

Australian Securities and Investments Commission

Corporations Act 2001 — Subsection 798G(1) — Variation

1. Enabling legislation

I, Greg Yanco, with the written consent of the Minister, make the following instrument under subsection 798G(1) of the *Corporations Act 2001*.

Dated this 20th day of November 2012

Signed by Greg Yanco

as a delegate of the Australian Securities and Investments Commission.

2. Title

This instrument is *ASIC Market Integrity Rules (Competition in Exchange Markets) Amendment 2012 (No. 1)*.

3. Commencement

Each provision of this instrument specified in column 1 of the table commences in accordance with column 2 of the table.

Commencement information

Items of Schedule 1	Commencement
All Items other than Items [36] to [38], [44], [46], [110], [112], [115], [116], [118] and [145]	The day after the day on which this instrument is registered under the <i>Legislative Instruments Act 2003</i> .
Items [36] to [38], [44], [46], [110], [112], [115], [116], [118] and [145]	The day that is 6 months after the day on which this instrument is registered under the <i>Legislative Instruments Act 2003</i> .

Note: An instrument is registered when it is recorded on the Federal Register of Legislative Instruments (FRLI) in electronic form: see *Legislative Instruments Act 2003*, s 4 (definition of register). The FRLI may be accessed at <http://www.frli.gov.au/>.

4. Amendments

Schedule 1 amends the *ASIC Market Integrity Rules (Competition in Exchange Markets) 2011*.

Schedule 1 Amendments

[1] Rule 1.1.3

after “Note”, insert

1

[2] Rule 1.1.3, after the Note

insert

Note 2: Rule 1.1.3 relates only to the provisions of the Rules as originally made. It does not deal with any later amendments to the Rules.

[3] Paragraph 1.1.4(c)

omit the paragraph, substitute

(c) the activities or conduct of persons in relation to Financial Products,
as specified in each Chapter, Part or Rule.

[4] Rule 1.4.3

after “In these Rules” (first occurring) insert

, unless the contrary intention appears

[5] Rule 1.4.3, after definition of “Act”

insert

AFSL means an Australian financial services licence granted under section 913B of the Act.

[6] Rule 1.4.3, definition of “Anomalous Order”

omit the definition, substitute

Anomalous Order means a:

- (a) Buy Order for which the price is above the maximum Anomalous Order Threshold for the relevant Equity Market Product or ASX SPI 200 Future; and
- (b) Sell Order for which the price is below the minimum Anomalous Order Threshold for the relevant Equity Market Product or ASX SPI 200 Future.

[7] Rule 1.4.3, definition of “Anomalous Order Threshold”

after “Equity Market Product”, insert

or ASX SPI 200 Future

[8] Rule 1.4.3, after definition of “Anomalous Order Threshold”

insert

AOP Client means a person who is a client of a Participant and who is permitted by a Participant to submit Trading Messages into the Participant’s system.

[9] Rule 1.4.3, after definition of “ASX”

insert

ASX 24 means Australian Securities Exchange Limited (ACN 000 943 377).

ASX 24 Market means the Financial Market operated by ASX 24 under *Australian Market Licence (Australian Securities Exchange Limited) 2002*.

ASX Market means the Financial Market operated by ASX under *Australian Market Licence (ASX Limited) 2002*.

ASX SPI 200 Future means the Futures Market Contract over the market index known as the S&P/ASX 200, that is generally known as the “ASX SPI 200 Future” and that is admitted to quotation on the ASX 24 Market.

ASX Trade24 means the Order Book operated by ASX 24 and generally known as “ASX Trade 24”, that is the central Order Book of ASX 24 for ASX SPI 200 Futures.

ASX TradeMatch means the Order Book operated by ASX and generally known as “ASX TradeMatch”, that is the central Order Book of ASX for Equity Market Products.

Auction, in Part 2.2 of these Rules, means:

- (a) in relation to an Equity Market Product, an auction in the Equity Market Product on ASX TradeMatch; and
- (b) in relation to the ASX SPI 200 Future, an auction in the ASX SPI 200 Future on ASX Trade24.

[10] Rule 1.4.3, definition of “Best Available Bid”

after “Transaction” (first occurring), insert

in Equity Market Products

[11] Rule 1.4.3, definition of “Best Available Offer”

after “Transaction” (first occurring), insert

in Equity Market Products

[12] Rule 1.4.3, definition of “Bid”

omit

an Equity Market Product

substitute

a Financial Product

[13] Rule 1.4.3, definition of “Bid”

omit

the Equity Market Product

substitute

the Financial Product

[14] Rule 1.4.3, definition of “Buy Order”

omit

Equity Market Products

substitute

Financial Products

[15] Rule 1.4.3, after definition of “Employee”

insert

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

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

Equity Market Participant means a Participant in an Equity Market.

[16] Rule 1.4.3, definition of “Equity Market Product”, paragraph (b)

omit

financial product

substitute

Financial Product

[17] Rule 1.4.3, definition of “Equity Market Product”, subparagraph (c)(ii)

omit

financial product

substitute

Financial Product

[18] Rule 1.4.3, definition of “Equity Market Product”

omit

the Listing Market

substitute

the ASX Market

[19] Rule 1.4.3, after definition of “Equity Market Product”

insert

ETR Event means when:

- (a) a Buy Order for an Equity Market Product or an ASX SPI 200 Future for which the Bid price is both above the Reference Price and in the Extreme Trade Range for the Equity Market Product or ASX SPI 200 Future; or
- (b) a Sell Order for an Equity Market Product or an ASX SPI 200 Future, for which the Offer price is both below the Reference Price and in the Extreme Trade Range for the Equity Market Product or ASX SPI 200 Future,

is received by the Market Operator and is not prevented from entering the Market by the controls the Market Operator has in place to comply with Rule 2.1.3.

Note: Under Rule 2.2.2B, an ETR Event occurs on a Market in the circumstances described in this definition whether or not the Buy Order or Sell Order is executed, in whole or in part, on the Market.

[20] Rule 1.4.3, definition of “Exchange-Traded Fund Special Trade”

omit

the Listing Market

substitute

ASX

[21] Rule 1.4.3, definition of “Extreme Cancellation Range”

omit the definition, substitute

Extreme Trade Range:

- (a) in relation to Equity Market Products, has the meaning given by subrule 2.2.1(1); and
- (b) in relation to ASX SPI 200 Futures, has the meaning given by subrule 2.2.1(2).

[22] Rule 1.4.3, after definition of “Financial Market”

insert

Financial Product has the meaning given by section 761A of the Act.

[23] Rule 1.4.3, after definition of “Funds Manager”

insert

Futures Market means a Financial Market, on or through which offers to acquire or dispose of ASX SPI 200 Futures are made or accepted, the operator of which is licensed under subsection 795B(1) of the Act.

Futures Market Contract means a contract on the terms of a Futures Series.

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

Futures Series means a set of contractual terms on which futures contracts are authorised for trading by a Market Operator.

[24] Rule 1.4.3, after definition of “In Writing”

insert

Invalid, in relation to a price established by an auction, or the price of a Transaction, means:

- (a) the price has resulted from an error;
- (b) the price is materially different from the price of the last Transaction in the same Equity Market Product or ASX SPI 200 Future on the same Order Book, and the difference in

price is not, in the opinion of the Market Operator, readily attributable to an announcement that has been made to the Market or some other event; or

- (c) the price has resulted from a Transaction that is otherwise required to be cancelled or amended by the Market Operator of the Market on which the Transaction is executed.

[25] Rule 1.4.3, definition of “Listing Market”

omit the definition

[26] Rule 1.4.3, definition of “Listing Market Operator”

omit the definition

[27] Rule 1.4.3, definition of “Market”

omit

Equity Market Products

substitute

Financial Products

[28] Rule 1.4.3, definition of “Normal Trading Hours”

omit

Equity Market Products

substitute

Financial Products

[29] Rule 1.4.3, definition of “Offer”

omit

an Equity Market Product

substitute

a Financial Product

[30] Rule 1.4.3, definition of “Offer”

omit

the Equity Market Product

substitute

the Financial Product

[31] Rule 1.4.3, after definition of “Off-Market Bid”

insert

Opening Transaction, in relation to an Equity Market Product or ASX SPI 200 Future and an Order Book, means the first Transaction in the Equity Market Product or ASX SPI 200 Future on the Order Book after a Trading Reset.

[32] Rule 1.4.3, after definition of “Operating Rules”

insert

Options Market Contract means a contract on the terms of an Option Series.

Option Series means a set of contractual terms on which options are authorised for trading by ASX.

[33] Rule 1.4.3, definition of “Order”

omit

Equity Market Products

(wherever occurring)

substitute

Financial Products

[34] Rule 1.4.3, definition of “Pre-Trading Hours Period”

omit

the Listing Market

(wherever occurring)

substitute

ASX TradeMatch

[35] Rule 1.4.3, definition of “Recognised Stock Exchange”

omit

the Listing Market

substitute

ASX

[36] Rule 1.4.3, definition of “Reference Bid”

omit the definition

[37] Rule 1.4.3, definition of “Reference Mid-Point”

omit the definition

[38] Rule 1.4.3, definition of “Reference Offer”

omit the definition

[39] Rule 1.4.3, definition of “Reference Price”

omit

has the meaning given by subrule 2.2.2(4)

substitute

means a price determined in accordance with Rule 2.2.2

[40] Rule 1.4.3, after definition of “Reference Price”

insert

Regulatory Data has the meaning given by Rule 5A.2.3.

[41] Rule 1.4.3, after definition of “Reporting Participant”

insert

Responsible Market Operator means:

- (a) in relation to Equity Market Products, ASX; and
- (b) in relation to ASX SPI 200 Futures, ASX 24.

[42] Rule 1.4.3, definition of “Sell Order”

omit

Equity Market Products

substitute

Financial Products

[43] Rule 1.4.3, definition of “Tick Size”

omit the definition, substitute

Tick Size means:

- (a) in relation to an Equity Market Product, the minimum increment by which the price for an Equity Market Product may increase or decrease, in accordance with Rule 6.4.1; and
- (b) in relation to an ASX SPI 200 Future, one index point.

[44] Rule 1.4.3, after definition of “Tick Size”

insert

Tier 1 Equity Market Product has the meaning given by paragraph 4.2.1(3)(a).

Tier 2 Equity Market Product has the meaning given by paragraph 4.2.1(3)(b).

Tier 3 Equity Market Product has the meaning given by paragraph 4.2.1(3)(c).

[45] Rule 1.4.3, after definition of “Total Consideration”

insert

Trade Report, in Chapter 5A, means:

- (a) in relation to an Equity Market Product, a report of Post-Trade Information required to be made to a Market Operator under Rule 5.1.1; and
- (b) in relation to a Financial Product other than an Equity Market Product, a Futures Market Contract or an Options Market Contract, a report of information in relation to a Transaction entered into otherwise than by matching of Orders on an Order Book, required to be made to a Market Operator under the Operating Rules of a Market.

[46] Rule 1.4.3, definition of “Trade At or Within the Spread”

omit the definition, substitute

Trade with Price Improvement has the meaning given by subrule 4.2.3(1).

[47] Rule 1.4.3, definition of “Trading Day”

omit

Equity Market Products

substitute

Financial Products

[48] Rule 1.4.3, after definition of “Trading Messages”

insert

Trading Pause, in relation to an Equity Market Product or ASX SPI 200 Future, means a period during which the Market Operator must prevent Orders for the Equity Market Product or ASX SPI 200 Future from being matched or executed on its Market, but during which Bids and Offers for the Equity Market Product or ASX SPI 200 Future may be displayed, entered, amended and cancelled.

Trading Reset, in relation to an Equity Market Product or ASX SPI 200 Future, means each of a Trading Pause, Trading Suspension, and the end of Trading Hours for the Equity Market Product or ASX SPI 200 Future.

[49] Rule 1.4.3, definition of “Transaction”

omit

an Equity Market Product

substitute

a Financial Product

[50] Before Part 2.1

insert

Part 2.1A Application

2.1A.1 Application of Chapter

(1) This Chapter applies to:

- (a) Equity Market Operators; and
- (b) from the day that is 18 months after the day on which this Rule commences, Futures Market Operators.

(2) In this Chapter, **Relevant Products** means Equity Market Products and ASX SPI 200 Futures.

Note: There is no penalty for this Rule.

[51] Subrule 2.1.1(1)

omit

Equity Market Product

substitute

Relevant Product

[52] Subrule 2.1.1(2)

omit

Equity Market Product

substitute

Relevant Product

[53] Subrule 2.1.1(2)

omit

45

substitute

21

[54] Subrule 2.1.1(4)

after “subrule (3)”, insert

in relation to a Relevant Product

[55] Subrule 2.1.1(4)

omit

relevant Equity Market Product

substitute

Relevant Product

[56] Subrule 2.1.1(5)

omit

an Equity Market Product

substitute

a Relevant Product

[57] Subparagraph 2.1.1(5)(a)(i)

omit

relevant Equity Market Product

substitute

Relevant Product

[58] Paragraph 2.1.1(5)(b)

omit the paragraph, substitute

(b) if the Relevant Product is:

- (i) an Equity Market Product, the Tick Size for the Equity Market Product; or
- (ii) an ASX SPI 200 Future, the relevant index multiplier for the ASX SPI 200 Future.

[59] Rule 2.1.3

after “entering”, insert

an Order Book (***Relevant Order Book***) of

[60] Rule 2.1.3

after “its Market”, insert

at all times on a Trading Day other than at a time during which:

- (a) Orders are not matched and Transactions are not executed on a continuous basis on the Relevant Order Book; or
- (b) an auction is being conducted on the Relevant Order Book

[61] Paragraph 2.1.4(1)(b)

omit

Equity Market Product

substitute

Relevant Product

[62] Paragraph 2.1.4(2)(a)

omit

45

substitute

21

[63] Paragraph 2.1.4(2)(b)

after “paragraph (1)(a)”, insert

, not less than two business days before adopting the revised arrangements for the purposes of paragraph (1)(a)

[64] Subrule 2.1.4(4)

omit

new

substitute

revised

[65] Subrule 2.1.4(4)

after “arrangements” (second occurring), insert

not less than two business days

[66] Part 2.2 (heading)

omit

Cancellation

substitute

Trade

[67] Rule 2.2.1 (heading)

omit

Cancellation

substitute

Trade

[68] Rule 2.2.1 (heading)

omit

for Equity Market Products

[69] Rule 2.2.1

omit

The *Extreme Cancellation Range*

substitute

(1) The *Extreme Trade Range*

[70] Rule 2.2.1

omit

or equal to

[71] Paragraph 2.2.1(a)

omit

Price Steps

substitute

cents

[72] Rule 2.2.1 (table column 2)

omit the column

[72A] Rule 2.2.1 (heading to table column 3)

omit the heading, substitute

Extreme Trade Range (cents or percentage away from Reference Price)

[73] Rule 2.2.1 (table column 3)

omit

≥21 Price Steps

substitute

>10 cents

[74] Rule 2.2.1 (table column 3)

omit

≥61 Price Steps

substitute

>30 cents

[75] Rule 2.2.1 (table column 3)

omit

≥101 Price Steps

substitute

>50 cents

[76] Rule 2.2.1 (table column 3)

omit

≥50.1%

substitute

>50.0%

[77] Rule 2.2.1 (table column 3)

omit

≥40.1%

substitute

>40.0%

[78] Rule 2.2.1 (table column 3)

omit

≥35.1%

substitute

>35.0%

[79] Rule 2.2.1 (table column 3)

omit

≥30.1%

substitute

>30.0%

[80] Rule 2.2.1 (table column 3)

omit

≥25.1%

substitute

>25.0%

[81] Rule 2.2.1 (table column 3)

omit

≥20.1%

substitute

>20.0%

[82] Rule 2.2.1, after the table

insert

(2) The ***Extreme Trade Range*** for the ASX SPI 200 Future means all prices which are greater than 250 Price Steps away from the Reference Price for the ASX SPI 200 Future.

[83] Rule 2.2.2

omit the rule, substitute

2.2.2 Obligation on Market Operator to determine and notify Reference Price

(1) The Responsible Market Operator must determine a Reference Price for each Relevant Product after each Trading Reset, as follows:

- (a) if there is an Auction in the Relevant Product after the Trading Reset and before the Opening Transaction, the price established by the Auction;
- (b) if:

- (i) the Responsible Market Operator determines, acting reasonably, that the price established by the Auction referred to in paragraph (a) is Invalid;
 - (ii) the Auction referred to in paragraph (a) does not establish a price; or
 - (iii) there is no Auction in the Relevant Product after the Trading Reset and before the Opening Transaction,
the price of the Opening Transaction; or
- (c) if paragraph (b) applies and the price of the Opening Transaction is Invalid, a price determined by the Responsible Market Operator, acting reasonably, to be not Invalid.

(2) The Responsible Market Operator must, each time it determines a Reference Price for a Relevant Product in accordance with subrule (1), immediately:

- (a) use the Reference Price to determine the Extreme Trade Range for the Relevant Product in accordance with Rule 2.2.1, until the next Trading Reset for the Relevant Product;
and
- (b) notify ASIC and, subject to subrules 6.2.1(1) and (6), the Market Operator of each other Market on which the Relevant Product is quoted, of the Reference Price for the Relevant Product.

(3) Subject to subrule (4), each Market Operator that receives a notification under paragraph (2)(b) must immediately use the Reference Price in the notification to determine the Extreme Trade Range for the Relevant Product in accordance with Rule 2.2.1, until it next receives a notification under paragraph (2)(b) in relation to the Relevant Product.

(4) A Market Operator that operates an Order Book other than ASX TradeMatch or ASX Trade 24, must determine the Reference Price for each Relevant Product for that Order Book after each Trading Reset on that Order Book, as:

- (a) the price of the Opening Transaction; or
- (b) if paragraph (a) applies and the price of the Opening Transaction is Invalid, a price determined by the Market Operator, acting reasonably, to be not Invalid,

until the Market Operator receives a notification of the Reference Price for the Relevant Product under paragraph (2)(b).

Note: Under subrules 6.2.1(1) and (6), ASX (as the Responsible Market Operator for Equity Market Products) must provide notifications under paragraph 2.2.2(2)(b) to other Market Operators through an electronic data feed, and need only make a notification in relation to a particular Equity Market Product to a Market Operator that has notified ASX it will quote the Equity Market Product on its Market.

Maximum penalty: \$100,000

2.2.2A Requirement to prevent extreme price movements

A Market Operator must have in place adequate controls to prevent a Transaction in a Relevant Product executing on an Order Book (*Relevant Order Book*) of its Market in the

Extreme Trade Range for the Relevant Product, at all times during a Trading Day other than at a time during which:

- (a) Orders are not matched and Transactions are not executed on a continuous basis on the Relevant Order Book; or
- (b) an auction is being conducted on the Relevant Order Book.

Maximum penalty: \$1,000,000

2.2.2B Requirement to identify and notify of ETR Event

(1) A Market Operator must identify when an ETR Event occurs on an Order Book (***Relevant Order Book***) of its Market, at all times on a Trading Day other than at a time during which:

- (a) Orders are not matched and Transactions are not executed on a continuous basis on the Relevant Order Book; or
- (b) an auction is being conducted on the Relevant Order Book.

(2) Where a Market Operator (other than the Responsible Market Operator) identifies that an ETR Event has occurred on an Order Book of its Market, the Market Operator must immediately notify the Responsible Market Operator of the ETR Event, subject to subrule 6.2.1(1).

(3) Where a technical problem (including a power outage) prevents a Market Operator from making a notification referred to in subrule (2) immediately, the notification must be made to the Responsible Market Operator without delay by another appropriate means.

Note: Under subrule 6.2.1(1), a Market Operator must provide notifications under subrule 2.2.2B(2) to ASX (as the Responsible Market Operator for Equity Market Products) through an electronic data feed.

Maximum penalty: \$1,000,000

2.2.2C Requirement to impose Trading Pause

(1) Where the Responsible Market Operator:

- (a) identifies an ETR Event on an Order Book of its own Market; or
- (b) receives a notification of an ETR Event from another Market Operator,

in relation to a Relevant Product, the Responsible Market Operator must immediately:

- (c) impose a Trading Pause on the Relevant Product for a period of two minutes; and
- (d) notify ASIC and, subject to subrules 6.2.1(1) and (6), the Market Operator of each other Market on which the Relevant Product is quoted, that the Trading Pause has been imposed.

(2) A Market Operator that receives a notification under paragraph (1)(d) must immediately place each Relevant Product the subject of the notification into a Trading Pause on its Market.

(3) A Market Operator that places a Relevant Product into a Trading Pause in accordance with subrule (2) may only lift or remove that Trading Pause after the Market Operator receives a notification under subrule (4) in relation to the same Relevant Product.

(4) The Responsible Market Operator must immediately notify ASIC and, subject to subrules 6.2.1(1) and (6), the Market Operator of each other Market on which the Relevant Product is quoted when it lifts or removes the Trading Pause imposed on the Relevant Product under subrule (1).

(5) Where a technical problem (including a power outage) prevents the Responsible Market Operator from making a notification referred to in paragraph (1)(d) or subrule (4) immediately, the notification must be made to ASIC and the Market Operator of each other Market on which the Relevant Product is quoted, without delay by another appropriate means.

(6) The Responsible Market Operator must make publicly available information concerning:

- (a) the fact that a Trading Pause will result from an ETR Event;
- (b) the length of a Trading Pause resulting from an ETR Event; and
- (c) how the Responsible Market Operator will resume trading in the Relevant Product on its Market after a Trading Pause resulting from an ETR Event.

Note: Under subrules 6.2.1(1) and (6), ASX (as the Responsible Market Operator for Equity Market Products) must provide notifications to other Market Operators under paragraph 2.2.2C(1)(d) and subrule 2.2.2C(4) through an electronic data feed, and need only make a notification in relation to a particular Equity Market Product to a Market Operator that has notified ASX it will quote the Equity Market Product on its Market.

Maximum penalty: \$1,000,000

[84] Rule 2.2.3 (heading)

omit

Cancellation

substitute

Trade

[85] Rule 2.2.3

omit

Cancellation

(wherever occurring)

substitute

Trade

[86] Rule 2.2.3

omit

an Equity Market Product

substitute

a Relevant Product

[87] Paragraph 2.2.3(a)

omit

Equity Market Product

substitute

Relevant Product

[88] Paragraph 2.2.3(c)

omit

Equity Market Product

substitute

Relevant Product

[89] Rule 2.2.4 (heading)

omit

Cancellation

substitute

Trade

[90] Subrule 2.2.4(1)

omit

Listing Market Operator

substitute

Responsible Market Operator

[91] Subrule 2.2.4(1)

after “subrule 2.2.2(2)”, insert

, and the imposition and lifting or removal of a Trading Pause under paragraph 2.2.2C(1)(d) and subrule 2.2.2C(4)

[92] Paragraph 2.2.4(2)(a)

omit the paragraph, substitute

(a) identifying when an ETR Event occurs on its Market, in accordance with subrule 2.2.2B(1);

[93] After paragraph 2.2.4(2)(a)

insert

(ab) notifying the Responsible Market Operator that an ETR Event has occurred on its Market, in accordance with subrule 2.2.2B(2), unless the Market Operator is the Responsible Market Operator;

[94] Paragraph 2.2.4(2)(b)

omit

Cancellation

substitute

Trade

[95] Paragraph 2.2.4(2)(b)

omit

Rule 2.2.3

substitute

paragraphs 2.2.3(a) and (b)

[96] Paragraph 2.2.4(2)(c)

omit

Cancellation

(wherever occurring)

substitute

Trade

[97] Paragraph 2.2.4(2)(c)

omit

Rule 2.2.3

substitute

paragraph 2.2.3(c)

[98] Subrule 2.3.1(1)

after “Transactions”, insert

in Relevant Products

[99] Paragraph 2.3.1(2)(a)

omit the paragraph, substitute

- (a) include a policy that all Transactions executed on its Market within the Extreme Trade Range and identified by or to the Market Operator will be cancelled;

Note: Under subrule 2.2.2B(1) and paragraph 2.2.4(2)(a), a Market Operator must identify when an ETR Event, including the execution of a transaction in the Extreme Trade Range, occurs on its Market and must have in place adequate arrangements for identifying when an ETR Event occurs on its Market.

[100] Paragraph 2.3.1(2)(b)

after “Transactions” (first occurring), insert

in Relevant Products

[101] Paragraph 2.3.1(2)(c)

after “Transactions”, insert

in Relevant Products

[102] Paragraph 2.3.1(2)(d)

after “Transactions”, insert

in Relevant Products

[103] Before Part 3.1

insert

Part 3.1A Application

3.1A.1 Application of Chapter

This Chapter applies to:

- (a) Equity Market Participants; and
- (b) Orders (including Client Orders) in relation to Equity Market Products.

Note: There is no penalty for this Rule.

[104] Subrule 3.1.1(6)

omit

31 October 2012

substitute

1 March 2013

[105] Subrule 3.1.1(6)

omit

the Listing Market

substitute

ASX TradeMatch

[106] Subrule 3.1.1(6)

omit

another Market

substitute

another Order Book

[107] Subrule 3.2.3(2)

omit

the Listing Market

substitute

ASX TradeMatch

[108] Subrule 3.2.3(2)

omit

31 October 2012

(wherever occurring)

substitute

1 March 2013

[109] Before Part 4.1

insert

Part 4.1A Application

4.1A.1 Application of Chapter

This Chapter applies to:

- (a) Equity Market Operators;
- (b) Equity Market Participants; and
- (c) Orders and Transactions in Equity Market Products.

Note: There is no penalty for this Rule.

[110] Paragraph 4.1.1(2)(c)

omit

Trades At or Within the Spread

substitute

a Trade with Price Improvement

[111] After subrule 4.1.1(2)

insert

(3) A Participant that enters into a Transaction in reliance on an exception in subrule (2) must keep, for a period of seven years from the date of the Transaction, records that enable the Participant to demonstrate that the relevant Transaction met the criteria for the relevant exception, including, in relation to a Transaction executed in reliance on the exception in paragraph (2)(c), a record of the Best Available Bid and Best Available Offer, if applicable, at the time the Transaction was executed.

Note: For the purposes of subrule (3), the exception in paragraph 4.1.1(2)(c) for a Trade At or Within the Spread is replaced with an exception for a Trade with Price Improvement from the day that is 6 months after the day on which subrule (3) commences.

[112] Paragraph 4.1.2(2)(c)

omit

Trade At or Within the Spread

substitute

Trade with Price Improvement

[113] After Rule 4.1.7

insert

4.1.8 Dealings to which this Part does not apply

For the avoidance of doubt, this Part does not apply to Transactions arising from:

- (a) the terms of an Equity Market Product, including a redemption;
- (b) primary market actions, including an issue or allotment of, or an application or subscription for, an Equity Market Product;
- (c) acceptance of an offer under an Off-Market Bid; and
- (d) the delivery of an Equity Market Product under a Securities Lending Arrangement.

Note: There is no penalty for this Rule.

[114] Paragraph 4.2.1(1)(a)

before “the Participant”, insert

if the Transaction is entered into other than by matching of Orders on an Order Book,

[115] Paragraph 4.2.1(1)(c)

omit the paragraph, substitute

- (c) the consideration for the Transaction is not less than:
 - (i) \$1,000,000 or more for Tier 1 Equity Market Products;
 - (ii) \$500,000 or more for Tier 2 Equity Market Products; and
 - (iii) \$200,000 or more for Tier 3 Equity Market Products.

[116] After subrule 4.2.1(2)

insert

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

- (a) ***Tier 1 Equity Market Products*** means those Equity Market Products notified by ASIC under these Rules and in accordance with subrule (4);
- (b) ***Tier 2 Equity Market Products*** means those Equity Market Products notified by ASIC under these Rules and in accordance with subrule (4); and
- (c) ***Tier 3 Equity Market Products*** means all Equity Market Products that are not Tier 1 or 2 Equity Market Products.

(4) For the purposes of subrule (3), the notification given by ASIC:

- (a) will be published on its website; and
- (b) takes effect from 20 business days following the date of the notification.

[117] Paragraph 4.2.2(1)(a)

before “the Participant”, insert

if the Transaction is entered into other than by matching of Orders on an Order Book,

[118] Rule 4.2.3

omit the rule, substitute

4.2.3 Exception—Trades with Price Improvement

(1) In these Rules, a Transaction is a ***Trade with Price Improvement*** where:

- (a) the Transaction is executed at a price per Equity Market Product which is:
 - (i) higher than the Best Available Bid and lower than the Best Available Offer by one or more Price Steps; or
 - (ii) at the Best Mid-Point; and
- (b) if the Transaction is entered into other than by matching of Orders on an Order Book, the Participant acts:

- (i) on behalf of both buying and selling clients to that Transaction; or
- (ii) on behalf of a buying or selling client on one side of that Transaction and as Principal on the other side.

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

Note: There is no penalty for this Rule.

[119] Before Part 5.1

insert

Part 5.1A Application

5.1A.1 Application of Chapter

This Chapter applies to:

- (a) Equity Market Operators;
- (b) Equity Market Participants; and
- (c) Orders and Transactions in Equity Market Products.

Note: There is no penalty for this Rule.

[120] Subrule 5.1.1(1)

after “than”, insert

by

[121] After subrule 5.1.1(4)

insert

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

- (a) the exception in subrule 4.1.1(2) relied upon by the Reporting Participant to enter into the Transaction other than in accordance with subrule 4.1.1(1); and
- (b) the exception in paragraph (2)(b), if the Reporting Participant has relied upon that exception to report the Transaction other than in accordance with the times set out in paragraph (2)(a).

(4B) A Reporting Participant that is notified by a Market Operator under paragraph 5.1.4A(3)(b) in relation to a Transaction it has reported must immediately amend or cancel

the Transaction or take other appropriate measures in relation to the Transaction, having regard to the Reporting Participant's obligations under this Rule and Rule 4.1.1.

[122] Paragraph 5.1.2(2)(a)

after “;”, insert

or

[123] Paragraphs 5.1.2(2)(b) and (c)

omit the paragraphs, substitute

- (b) if both Participants satisfy paragraph (a) (for example, Participants that manually negotiate a Transaction):
 - (i) the Participant that is the seller, or is acting on behalf of the seller; or
 - (ii) as otherwise agreed between the Participants.

[123A] Subrule 5.1.2(3)

omit

paragraph (2)(c)

substitute

subparagraph (2)(b)(ii)

[124] After Rule 5.1.4

insert

5.1.4A Market Operator to validate Post-Trade Information

(1) Without limiting subrule 5.1.4(2), a Market Operator that receives a report of Post-Trade Information for a Transaction from a Reporting Participant under Rule 5.1.1 must have in place arrangements to determine whether the Transaction as reported meets the criteria for:

- (a) the exception in subrule 4.1.1(2) relied upon by the Reporting Participant to enter into the Transaction other than in accordance with subrule 4.1.1(1); and
- (b) where applicable, the exception in paragraph 5.1.1(2)(b) relied upon by the Reporting Participant to report the Transaction other than in accordance with the times set out in paragraph 5.1.1(2)(a).

(2) Without limiting subrule (1), the Market Operator must have in place arrangements that enable the Market Operator to determine that the applicable criteria set out in column 3 of the following Table are met in relation to each Transaction of the kind set out in column 1, as follows:

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

Exception relied upon by Participant	Item	Market Operator must determine that the following applicable criteria are met
Block Trades (see paragraph 4.1.1(2)(a))	1	For a Transaction reported as a Block Trade, the consideration for the Transaction meets the criteria in Rule 4.2.1
	2	For a Transaction reported as a Block Trade, the relevant Equity Market Product was not in a Trading Suspension at the time the Transaction was reported
Large Portfolio Trades (see paragraph 4.1.1(2)(b) and subparagraph 5.1.1(2)(b)(ii))	3	For a Transaction reported as a Large Portfolio Trade, the consideration for each Transaction and the total consideration for the series of Transactions meets the criteria in Rule 4.2.2
	4	For a Transaction reported as a Large Portfolio Trade, the Transaction has been reported to the Market Operator by no later than the time set out in subrule 5.1.1(3)
	5	For a Transaction reported as a Large Portfolio Trade, the relevant Equity Market Product was not in a Trading Suspension at the time the Transaction was reported as being executed
Trade At or Within the Spread or a Trade With Price Improvement (see paragraph 4.1.1(2)(c))	6	For a Transaction reported as a Trade At or Within the Spread or a Trade with Price Improvement, the price per Equity Market Product for the Transaction meets the criteria in subrule 4.2.3(1) based on the Market Operator's calculation of the Best Available Bid and Best Available Offer at the time the Transaction is reported
Permitted Trades During Post-Trading Hours Period (see paragraph 4.1.1(2)(d))	7	For a Transaction reported as a Permitted Trade During the Post-Trading Hours Period, the Post-Trade Information indicates that the Transaction was entered into during the Post-Trading Hours Period as set out in Rule 4.2.4
Permitted Trades During Pre-Trading Hours Period (see paragraph 4.1.1(2)(e))	8	For a Transaction reported as a Permitted Trade During the Pre-Trading Hours Period, the Post-Trade Information indicates that the Transaction was entered into during the Pre-Trading Hours Period as set out in Rule 4.2.5
Out of Hours Trades (see paragraph 4.1.1(2)(f))	9	For a Transaction reported as an Out of Hours Trade, the Post-Trade Information indicates that the Transaction was entered into outside of Normal Trading Hours as set out in Rule 4.2.6
Large Principal Transactions (see	10	For a Transaction reported as a Large Principal Transaction, the consideration for the Transaction meets the criteria in Rule 5.2.1

Exception relied upon by Participant	Item	Market Operator must determine that the following applicable criteria are met
subparagraph 5.1.1(2)(b)(i))	11	For a Transaction reported as a Large Principal Transaction, the Transaction has been reported to the Market Operator by no later than the time set out in subrule 5.1.1(3)
	12	For a Transaction reported as a Large Principal Transaction, the relevant Equity Market Product was not in a Trading Suspension at the time the Transaction was reported as being executed

Note: For the purposes of Table item 6, the exception in paragraph 4.1.1(2)(c) for a Trade At or Within the Spread is replaced with an exception for a Trade with Price Improvement on the day that is 6 months after the day on which this Rule commences.

(3) Where a Market Operator determines under this Rule that a Transaction reported to it under Rule 5.1.1 does not meet one or more of the applicable criteria set out in the Table in subrule (2), other than the criteria in items 3, 5 or 12, the Market Operator:

- (a) must not accept the report of Post-Trade Information for the Transaction;
- (b) must notify the Reporting Participant that the Market Operator will not accept the report of Post-Trade Information for the Transaction; and
- (c) must not make available Post-Trade Information for the Transaction under Rule 5.1.4.

(4) Where a Market Operator determines under this Rule that a Transaction reported to it under Rule 5.1.1 does not meet one or more of the applicable criteria set out in items 3, 5 or 12 of the Table in subrule (2), the Market Operator must take steps to cancel the Transaction or take other appropriate measures in relation to the Transaction, having regard to the Market Operator's obligations under this Rule and Rule 5.1.4.

Maximum penalty: \$1,000,000

[125] Rule 5.1.6, table item 2

omit

conducted

[126] Rule 5.1.6, table item 3

after "on", insert

an Order Book of

[127] Rule 5.1.6, table item 4

after "on", insert

an Order Book of

[128] Rule 5.1.6, table item 5

after “executed on”, insert

an Order Book of

[129] Rule 5.1.6, table item 6

after “executed on”, insert

an Order Book of

[130] Rule 5.1.6, table item 7

omit

on

substitute

executed on an Order Book of, or reported to,

[131] Rule 5.1.6, after the table

insert

Note: Items 2 to 6 of this Table refer to information in relation to prices, bids and offers on an Order Book. Accordingly, the Trading Information made available by a Market Operator under items 2 to 6 of this Table must not include Transactions in Equity Market Products reported to the Market Operator under Rule 5.1.1 (Participants to report Transactions done other than on an Order Book of a Market).

[132] Part 5.2 (heading)

omit

Exceptions

substitute

Delayed reporting

[133] Rule 5.2.1 (heading)

omit

Exceptions

substitute

Delayed reporting

[134] Rule 5.2.1

omit

the Listing Market Operator

(wherever occurring)

substitute

ASX

[135] Paragraph 5.2.1(4)(a)

omit

and Participants

[136] After Chapter 5

insert

Chapter 5A: Regulatory Data

Part 5A.1 Application

5A.1.1 Application of Chapter

(1) This Chapter applies to:

- (a) from 28 October 2013, Equity Market Operators; and
- (b) from 10 March 2014, Equity Market Participants.

(2) This Chapter applies to Orders and Transactions in Financial Products admitted to quotation on the ASX Market, other than Futures Market Contracts or Options Market Contracts.

Note: There is no penalty for this Rule.

Part 5A.2 Requirement to record and provide Regulatory Data

5A.2.1 Participant to provide Regulatory Data with Orders and Trade Reports

(1) A Participant must provide Regulatory Data to a Market Operator in an Order transmitted to an Order Book of that Market Operator.

(2) A Participant must provide Regulatory Data to a Market Operator in a Trade Report made to that Market Operator, for each side of the Transaction for which the Participant acted as agent on behalf of a client, or as Principal.

(3) A Participant must not disclose the Regulatory Data it provides to a Market Operator under subrules (1) and (2) in connection with the Order or Trade Report other than:

- (a) to any of the following:
 - (i) a person acting as agent on behalf of the Participant, to the extent there is a legitimate business reason for the person to have access to the Regulatory Data;
 - (ii) the Market Operator to which the Regulatory Data is provided; or
 - (iii) ASIC;
- (b) for the purposes of seeking legal advice; or
- (c) as otherwise required or permitted by law,

and must take reasonable steps to ensure that a person referred to in subparagraph (a)(i) does not disclose the Regulatory Data to any person other than a person referred to in paragraph (a), or in accordance with paragraphs (b) or (c).

Maximum penalty: \$1,000,000

5A.2.2 Market Operator to record Regulatory Data

(1) A Market Operator must keep a record of Regulatory Data provided to it by a Participant in a record of:

- (a) a new Order that is received, or an existing Order that is amended, matched or cancelled, on an Order Book of the Market;
- (b) a Transaction on an Order Book of the Market; and
- (c) a Trade Report accepted by the Market Operator.

(2) A Market Operator must not use or disclose Regulatory Data referred to in subrule (1) other than by:

- (a) providing the Regulatory Data to ASIC;
- (b) disclosing the Regulatory Data to a person acting as agent for the Market Operator;
- (c) making available to a Participant, or a person acting as agent on behalf of the Participant, the Regulatory Data provided by that Participant; or
- (d) using or disclosing the Regulatory Data for a purpose that is otherwise required or permitted by law,

and must take reasonable steps to ensure that a person referred to in paragraph (b) does not use or disclose the Regulatory Data other in accordance with paragraphs (a), (c) or (d).

Note: A Market Operator is required to provide Regulatory Data to ASIC under Chapter 7 of the *ASIC Market Integrity Rules (ASX Market) 2010* and Chapter 7 of the *ASIC Market Integrity Rules (Chi-X Australia Market) 2011*.

Maximum penalty: \$1,000,000

5A.2.3 Regulatory Data

(1) In these Rules, *Regulatory Data* means:

- (a) in relation to a Trade Report, the information set out in items 1 to 5 of the following Table; and
- (b) in relation to an Order transmitted to an Order Book and any Transaction resulting from that Order, the information set out in items 2 to 5 of the following Table.

(2) The information in items 3, 4 and 5 of the following Table does not need to be provided by a Participant if the Participant has taken all reasonable steps to determine the information and is unable to do so.

(3) ASIC may determine and publish on its website a notification of format or content requirements for a code, notation or number referred to in the following Table.

(4) Participants and Market Operators must provide or record Regulatory Data in Orders, Transactions and Trade Reports in accordance with requirements notified by ASIC under subrule (3) within the timeframe specified in the notification, if the timeframe specified in the notification is reasonable.

(5) Where a Participant provides a notation, code or number to identify information set out in items 1 to 5 of the following Table in an Order or Trade Report, it must take all reasonable steps to consistently provide the same code, notation or number to identify the same information in subsequent Orders or Trade Reports.

Item	Label	Regulatory Data
1	Execution venue	A code identifying the Market, Crossing System or other facility on which the Orders were matched or the Transaction was executed
2	Capacity of Participant	For each side (buy and/or sell) of the Order or Transaction on which the Participant is required to comply with subrule 5A.2.1(1) or (2), a notation to identify whether the Participant is acting as: <ul style="list-style-type: none"> (a) as Principal; (b) as agent for a client; or (c) as both Principal and agent for a client, in relation to the Order or Transaction
3	Origin of Order or Transaction	For each side (buy and/or sell) of the Order or Transaction on which the Participant acts as agent for a client, a unique notation, code or number used by the Participant to identify the person on whose instructions the Order is submitted or Transaction was executed

Item	Label	Regulatory Data
4	Intermediary ID	For each side (buy and/or sell) of the Order or Transaction on which: (a) the Participant acts as agent for an AOP Client that is an AFSL holder; and (b) the Participant has an arrangement with the AFSL holder under which the AFSL holder submits Trading Messages into the Participant's system as intermediary for its own clients, the AFSL number of the AFSL holder
5	Directed wholesale indicator	For each side (buy and/or sell) of the Order or Transaction on which: (a) the Participant acts as agent for an AOP Client that is a Wholesale Client; and (b) the Participant has an arrangement with the Wholesale Client under which the Wholesale Client submits Trading Messages into the Participant's system with non-discretionary execution and routing instructions, a unique notation or code to indicate this

Maximum penalty: \$1,000,000

[137] Before Part 6.1

insert

Part 6.1A Application of Chapter

6.1A.1 Application

This Chapter applies to:

- (a) Equity Market Operators;
- (b) Equity Market Participants; and
- (c) Equity Market Products.

Note: There is no penalty for this Rule.

[138] Paragraph 6.2.1(1)(a)

after "subrule 2.2.2(2)", insert

and Rules 2.2.2B and 2.2.2C

[139] Paragraph 6.2.1(3)(a)

omit the paragraph, substitute

- (a) in the case of a notification referred to in paragraph (1)(a):
 - (i) determining the Extreme Trade Range for an Equity Market Product;

- (ii) identifying an ETR Event in relation to an Equity Market Product; and
- (iii) placing an Equity Market Product into a Trading Pause, or lifting or removing that Trading Pause;

[140] Paragraph 6.2.1(3)(b)

omit

the Listing Market Operator

substitute

ASX

[141] Subrule 6.2.1(6)

omit

The Listing Market Operator

substitute

ASX

[142] Subrule 6.2.1(7)

omit

the Listing Market Operator

(wherever occurring)

substitute

ASX

[143] Subrule 6.2.3(1)

omit

The Listing Market Operator

substitute

ASX

[144] Subrule 6.2.3(2)

omit

the Listing Market Operator

(wherever occurring)

substitute

ASX

[145] Subrule 6.4.1(2)

omit

at the Reference Mid-Point or

[146] Before Part 7.1

insert

Part 7.1A Application

7.1A.1 Application of Chapter

This Chapter applies to:

- (a) Equity Markets;
- (b) Equity Market Participants; and
- (c) Orders and Transactions in Equity Market Products.

Note: There is no penalty for this Rule.