisfaction or part satisfaction of the originating Client order. 		<ul style="list-style-type: none"> (a) withhold transmission of the instructions in order to solicit orders from Clients and other Market Participants; (b) disclose details of Clients' instructions; and (c) aggregate orders received from Clients in satisfaction or part satisfaction of the originating Client order.
3.3.8 Client Authorisation	Before entering a pre-negotiated business trade on behalf of a Client pursuant to this Rule 3.3, a Participant must be authorised In Writing by the Client to do so either specifically or generally.	3.3.3 Client Authorisation	<p>Before entering a pre-negotiated business trade on behalf of a Client pursuant to this Rule 3.3, a Market Participant must be authorised In Writing by the Client to do so either specifically or generally.</p> <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 10px auto;">Proposed Penalty—Tier 2</div>
3.3.9 Definition of Client	<ul style="list-style-type: none"> (a) For the purpose of this Rule 3.3 in respect of any Participant that is a corporation, a "Client" shall include a Related Body Corporate or a division of the Participant— which is separate from the Participant's futures division. (b) For the purposes of trading out of a trade allocated to a Participant that is an Error Trade, the Participant's futures division is classified as a Client. 	3.3.4 Definition of Client	<ul style="list-style-type: none"> (a) For the purpose of this Rule 3.3 in respect of any Market Participant that is a corporation, a "Client" shall include a Related Body Corporate or a division of the Market Participant—which is separate from the Market Participant's futures division. (b) For the purposes of trading out of a trade allocated to a Market Participant that is an Error Trade, the Market Participant's futures division is classified as a Client.
Procedure 3.3			
3.4	TRADING PRINCIPLES FOR BLOCK TRADES	3.4	TRADING PRINCIPLES FOR BLOCK TRADES
3.4.3 Participant Entitlements	<p>Where a Participant receives a Block Trade Order from a Client, the Participant may:</p> <ul style="list-style-type: none"> (a) solicit counterparties to the Block Trade Order amongst other Participants; (b) withhold transmission of the Block Trade Order in order 	3.4.1 Participant Entitlements	<p>Where a Market Participant receives a Block Trade Order from a Client, the Market Participant may:</p> <ul style="list-style-type: none"> (a) solicit counterparties to the Block Trade Order amongst other Market Participants; (b) withhold transmission of the Block Trade Order in order to

SFE rule	Current text of SFE rule	Proposed chapter	Proposed text of ASIC/SFE Market Integrity Rules
	<p>to solicit those counterparties;</p> <p>(c) disclose those details of the Block Trade Order as authorised by the Clients; and</p> <p>(d) aggregate orders where each order is greater than or equal to the Minimum Volume Threshold for that Contract.</p>		<p>solicit those counterparties;</p> <p>(c) disclose those details of the Block Trade Order as authorised by the Clients; and</p> <p>(d) aggregate orders where each order is greater than or equal to the Minimum Volume Threshold for that Contract.</p>
<p>3.4.4 Prohibitions</p>	<p>Participants cannot:</p> <p>(a) aggregate separate orders in order to meet Minimum Volume Thresholds; or</p> <p>(b) use the Block Trade Facility to execute Roll business.</p>	<p>3.4.2 Prohibitions</p>	<p><u>Market</u> Participants cannot:</p> <p>(a) aggregate separate orders in order to meet Minimum Volume Thresholds; or</p> <p>(b) use the Block Trade Facility to execute Roll business.</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>Proposed Penalty—Tier 2</p> </div>
<p>3.4.5 Unfilled Block Trade Orders</p>	<p>(a) Subject to Rule 3.4.5(b), where counterparties have been solicited pursuant to Rule 3.4.3(a) and the Block Trade Order remains unfilled, then the Block Trade Order may revert to a Permitted Order (“the order”) as described in Rule 3.1.3 and can be executed by the Participant on the Trading Platform in accordance with the Client’s instructions.</p> <p>(b) The orders from counterparties referred to in Rule 3.4.5(a) must not be entered into the Trading Platform unless such period of time as determined by the Exchange has elapsed from the entry of the originating Client order.</p>	<p>3.4.3 Unfilled Block Trade Orders</p>	<p>(a) Subject to Rule 3.4.35(b), where counterparties have been solicited pursuant to Rule 3.4.13(a) and the Block Trade Order remains unfilled, then the Block Trade Order may revert to a Permitted Order (“the order”) as described in Rule 3.1.3 and can be executed by the Participant on the Trading Platform in accordance with the Client’s instructions.</p> <p>(b) The orders from counterparties referred to in Rule 3.4.5(a) must not be entered into the Trading Platform unless such period of time as determined by the Exchange has elapsed from the entry of the originating Client order.</p>
<p>3.4.9 Client Authorisation</p>	<p>Before executing a Block Trade Order on behalf of a Client a Participant must be authorised in writing by the Client to do so either specifically or generally and such authorisation shall include an acknowledgment by the Client that:</p> <p>(i) the price quoted for the Block Trade Order may or may</p>	<p>3.4.4 Client Authorisation</p>	<p>Before executing a Block Trade Order on behalf of a Client a <u>Market</u> Participant must be authorised in writing by the Client to do so either specifically or generally and such authorisation shall include an acknowledgment by the Client that:</p> <p>(i) the price quoted for the Block Trade Order may or may not</p>

SFE rule	Current text of SFE rule	Proposed chapter	Proposed text of ASIC/SFE Market Integrity Rules
	<p>not be the prevailing market price;</p> <p>(ii) the price at which the Block Trade is executed will not be used in establishing Settlement Prices;</p> <p>(iii) Block Trades shall have no impact on the Trading Platform market data; and</p> <p>(iv) Block Trades will be separately reported to the market.</p>		<p>be the prevailing market price;</p> <p>(ii) the price at which the Block Trade is executed will not be used in establishing Settlement Prices;</p> <p>(iii) Block Trades shall have no impact on the Trading Platform market data; and</p> <p>(iv) Block Trades will be separately reported to the market.</p> <div style="border: 1px solid black; padding: 5px; width: fit-content; margin-left: auto; margin-right: auto;">Proposed Penalty—Tier 2</div>
Procedure 3.4			
3.5	TRADING PRINCIPLES FOR EXCHANGE FOR PHYSICAL TRANSACTIONS	3.5	TRADING PRINCIPLES FOR EXCHANGE FOR PHYSICAL TRANSACTIONS
3.5.2 Prohibitions	<p>No Exchange For Physical transaction may be effected:</p> <p>(a) where the parties to each side of the physical transaction are the same or are acting on behalf of the same person;</p> <p>(b) where both sides of the futures trade are taken out by the same Participant on its own account or are taken out on behalf of the same Client; or</p> <p>(c) to execute Roll business.</p>	3.5.1 Prohibitions	<p>No Exchange For Physical transaction may be effected:</p> <p>(a) where the parties to each side of the physical transaction are the same or are acting on behalf of the same person; <u>or</u></p> <p>(b) where both sides of the futures trade are taken out by the same <u>Market</u> Participant on its own account or are taken out on behalf of the same Client; <u>or</u></p> <p>(c) to execute Roll business.</p> <div style="border: 1px solid black; padding: 5px; width: fit-content; margin-left: auto; margin-right: auto;">Proposed Penalty—Tier 2</div>
3.5.9 Evidence of Physical Transaction	<p>(a) It is the Participant’s responsibility to ensure that where either the Participant or its Client is a party to an Exchange for Physical transaction, appropriate evidence of the physical transaction is obtained and</p>	3.5.2 Evidence of Physical Transaction	<p>(a) It is the <u>Market</u> Participant’s responsibility to ensure that where either the <u>Market</u> Participant or its Client is a party to an Exchange for Physical transaction, appropriate evidence of the physical transaction is obtained and kept on record</p>

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	<p>kept on record with the Participant.</p> <p>(b) Where either before or during a particular month a Full Participant has entered into a Contract in accordance with this Rule 3.5 on behalf of a Clearing Participant and the Contract has not been disposed of, and as at the end of that month, the Participant's Contract is registered in the name of the Clearing Participant, the Participant shall, after the end of the month, send or cause to be sent by SFE Clearing, a document setting out the information determined by the Exchange.</p>		<p>with the <u>Market</u> Participant.</p> <p>(b) Where either before or during a particular month a Full <u>Market</u> Participant has entered into a Contract in accordance with this Rule 3.5 on behalf of a Clearing Participant and the Contract has not been disposed of, and as at the end of that month, the <u>Market</u> Participant's Contract is registered in the name of the Clearing Participant, the <u>Market</u> Participant shall, after the end of the month, send or cause to be sent by SFE Clearing, a document setting out the information determined by the Exchange.ASIC.</p> <div data-bbox="1332 614 2027 678" style="border: 1px solid black; padding: 5px; margin-top: 10px;">Proposed Penalty—Tier 2</div>

Procedure 3.5