



ASIC

Australian Securities & Investments Commission

CONSULTATION PAPER 222

Reducing red tape: Proposed amendments to the market integrity rules

August 2014

About this paper

This consultation paper seeks feedback from market participants and investors on proposals to repeal or refine three categories of obligations under the ASIC market integrity rules for the ASX, Chi-X, APX, NSXA and SIM VSE markets.

This consultation paper proposes to repeal or refine market integrity rules:

- requiring certain market participants to notify ASIC of details of their professional indemnity insurance cover (although the obligation to have cover will remain);
- requiring certain market participants to obtain ASIC's consent before sharing business connections; and
- prohibiting certain transactions during takeovers, schemes of arrangement and buy-backs.

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 in August 2014 and is based on the Corporations Act and market integrity rules as at the date of issue.

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 or savings;
- the likely effect on competition; 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.

Your comments will help us develop our policy on market integrity rules that impose an unnecessary regulatory burden upon market participants. In particular, any information about compliance costs, impacts on competition and other impacts, costs and benefits will be taken into account if we prepare a Regulation Impact Statement: see Section E, 'Regulatory and financial impact'.

Making a submission

You may choose to remain anonymous or use an alias when making a submission. However, if you do remain anonymous we will not be able to contact you to discuss your submission should we need to.

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

Please refer to our privacy policy at www.asic.gov.au/privacy for more information about how we handle personal information, your rights to seek access to and correct personal information, and your right to complain about breaches of privacy by ASIC.

Comments should be sent by 2 October 2014 to:

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What will happen next?

Stage 1	21 August 2014	ASIC consultation paper released
Stage 2	2 October 2014	Comments due on the consultation paper
	October–December 2014	Finalisation of policy
Stage 3	October–December 2014	Repeal and/or amendment of relevant market integrity rules

A Background to the proposals

Key points

As part of our mandate under the *Australian Securities and Investments Act 2001* (ASIC Act) to reduce business costs and administer the law effectively with a minimum of procedural requirements, we are considering an initiative to harmonise the ASIC market integrity rules of all exchange markets operating in Australia and identify any rules which impose an unnecessary regulatory burden on market participants.

As part of this work, we have identified three categories of market integrity rules that could be repealed or refined to reduce the compliance burden upon market participants. We seek your comments on our proposals to do so.

The three categories of obligations under the market integrity rules that have currently been identified as appropriate for repeal or refinement are the rules:

- requiring ASX, Chi-X, APX, SIM VSE and NSXA market participants to notify ASIC of the amount and period of their professional indemnity (PI) insurance cover;
- requiring ASX, Chi-X and APX market participants to obtain consent from ASIC before sharing business connections; and
- prohibiting ASX, Chi-X and APX market participants from performing certain transactions during takeovers, schemes of arrangement and buy-backs.

Inherited obligations in the market integrity rules

- 1 In 2010, the Australian Securities and Investments Commission (ASIC) assumed responsibility for the supervision of trading on licensed markets from the Australian Securities Exchange Limited (ASX). As part of this transfer, ASIC may make market integrity rules under s798G of the *Corporations Act 2001* (Corporations Act) dealing with activities and conduct of licensed financial markets, persons in relation to licensed markets and persons in relation to financial products traded on licensed markets.
- 2 Our initial approach in making market integrity rules in 2010 was to generally retain the substance of pre-existing obligations made by ASX (and other market operators) that applied to market participants of ASX, ASX 24 (formerly Sydney Futures Exchange Limited), National Stock Exchange Limited (NSXA) and SIM Venture Securities Exchange Ltd (SIM VSE).

Note: See RG 214.8–RG 214.9 in Regulatory Guide 214 *Guidance on ASIC market integrity rules for ASX and ASX 24 markets* (RG 214) and RG 215.8 in Regulatory Guide 215 *Guidance on ASIC market integrity rules for IMB, NSXA and SIM VSE markets* (RG 215).

3 This approach was taken to ensure the streamlined transfer of market supervision to ASIC with minimal disruption to industry, while preparing for the introduction of competition in exchange markets.

4 Since 2010, other market operators have been granted Australian market licences. Our approach in making market integrity rules for the markets operated by Chi-X Australia Pty Limited (Chi-X) and Asia Pacific Exchange Ltd (APX) has been to model the rules, as far as possible, on the ASIC Market Integrity Rules (ASX Market) 2010.

Note: In this document 'ASIC Market Integrity Rules (ASX)' refers to the ASIC Market Integrity Rules (ASX Market) 2010, 'ASIC Market Integrity Rules (Chi-X)' refers to the ASIC Market Integrity Rules (Chi-X Market) 2011, 'ASIC Market Integrity Rules (APX)' refers to the ASIC Market Integrity Rules (APX Market) 2013, 'ASIC Market Integrity Rules (NSXA)' refers to the ASIC Market Integrity Rules (NSXA Market) 2010, 'ASIC Market Integrity Rules (SIM VSE)' refers to the ASIC Market Integrity Rules (SIM VSE Market) 2010 and 'ASIC Market Integrity Rules (Competition)' refers to the ASIC Market Integrity Rules (Competition in Exchange Markets) 2011.

5 The rationale for this approach was to ensure consistent regulation across similar markets and to avoid modifying existing requirements while the market was in the process of implementing changes introduced by market competition (including the new obligations under the ASIC Market Integrity Rules (Competition)).

Note: See RG 224.7 in Regulatory Guide 224 *Guidance on ASIC market integrity rules for Chi-X and APX markets* (RG 224).

6 As part of the initiative to harmonise the market integrity rules, it is appropriate to consider the relevance and regulatory burden of certain categories of market integrity rules that were based on pre-existing obligations created by ASX and other market operators—many of which were made under very different market conditions.

Note: The harmonisation of market integrity rules is one of a number of new and ongoing deregulatory initiatives considered by ASIC as part of our commitment to reduce compliance costs for our regulated population: see Report 391 *ASIC's deregulatory initiatives* (REP 391).

Proposed repeal or refinement of inherited market integrity rules

7 As a starting point we have identified three categories of market integrity rules that we consider could be repealed or refined to reduce the regulatory burden on market participants, without a substantial reduction in market integrity. These categories include the market integrity rules:

- (a) requiring market participants of ASX, Chi-X, APX, NSXA and SIM VSE to notify ASIC of details of their PI insurance cover, including the amount and period of cover (although the obligation to retain cover will remain);

- (b) requiring market participants of ASX, Chi-X and APX to obtain our consent before sharing business connections with another ASX, Chi-X or APX market participant; and
- (c) prohibiting certain transactions during a takeover, scheme of arrangement or buy-back in the ASX, Chi-X and APX markets.

8 The background and reasons for these proposals are set out in Sections B–D.

9 We welcome your feedback on the proposals in this consultation paper. We also welcome your feedback, more broadly, on any additional deregulatory proposals you may have in relation to the market integrity rules that would provide a demonstrated commercial benefit without unduly reducing the fairness and efficiency of Australia’s financial markets.

B Proposed removal of requirement to notify ASIC of professional indemnity insurance

Key points

We propose to amend the:

- ASIC Market Integrity Rules (ASX), (Chi-X) and (APX) to remove the requirement for market participants of ASX, Chi-X and APX to notify ASIC of specified details of their professional indemnity (PI) insurance cover;
- ASIC Market Integrity Rules (NSXA) to remove the requirement for market participants of NSXA to provide ASIC with a copy of a certificate evidencing their PI insurance cover as soon as practicable after renewal; and
- ASIC Market Integrity Rules (SIM VSE) to remove the requirement for market participants of SIM VSE to provide ASIC with a copy of the certificate of currency for each PI insurance policy within 14 business days of the end of each financial year.

We also propose to amend RG 214 to reflect any amendments to these market integrity rules.

We are not proposing to amend the current market integrity rules that require ASX, Chi-X, APX, NSXA and SIM VSE market participants to:

- take out and maintain PI insurance; and
- notify ASIC of any claims, potential or threatened claims, or circumstances giving rise to a claim, under their PI insurance.

Professional indemnity insurance obligations under the market integrity rules

- 10 The market integrity rules for each of the ASX, Chi-X, APX, NSXA and SIM VSE markets include a general requirement to maintain PI insurance cover (or equivalent) at all times. The details of the requirements differ in the market integrity rules for each of the markets.

Note: The obligation to hold adequate PI insurance applies to all market participants of the relevant markets other than participants of the ASX, Chi-X or APX markets who act solely for themselves or related bodies corporate.

- 11 There is a maximum penalty of \$100,000 in the relevant market integrity rules for each market for failing to comply with this obligation: see Rule 2.2.1 (ASX), (Chi-X) and (APX), Rule 4.3.1 (NSXA) and Rule 5.3.1(a) (SIM VSE). We are not proposing to repeal the requirement to maintain an adequate level of PI insurance cover.

Note: In this document ‘Rule 2.2.1 (ASX), (Chi-X) and (APX)’ (for example) refers to a particular rule of the ASIC Market Integrity Rules (ASX), ASIC Market Integrity Rules (Chi-X) and ASIC Market Integrity Rules (APX), ‘Rule 4.3.1 (NSXA)’ (for example) refers to a particular rule of the ASIC Market Integrity Rules (NSXA), ‘Rule 5.3.1 (SIM VSE)’ (for example) refers to a particular rule of the ASIC Market Integrity Rules (SIM VSE) and ‘Rule 7.4.1 (Competition)’ (for example) refers to a particular rule of the ASIC Market Integrity Rules (Competition).

- 12 Market participants of each of these markets are also required to notify ASIC of:
- (a) details of their PI insurance cover (e.g. the amount and period of cover) on an ongoing basis (see paragraphs 15–19); and
 - (b) claims, potential or threatened claims, or circumstances that might give rise to a claim, under their PI insurance cover (see Rule 2.2.4 (ASX), (Chi-X) and (APX), Rule 4.3.3 (NSXA) and Rule 5.3.2 (SIM VSE)).
- 13 We are not proposing to repeal the obligation to notify ASIC of claims, potential or threatened claims, or circumstances that might give rise to a claim: see paragraph 12(b).
- 14 In addition to these requirements, ASX, Chi-X and APX market participants must provide ASIC with additional information if their PI insurance is provided by a related body corporate: see Rule 2.2.2 (ASX), (Chi-X) and (APX).

Requirement to notify ASIC of certain professional indemnity insurance details

- 15 Rule 2.2.3 (ASX), (Chi-X) and (APX) requires a market participant of ASX, Chi-X or APX to notify ASIC, in writing, of the amount and nature of their PI insurance cover and the dates on which the cover becomes effective and expires, within 10 business days following the issue or renewal of the insurance.
- Note: Rule 2.2.3 (ASX), (Chi-X) and (APX) is based on former ASX Market Rule 4.6.3 and was intended to provide evidence to ASIC that market participants held appropriate PI insurance.
- 16 Rule 4.3.2 (NSXA) requires a market participant of NSXA to provide ASIC with a copy of a certificate evidencing the insurance as soon as practicable after renewal.
- 17 Rule 5.3.1(c) (SIM VSE) requires a market participant of SIM VSE to provide ASIC with a copy of the certificate of currency for their PI insurance within 14 business days of the end of the financial year.

Note 1: Rules 4.3.2 (NSXA) and Rule 5.3.1 (SIM VSE) are based on pre-existing obligations introduced by the relevant market operators.

Note 2: There are no equivalent requirements in the market integrity rules for market participants of the ASX 24 and IMB Ltd (IMB) markets.

- 18 The maximum penalty for breaching this notification requirement in the market integrity rules ranges from \$20,000 for the ASX, Chi-X and APX markets to \$100,000 for the NSXA and SIM VSE markets.
- 19 As noted at paragraphs 2–4, these market integrity rules were modelled on the former ASX Market Rules (and the operating rules of other markets) adopted by ASIC when it assumed responsibility for market supervision in 2010. The adoption of these market integrity rules in their pre-existing form occurred in accordance with our policy of retaining the substance of the pre-existing obligations during the transfer of market supervision.

Note: The previous ASX Market Rules were made before the introduction of the PI insurance requirements for Australian financial services (AFS) licensees under the Corporations Act and Corporations Regulations 2001 (Corporations Regulations).

Proposal

B1 We propose to:

- (a) amend the ASIC Market Integrity Rules (ASX), (Chi-X) and (APX) to repeal Rule 2.2.3 (ASX), (Chi-X) and (APX);
- (b) amend the ASIC Market Integrity Rules (NSXA) to repeal Rule 4.3.2 (NSXA);
- (c) amend the ASIC Market Integrity Rules (SIM VSE) to repeal Rule 5.3.1(c) (SIM VSE);

Note: If we proceed with the proposals to repeal these notification requirements (proposals B1(a)–B1(c)), we may be required to provide details of this information in a Regulation Impact Statement (RIS).

- (d) amend RG 214, and any other relevant ASIC regulatory guidance, to reflect the proposed amendments; and
- (e) retain the requirement in ASIC Market Integrity Rules (ASX), (Chi-X), (APX), (NSXA) and (SIM VSE) to hold adequate PI insurance or to notify ASIC of claims, potential or threatened claims, or circumstances that may give rise to a claim, under their PI insurance.

Your feedback

- B1Q1 Do you agree with our proposal to remove the requirement for market participants of ASX, Chi-X and APX to notify ASIC of the amount, nature and period of PI insurance cover? Please give reasons for your view.
- B1Q2 Do you agree with our proposal to remove the requirement for market participants of NSXA to lodge with ASIC a copy of a certificate evidencing their PI insurance policy? Please give reasons for your view.
- B1Q3 Do you agree with our proposal to remove the requirement for market participants of SIM VSE to provide ASIC with a copy of the certificate of currency for each PI insurance policy? Please give reasons for your view.

- B1Q4 Do you think the removal of these market integrity rules will result in cost savings for market participants of the ASX, Chi-X, APX, NSXA and SIM VSE markets? If so, please quantify the estimated cost savings from the removal of these notification requirements (e.g. the length of time it takes to notify ASIC and the dollar value of staffing resources required to comply with this obligation). If we proceed with the proposals to repeal these notification requirements (proposals B1(a)–B1(c)) we may be required to provide details of this information in a RIS.
- B1Q5 Do you see any benefit in retaining these market integrity rules? If so, please give reasons for your view.
- B1Q6 Do you think there is a better alternative to the repeal of these market integrity rules? If so, please provide specific details, including the anticipated cost or cost savings of the alternative.

Rationale

- 20 We consider the requirement for market participants to notify ASIC of details of their PI insurance cover to be an unnecessary administrative burden on market participants of the ASX, Chi-X, APX, NSXA and SIM VSE markets.
- 21 Approximately 86 market participants are currently required to lodge PI insurance notifications with ASIC. We consider these market participants may benefit from the proposed removal of this administrative obligation.
- 22 ASX, Chi-X, APX, NSXA and SIM VSE market participants are already subject to an obligation to hold adequate PI insurance at all times, with a maximum penalty of \$100,000 for breach of this obligation. We are not convinced that there is a need for an additional notification requirement to confirm a market participant’s ongoing compliance with the requirement to hold PI insurance.
- 23 It is not our practice to assess the adequacy of PI insurance and, as such, there is no utility in collecting information concerning the amount, nature and period of insurance cover. We expect the regulatory detriment of removal of the PI insurance notification requirements to be minimal.
- 24 We will retain the power to obtain this information in appropriate circumstances: s28 of the ASIC Act. For example, under our compulsory information gathering powers, we have the power to require the production of documents, including a copy of a market participant’s PI insurance policy or certificate of insurance: s33 of the ASIC Act.

Note 1: For more information on how we use our information-gathering powers, including our commitment to limiting the burden and intrusion on recipients of ASIC’s

compulsory notices, see Information Sheet 145 *ASIC's compulsory information-gathering powers* (INFO 145).

Note 2: Under s912B of the Corporations Act and reg 7.6.02AAA of the Corporations Regulations, AFS licensees must have adequate PI insurance to cover their dealings with retail clients. Although this obligation overlaps with the PI insurance obligations in the market integrity rules, it does not include the administrative notification requirement in Rule 2.2.3 (ASX), (Chi-X) and (APX), Rule 5.3.1(c) (SIM VSE) and Rule 4.3.2 (NSXA). For details of how we administer this obligation, see Regulatory Guide 126 *Compensation and insurance arrangements for AFS licensees* (RG 126).

C Proposed removal of the business connection rules

Key points

We propose to amend the ASIC Market Integrity Rules (ASX), (Chi-X) and (APX) to remove Part 5.2 (ASX), (Chi-X) and (APX) (the business connection rules).

We also propose to amend RG 214 and RG 224 to remove references to the business connection rules.

Requirement for consent to share business connections

- 25 Market participants of ASX, Chi-X and APX must not share certain business connections with other market participants of the same market unless they have written consent from ASIC: see Part 5.2 (ASX), (Chi-X) and (APX).
- 26 Part 5.2 (ASX), (Chi-X) and (APX) applies to market participants of the ASX, Chi-X and APX markets in relation to the following business connections:
- (a) one market participant is a related body corporate of another market participant (Rule 5.2.1(a) (ASX), (Chi-X) and (APX));
 - (b) one market participant allows a controller or employee to be a controller or employee of another market participant (Rule 5.2.1(b) (ASX), (Chi-X) and (APX));
 - (c) one market participant has an employee that is also an employee or a related body corporate of another market participant (Rule 5.2.1(c) (ASX), (Chi-X) and (APX));
 - (d) one market participant shares common computer facilities, or allows its computer facilities to be linked, with another market participant (Rule 5.2.1(d) (ASX), (Chi-X) and (APX)); and
 - (e) one market participant shares common premises with, or allows its premises to be accessed by, another market participant or its employees (Rule 5.2.1(e) (ASX), (Chi-X) and (APX)).
- 27 Part 5.2 (ASX), (Chi-X) and (APX) is modelled on Part 4.7 of the former ASX Market Rules.
- 28 The primary purpose of Part 5.2 (ASX), (Chi-X) and (APX) is to protect confidential order information from misuse. The business connections identified in Part 5.2 (ASX), (Chi-X) and (APX) may enable the first market participant to access the pre-trade client order information of the second

market participant, giving rise to the risk that the first market participant may misuse or take advantage of this confidential order information.

29 When giving consent to market participants under Rule 5.2.1 (ASX), (Chi-X) and (APX), ASIC may impose conditions on market participants concerning access by common controllers or employees to records of those market participants, including records of orders received by market participants: Rule 5.2.2 (ASX), (Chi-X) and (APX). The maximum penalty for breaching Rule 5.2.1 (ASX), (Chi-X) and (APX) is \$100,000.

30 We generally give consent for either a one or two-year period. Before the end of the relevant period, both market participants must submit a new application for consent.

Proposal

c1 We propose to amend:

- (a) the ASIC Market Integrity Rules (ASX), (Chi-X) and (APX) to repeal Part 5.2 (ASX), (Chi-X) and (APX); and
- (b) RG 214 and RG 224 to remove references to the business connection rules.

Your feedback

C1Q1 Do you agree with our proposal to repeal Part 5.2 (ASX), (Chi-X) and (APX)? Please give reasons for your view.

C1Q2 If you do not agree with our proposal, is it because you do not consider pre-trade client order information to be adequately protected by the regulatory framework in the absence of Part 5.2 (ASX), (Chi-X) and (APX)? Please give reasons for your view.

C1Q3 If our proposal is implemented:

- (a) do you anticipate any future cost savings? Please provide an estimate of future cost savings (i.e. for costs associated with anticipated reapplications and future consent applications) that will arise from the removal of Part 5.2 (ASX), (Chi-X) and (APX)? Where possible, please itemise the costs;
- (b) do you anticipate any future economic cost savings? Please provide an estimate of any economic cost savings (e.g. the opportunity cost of not sharing business connections with participants) that will arise from the repeal of Part 5.2 (ASX), (Chi-X) and (APX). Where possible, please quantify the costs; and
- (c) will it affect competition between market participants? For example, could it result in more business connections and industry consolidation? Please give reasons for your view.

C1Q4 If our proposal is not implemented:

- (a) do you anticipate the number of consent applications you may need to make in the future will increase? Where possible, please give reasons for the anticipated increase (if any) in the number of applications; and
- (b) do you have any concerns about retaining Part 5.2 (ASX), (Chi-X) and (APX)? Please give reasons for your views.

Rationale

31 We consider the risks associated with misuse of confidential order information to be more adequately addressed by other market integrity rules introduced after the transfer of supervision to ASIC. Therefore, we expect the regulatory benefit of maintaining the business connection rules to be minimal.

Market integrity rules to protect confidential order information

32 In August 2013, we made Rule 7.4.1 (Competition), requiring market participants that trade in equity market products to manage confidential order information. From 10 February 2014, market participants of the ASX, Chi-X and APX markets have been required to comply with Rule 7.4.1 (Competition).

33 Rule 7.4.1(1) (Competition) specifically requires a market participant to take reasonable steps to ensure its officers and employees do not use or disclose information about orders received by the market participant, or transactions resulting from those orders, unless permitted or required under the ASIC Market Integrity Rules (Competition) or the law.

34 In circumstances where a business connection exists between two market participants, Rule 7.4.1(1) (Competition) would have the effect of requiring each market participant to take reasonable steps to ensure that its officers and employees do not disclose pre-trade order information held by that market participant to the other market participant that is party to the connection.

35 When assessing applications under Part 5.2 (ASX), (Chi-X) and (APX), we may request further information about the proposed business connection, including information concerning the nature of the connection and who can access order information. Following consideration of the application and any further information provided, we may grant a consent that is limited in scope or impose conditions on the business connection consent if it is granted.

36 This will no longer be possible if Part 5.2 (ASX), (Chi-X) and (APX) is repealed. However, we do not expect this to result in significant regulatory detriment. Given the unique nature of each market participant's business and business connections, a market participant is arguably better-placed than ASIC to oversee and assess the risks posed by each business connection—and to put

in place adequate arrangements to protect confidential order information from misuse, as required by Rule 7.4.1 (Competition).

37 Overall, we consider Rule 7.4.1 (Competition) to more adequately address the risk of misuse of confidential order information than Part 5.2 (ASX), (Chi-X) and (APX). Rule 7.4.1 (Competition) also imposes a larger penalty (i.e. \$1,000,000) than Rule 5.2.1 (ASX), (Chi-X) and (APX) (i.e. \$100,000), arguably making it a more effective deterrent. ASIC will continue to assess market participants' compliance under Rule 7.4.1 (Competition).

Rules to mitigate errors or issues with algorithms

38 Before the transfer of supervision to ASIC, applicants for a business connection consent under ASX Market Rule 4.7.1 (the predecessor to Rule 5.2.1(ASX)) were primarily related bodies corporate or market participants that shared physical and human resources. Part 4.7 of the ASX Market Rules was drafted in the context of these types of connections.

39 Since the transfer of supervision, the business connection consent applications that ASIC receives under Part 5.2 (ASX), (Chi-X) and (APX) demonstrate a shift to technology-related connections. For example, we have received an increasing number of applications from market participants that link their crossing systems and share access to dark liquidity aggregator algorithms.

40 In addition to the risk of misuse of confidential order information (currently dealt with by Rule 7.4.1 (Competition)), algorithm access arrangements give rise to the risk of technical errors or issues with shared algorithms. This risk may affect the market as a whole (e.g. through the generation of incorrect or anomalous orders). Where a risk is posed by an inadequacy in the technology of one market participant, the risk may be intensified if the technology is connected to the system of another market participant—interfering with the efficiency and integrity of the market.

41 Initially, we used Part 5.2 (ASX), (Chi-X) and (APX) as a mechanism for managing this risk. However, we have since made amendments to the requirements for automated order processing under Part 5.6 (ASX), (Chi-X) and (APX), which are likely to manage this risk more effectively because they are more detailed and prescriptive.

42 A market participant that uses an automated order processing system (e.g. an algorithm) and offers its clients access to that system must comply with its obligations under Part 5.6 (ASX), (Chi-X) or (APX). This includes the requirement to have appropriate automated filters in place, and to ensure the use of an automated order processing system does not interfere with the efficiency and integrity of the market.

43 ASIC reviews the certification, further certification or annual certification provided by a market participant for its automated order processing system

under Part 5.6 (ASX), (Chi-X) and (APX). When doing so, we consider whether that market participant is complying with the requirements under Part 5.6 (ASX), (Chi-X) and (APX). In circumstances where erroneous orders resulting from an algorithm are submitted through an automated order processing system, we can take enforcement action under Part 5.6 (ASX), (Chi-X) and (APX) and any other relevant provisions in the market integrity rules.

- 44 We consider that Part 5.6 (ASX), (Chi-X) and (APX) adequately and appropriately manages the risk, or increased risk, to the market that may arise from technological connections between market participants. It is our view that the requirement for consent for business connections under Part 5.2 (ASX), (Chi-X) and (APX) does not provide any additional regulatory benefit.

Unnecessary compliance burden

- 45 We believe the regulatory framework has sufficient safeguards against the misuse of confidential order information, and errors or issues with shared algorithms, in the absence of Part 5.2 (ASX), (Chi-X) and (APX). Removing the obligations will also provide compliance cost savings for market participants that share business connections.
- 46 There are currently 21 business connection consents in place between 23 market participants. Ten of these business connection consents relate to market participants that operate crossing systems or dark-liquidity aggregator algorithms. Each business connection results in two applications for consent (i.e. one from each market participant sharing the business connection). These applications are submitted by the market participant and processed by ASIC.
- 47 We have informally consulted with market participants in relation to a proposal to grant a class waiver of Part 5.2 (ASX), (Chi-X) and (APX). Informal consultation identified that granting a class waiver of Part 5.2 (ASX), (Chi-X) and (APX) would result in an estimated average cost saving of \$6,200 per annum for each market participant and a total cost saving of \$142,600 per annum for all 23 market participants. This figure is based on responses from 15 of the 23 market participants.
- 48 The processing of a business connection consent application is also resource intensive for ASIC. We anticipate that the number of business connection consent applications is likely to increase in the future due to market and technological innovation. For this reason, we think it arguable that any regulatory benefit of retaining the requirement to obtain consent under Rule 5.2.1 (ASX), (Chi-X) and (APX) is outweighed by the administrative and compliance burden on market participants and ASIC.

D Proposals concerning prohibitions on certain transactions during takeovers, schemes of arrangement and buy-backs

Key points

We are seeking your feedback on two alternative options in relation to the prohibitions on certain transactions during takeovers, schemes of arrangement (schemes) and buy-backs.

Option 1 proposes to:

- amend Parts 6.4 and 6.5 (ASX), (Chi-X) and (APX) to apply only to market participants acting on behalf of the bidder or their associate rather than to all market participants;
- amend the relevant provisions in Part 6.5 (ASX), (Chi-X) and (APX) to only restrict special crossings in the offer period and not the bid period; and
- retain Part 6.6 (ASX), (Chi-X) and (APX) in relation to buy-backs in its current form.

Option 2 proposes to repeal Parts 6.4, 6.5 and 6.6 (ASX), (Chi-X) and (APX) and rely on the existing provisions in the Corporations Act to regulate activity during takeovers, schemes and buy-backs.

Transactions during takeovers, schemes of arrangement and buy-backs

Restrictions in the market integrity rules

49 Despite the variations in language in the market integrity rules for each of the ASX, Chi-X and APX markets in relation to prohibitions on certain transactions during takeovers, schemes of arrangement and buy-backs, we consider the underlying effect and policy rationale of these prohibitions to be substantially equivalent.

Note 1: In this section, 'market participant' means 'trading participant' (Part 6.4–6.6 (ASX)) or 'market participant' (Part 6.4–6.6 (Chi-X) and (ASX)).

Note 2: In this section, 'cash market products' means 'cash market products' (Part 6.4–6.6 (ASX)), 'equity market products' (Part 6.4–6.6 (Chi-X) and 'APX products' (Part 6.4–6.6 (APX)).

- 50 Part 6.4 (ASX), (Chi-X) and (APX) prohibits market participants from effecting the following crossings (other than special crossings) in the offer period under a takeover bid or scheme for relevant cash market products:
- (a) crossings effected outside of trading hours in cash market products at a price that is at or below the offer price for that product (Rule 6.4.1 (ASX), (Chi-X) and (APX));
 - (b) crossings in derivatives market contracts over the relevant cash market product that are effected during the late trading session state (Rule 6.4.2 (ASX));
 - (c) crossings in a derivatives combination that includes the relevant cash market product (or a derivative or warrant over that product) where the crossing is effected during late trade session state (Rule 6.4.3 (ASX)); and
 - (d) for a takeover bid only, crossings in a cash-only combination that includes the relevant cash market product (or a derivative or warrant over that product) where the price is at or below the offer price and the crossing is effected outside of trading hours (Rule 6.4.3 (ASX)).
- 51 Table 1 summarises the information in paragraph 50. For a more detailed comparison of the obligations in Part 6.4 (ASX), (Chi-X) and (APX) see the appendix at the back of this paper.

Table 1: Comparison of Part 6.4 (ASX), (Chi-X) and (APX)

Rule	Market	Period	Type of crossing prohibited	Type of product
6.4.1	ASX	Offer period	Crossing outside of trading hours at a price that is at or below the offer price (other than a special crossing)	Cash market products
	Chi-X	Offer period	Crossing outside of trading hours at a price that is at or below the offer price (other than a special crossing)	Equity market products
	APX	Offer period	Crossing outside of trading hours at a price that is at or below the offer price (other than a special crossing)	APX products
6.4.2	ASX	Offer period	Crossing during late trade session state (other than a special crossing)	Derivatives market contracts
6.4.3	ASX	Offer period	For takeover bids only—crossing outside of trading hours at a price that is at or below the offer price (other than a special crossing)	Cash only combination
			or Crossing during late trade session state (other than a special crossing)	or Derivatives combination

- 52 Part 6.5 (ASX), (Chi-X) and (APX) has the effect of prohibiting a market participant from effecting a special crossing during the bid period (or, in some instances, the offer period) for a takeover bid or scheme in the relevant cash market products. In particular:
- (a) Rule 6.5.1 (ASX), (Chi-X) and (APX) prohibits a special crossing (and, for APX, a crossing entered into other than by matching orders on an order book) in cash market products during the bid period;
 - (b) Rule 6.5.2 (ASX) prohibits a special crossing in warrants over a cash market product during the bid period;
 - (c) Rule 6.5.3 (ASX) prohibits a special crossing in derivative market contracts over the relevant cash market product during the offer period; and
 - (d) Rule 6.5.4 (ASX) prohibits a special crossing in combinations that include the relevant cash market product (or a derivative or warrant over that product) during the offer period.
- 53 Table 2 summarises the information in paragraph 52. For a more detailed comparison of the obligations in Part 6.5 (ASX), (Chi-X) and (APX) see the appendix at the back of this paper.

Table 2: Comparison of Part 6.5 (ASX), (Chi-X) and (APX)

Rule	Market	Period	Type of crossing prohibited	Type of product
6.5.1	ASX	Bid period	Special crossing	Cash market products
	Chi-X	Bid period	Special crossing	Equity market products
	APX	Bid period	Special crossing and a crossing entered into other than by the matching of orders on an order book	APX products
6.5.2	ASX	Bid period	Special crossing	Warrants
6.5.3	ASX	Offer period	Special crossing	Derivative market contracts
6.5.4	ASX	Offer period	Special crossing	Combinations

- 54 Part 6.6 (ASX), (Chi-X) and (APX) prohibits a market participant from effecting the following crossings on behalf of an issuer during the term of a buy-back offer conducted on market by that issuer:
- (a) a special crossing (and, for APX, a crossing entered into other than by matching orders on an order book) in cash market products of the issuer (Rule 6.6.1(ASX), (Chi-X) and (APX));
 - (b) a special crossing or crossing during late trade session state in derivatives market contracts over cash market products of that issuer (Rule 6.6.2(ASX)); and

- (c) a special crossing or crossing during late trade session state in a combination that includes a cash market product of the issuer (or a derivative or warrant over that product) (Rule 6.6.3(ASX)).

55 Table 3 summarises the information in paragraph 54. For a more detailed comparison of the obligations in Part 6.6 (ASX), (Chi-X) and (APX) see the appendix at the back of this paper.

Table 3: Comparison of Part 6.6 (ASX), (Chi-X) and (APX)

Rule	Market	Period	Type of crossing prohibited	Type of product
6.6.1	ASX	Term of a buy-back offer	Special crossing on behalf of an issuer	Cash market products
	Chi-X	Term of a buy-back offer	Special crossing on behalf of an issuer	Equity market products
	APX	Term of a buy-back offer	On behalf of an issuer, a: <ul style="list-style-type: none"> • special crossing; or • a crossing entered into other than by the matching of orders on an order book 	APX products
6.6.2	ASX	A buy-back being conducted	On behalf of an issuer, a: <ul style="list-style-type: none"> • crossing during late trade session state; or • special crossing 	Derivatives market contracts
6.6.3	ASX	Term of a buy-back offer	On behalf of an issuer, a: <ul style="list-style-type: none"> • crossing during late trade session state; or • special crossing 	Combinations

Prohibitions under the Corporations Act

56 The Corporations Act regulates takeovers, schemes and buy-backs to ensure fairness between a company's shareholders.

Takeover bids

57 Section 602(c) of the Corporations Act seeks to ensure that, as far as practicable, all target shareholders have a reasonable and equal opportunity to participate in any benefits accruing to holders of shares or interests in connection with the takeover of the target.

58 Section 623(1) of the Corporations Act prohibits a bidder or its associates giving, offering or agreeing to give a benefit during a takeover that would likely induce a person to accept an offer under the bid or dispose of securities in the bid class, where the benefit is not offered to all holders of

securities in the bid class. This includes benefits arising from the sale of target securities to a bidder through dealings effected on a financial market—for example, the benefit of selling securities on an unconditional basis where offers under a bid are conditional.

Note: See *Aberfoyle Ltd v Western Metals Ltd* (1998) 28 ACSR 187.

59 However, Ch 6 does not restrict all market trading by a bidder, nor does it require a bidder to compensate those who sell to it unconditionally if its bid is later increased. Instead, the restrictions focus on ensuring that benefits flowing from the bidder's acquisitions through the market are open to all and, in particular, cannot be specifically directed to any person.

Note: See Regulatory Guide 9 *Takeover bids* (RG 9) at RG 9.200 and Regulatory Guide 6 *Takeovers: Exceptions to the general prohibition* (RG 6) at RG 6.33.

60 This is achieved in the Corporations Act by defining transactions as 'on market' and ensuring that:

- (a) market bids are conducted entirely 'on market' in accordance with the rules governing the operation of the market;
- (b) in the case of off-market bids, once the offer is open (which may be before the bidder reaches 20%) only trades that are defined as 'on market' qualify for the exemption from the prohibition on the bidder giving collateral benefits (s623(3)(b)); and
- (c) once the off-market bidder reaches the 20% takeover threshold, although it is permitted to make further acquisitions through the market, it can only do so if:
 - (i) its bid is unconditional (or subject only to prescribed occurrences); and
 - (ii) the acquisition is through an 'on-market' transaction (item 2 of s611).

Note: A similar exemption applies for the exercise of options acquired through an on-market transaction: item 3 of s611.

61 Section 9 of the Corporations Act defines an 'on-market' transaction as a transaction that is effected on a prescribed financial market (e.g. ASX, Chi-X or APX) and defined as 'on market' under the rules governing the operation of the market, or, if those rules do not define 'on-market transactions', effected in 'the ordinary course of trading' on the market.

62 The definition of 'on market' in the ASIC Market Integrity Rules (ASX), (Chi-X) and (APX) excludes crossings outside of trading hours and special crossings. Therefore, acquisitions by bidders through crossings outside of trading hours and special crossings do not fall within the exception in s623(3)(b).

Schemes of arrangement

63 Schemes are regulated under Pt 5.1 of the Corporations Act and are binding, court-approved agreements that allow the reorganisation of the rights and liabilities of members and creditors of a company. A court cannot approve a scheme unless:

- (a) it is satisfied that the scheme has not been proposed to avoid compliance with the takeover requirements in Ch 6 of the Corporations Act; or
- (b) we have issued a statement under s411(17)(b) of the Corporations Act.

Note: See Regulatory Guide 60 *Schemes of arrangement* (RG 60) for more details.

64 We expect all shareholders to receive equivalent (although not necessarily identical) treatment and protection, whether an acquisition is made under a scheme (or by any other type of acquisition): see RG 60. As long as these protections are equivalent in nature, we do not favour one method over another: see RG 60.18.

Note: The legal prohibitions arising during a takeover bid, including those in s623, do not apply directly.

Buy-backs

65 Part 2J.1 of the Corporations Act permits a company to conduct various types of buy-backs. The requirements differ depending on the type of buy-back that is being conducted. One of the overall objectives of these provisions is to ensure fairness between a company's shareholders when a buy-back is conducted.

66 One type of buy-back is an 'on-market' buy-back. A buy-back is 'on market' if it results from an offer made on a prescribed financial market 'in the ordinary course of trading' on that market: s257B(6).

67 We consider that 'in the ordinary course of trading' means trading in strict order of price-time priority, with indifference as to the identity of counterparties and no pre-agreements or selection of counterparties: see Regulatory Guide 110 *Share buy-backs* (RG 110) at RG 110.61. Similar to the takeover provisions, this requirement ensures the benefits of participating in an on-market buy-back are available equally to all shareholders and cannot be specifically directed by the company.

68 In accordance with these requirements, special crossings and crossings outside of trading hours would not be considered to be 'in the ordinary course of trading' and are prohibited under s257B(6) of the Corporations Act.

Options considered in this section

69 The relevant prohibitions in the market integrity rules are broader than the relevant provisions in the Corporations Act. For example, they prohibit all

market participants from conducting certain trades during a takeover bid or scheme of arrangement. We are seeking your feedback on two alternative options to reduce the compliance burden for market participants in relation to effecting certain transactions during takeovers, schemes and buy-backs.

Proposal

D1 We are considering two options:

- (a) Option 1: We propose to:
 - (i) amend Parts 6.4 and 6.5 (ASX), (Chi-X) and (APX) so they only apply to market participants acting on behalf of the bidder or their associate rather than all market participants;
 - (ii) amend Rule 6.5.1 (ASX), (Chi-X) and (APX) and Rule 6.5.2 (ASX) so that they only restrict special crossings in an off-market bid during the offer period rather than the bid period; and
 - (iii) retain Part 6.6 (ASX), (Chi-X) and (APX) in its current form.
- (b) Option 2: we propose to repeal:
 - (i) Part 6.4 (ASX), (Chi-X) and (APX);
 - (ii) Part 6.5 (ASX), (Chi-X) and (APX); and
 - (iii) Part 6.6 (ASX), (Chi-X) and (APX).

Your feedback

D1Q1 Do you think that Part 6.5 (ASX), (Chi-X) and (APX), in its current form, creates uncertainty about the types of trades that can be executed during takeovers and schemes? If so, please give reasons for your view.

D1Q2 Do you think that Part 6.6 (ASX), (Chi-X) and (APX), in its current form, creates uncertainty about the types of trades that can be executed during buy-backs? If so, please give reasons for your view.

D1Q3 In relation to Option 1:

- (a) Do you agree that Parts 6.4 and 6.5 (ASX), (Chi-X) and (APX) should be amended so that they only apply to market participants acting on behalf of the bidder or their associate (proposal D1(a)(i))? Please give reasons for your view. Does your answer differ for takeovers and schemes? If so, please provide your views for both takeovers and schemes.
- (b) Do you agree that Rule 6.5.1(ASX), (Chi-X) and (APX) and Rule 6.5.2(ASX) should be amended so that they only restrict special crossings in an off-market bid during the offer period rather than the bid period (proposal D1(a)(ii))? Please give reasons for your view. Does your answer differ for takeovers and schemes? If so, please provide your views for both takeovers and schemes.

- (c) Do you agree that Part 6.6 (ASX), (Chi-X) and (APX) should be retained in its current form (proposal D1(a)(iii))? Please give reasons for your view.
- (d) What do you consider to be the estimated cost savings (itemise your costs where possible (e.g. staff costs, transaction costs, system costs)) or other benefits to market participants and investors from:
 - (i) proposal D1(a)(i) (if your answer differs substantially for takeovers and schemes, please give reasons and provide separate estimates for takeovers and schemes); and
 - (ii) proposal D1(a)(ii) (if your answer differs substantially for takeovers and schemes, please give reasons and provide separate estimates for takeovers and schemes).

D1Q4 In relation to Option 2:

- (a) Do you agree with the proposal to repeal Part 6.4 (ASX), (Chi-X) and (APX) (proposal D1(b)(i))? Please give reasons for your view. Does your answer differ for takeovers and schemes? If so, please provide your views for both takeovers and schemes.
- (b) Do you agree with the proposal to repeal Part 6.5 (ASX), (Chi-X) and (APX) (proposal D1(b)(ii))? Please give reasons for your view. Does your answer differ for takeovers and schemes? If so, please provide your views for both takeovers and schemes.
- (c) Do you agree with the proposal to repeal Part 6.6 (ASX), (Chi-X) and (APX) (proposal D1(b)(iii))? Please give reasons for your view.
- (d) What do you consider to be the estimated cost savings (itemise your costs where possible (e.g. staff costs, transaction costs, system costs)) or other benefits to market participants and investors from:
 - (i) proposal D1(b)(i) (if your answer differs substantially for takeovers and schemes, please give reasons and provide separate estimates for takeovers and schemes); and
 - (ii) proposal D1(b)(ii) (if your answer differs substantially for takeovers and schemes, please give reasons and provide separate estimates for takeovers and schemes).
 - (iii) proposal D1(b)(iii).

D1Q5 Do you have any concerns about retaining Parts 6.4–6.6 (ASX), (Chi-X) and (ASX), as is. Please give reasons for your view.

D1Q6 Can you suggest any alternative approaches to Options 1 and 2 regarding Parts 6.4–6.6 (ASX), (Chi-X) and (APX). If so, please give a detailed explanation of your preferred approach(s) and reasons for your view.

Rationale

Differences between the Corporations Act and the market integrity rules

- 70 Parts 6.4 and 6.5 (ASX), (Chi-X) and (APX) are more restrictive than the relevant provisions in the Corporations Act because they prohibit all market participants from conducting certain trades during a takeover bid or scheme of arrangement.
- 71 The provisions in Ch 6 relating to ‘on-market’ trades only prohibit acquisitions on behalf of the bidder or an associate through trades that are not ‘on market’: see s623(1) and (3) and items 2–3 of s611. There is no express prohibition in the Corporations Act for acquisitions during a scheme by the scheme bidder or their associates through trades that are not ‘on market’ during takeovers.
- 72 The effect of Parts 6.4 and 6.5 (ASX), (Chi-X) and (APX) is that market participants that do not act on behalf of the bidder or associate are prevented from transacting in large crossings of stock. This has caused disruption to market participants in their day-to-day business. We do not believe the original policy considerations for this prohibition extend to market participants that are not acting on behalf of the bidder or an associate.
- 73 Part 6.5 (ASX), (Chi-X) and (APX) prohibits special crossings during the bid period of a takeover or scheme (other than Rules 6.5.3 and 6.5.4 (ASX)). For an off-market bid this means that, unlike s623(1) and item 2 of s611 (which only operate during a takeover when the offer period or when the bidder is above the 20% threshold), the bid period is broader in scope than the offer period. There is no definition equivalent to ‘offer period’ for schemes.

Definition of ‘special crossing’

- 74 Parts 6.5 and 6.6 (ASX), (Chi-X) and (APX) were introduced when the only way to effect an off-market trade was through a trade outside of trading hours or a ‘special crossing’.
- 75 A ‘special crossing’ is defined as a crossing that is a ‘block trade’ or a ‘large portfolio trade’, which is entered into other than by matching of orders on an order book of ASX, Chi-X or APX: Rule 1.4.3 (ASX), (Chi-X) and (APX).
- 76 Rule 4.2.1 (Competition) defines a ‘block trade’ as a trade where:
- (a) the same participant acts for the buyer or seller (or is the buyer or the seller); and

- (b) the consideration is above a specified threshold which varies according to product.

Note: This is a summary of the definition in Rule 4.2.1 (Competition). It only refers to aspects that are relevant to the discussion in this section.

77 Rule 4.2.2 (Competition) defines a ‘large portfolio trade’ as a trade:

- (a) where the same participant acts for the buyer or seller (or is the buyer or the seller);
- (b) which is a single agreement for consideration of not less than \$5,000,000; and
- (c) which comprises purchases or sales of products in not less than 10 different classes for which the minimum consideration in each class is \$200,000.

Note: This is a summary of the definition in Rule 4.2.2 (Competition). It only refers to aspects that are relevant to the discussion in this section.

78 Minimum consideration is an important aspect of the definitions of ‘block trade’ and ‘large portfolio trade’ and, therefore, also of the definition of ‘special crossing’.

79 Rule 4.2.3 (Competition) defines a ‘trade with price improvement’ as a trade:

- (a) which is executed at a price higher than the best available bid and lower than the best available offer or at the best mid-point; and
- (b) where the same participant acts for the buyer or seller (or are themselves the buyer or the seller).

Note: This is a summary of the definition in Rule 4.2.3 (Competition). It only refers to aspects that are relevant to the discussion in this section.

80 Considering the definitions in Rules 4.2.1–4.2.3 (Competition), if a transaction meets the definition of block trade or large portfolio trade (including minimum consideration), then the transaction may be both a trade with price improvement, and either a block trade or a component of a large portfolio trade. Therefore, a trade with price improvement may also be a special crossing—but it is not necessarily a special crossing.

81 The operation of these definitions is not ambiguous, but they are technical. The definitions serve more than one purpose across the market integrity rules for each market. The primary purpose of the definitions of ‘block trade’, ‘trade with price improvement’ and ‘large portfolio trade’ is to serve as exceptions to the pre-trade transparency requirement in Rule 4.2.1 (Competition). Amendment of the definitions is likely to add to the complexity of the market integrity rules for each of these markets.

82 We have previously issued guidance for these definitions that is consistent with this approach and the scope of Parts 6.5 and 6.6 (ASX), (Chi-X) and

(APX): see, for example, *Market supervision update—Issue 48*, May 2014. However, we recognise that there has been uncertainty in the market as to the operation and scope of these market integrity rules. This has led to inconsistent market practices as the result of different interpretations by various market participants—possibly affecting the fairness and efficiency of the market.

83 Certain trades that may be a cause for concern during a takeover or scheme are not caught by the current definition of special crossing, for example, trades with price improvement that do not fall within the definition of block trade or large portfolio trade (e.g. because the consideration for the trade with price improvement is less than the relevant threshold).

Option 1

84 Option 1 proposes to amend the scope of the prohibitions in Parts 6.4 and 6.5 (ASX), (Chi-X) and (APX) to more closely align with the takeover provisions in Ch 6 of the Corporations Act.

Note: Part 6.6 (ASX), (Chi-X) and (APX) is already largely aligned with the operation of the buy-back provisions in the Corporations Act.

85 Option 1 is a deregulatory measure which will narrow the prohibition in Parts 6.4 and Part 6.5 (ASX), (Chi-X) and (APX) so that it only applies to market participants acting for a bidder or their associate rather than to all market participants.

86 This option will:

- (a) preserve an additional regulatory response to inappropriate conduct during a takeover, scheme or buy-back while removing existing restrictions on certain conduct which is not objectionable;
- (b) send a clear message to market participants about what conduct is permissible during a takeover, scheme or buy-back; and
- (c) ensure a clear prohibition on relevant trades continues to apply for schemes.

87 Any uncertainty regarding the types of transactions that can be executed during a takeover or scheme (see paragraphs 81–83) will be significantly reduced under Option 1—which will only apply to market participants transacting on behalf of a bidder, issuer, or their associate.

88 The proposal to amend Parts 6.4 and 6.5 (ASX), (Chi-X) and (APX) to restrict only the bidder and associate of the bidder would require market participants to take reasonable steps to ensure that they are not acting on behalf of an associate of a bidder.

Option 2

- 89 Option 2 proposes to repeal the prohibitions in Parts 6.4, 6.5 and 6.6 (ASX), (Chi-X) and (APX) in their entirety on the basis that the well-established provisions in the Corporations Act adequately and appropriately regulate crossings during takeovers, schemes and buy-backs. Since the transfer of supervision of markets to ASIC there has been an increase in the number of markets operating in Australia—to reduce the compliance burden for participants of these markets, we consider it appropriate to remove certain prohibitions in the market integrity rules which are adequately regulated by the Corporations Act.
- 90 Under Option 2, market participants will not be subject to the market integrity rules that prohibit specific transactions during takeovers, buy-backs and schemes of arrangement. They will also not be required to determine whether they are acting on behalf of a bidder or an associate of a bidder.
- 91 By removing the prohibitions, Option 2 will remove any uncertainty that remains in relation to the operation of Parts 6.4, 6.5 and 6.6 (ASX), (Chi-X) and (APX).

E Regulatory and financial impact

92 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) reducing the regulatory burden for market participants; and
- (b) ensuring fair and efficient markets.

93 Before settling on a final policy, we will comply with the Australian Government's regulatory impact analysis (RIA) requirements by:

- (a) considering all feasible options, including examining the likely impacts of the range of alternative options which could meet our policy objectives;
- (b) if regulatory options are under consideration, notifying the Office of Best Practice Regulation (OBPR); and
- (c) if our proposed option has more than minor or machinery impact on business or the not-for-profit sector, preparing a Regulation Impact Statement (RIS).

94 All RISs are submitted to the OBPR for approval before we make any final decision. Without an approved RIS, ASIC is unable to give relief or make any other form of regulation, including issuing a regulatory guide that contains regulation.

95 To ensure that we are in a position to properly complete any required RIS, please give us 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.

Appendix: Parts 6.4, 6.5 and 6.6 (ASX), (Chi-X) and (APX)

Table 4: Crossings outside of trading hours during a takeover bid or scheme (Part 6.4 (ASX), (Chi-X) and (APX))

Market integrity rules	Rule (as it appears in the ASIC Market Integrity Rules (ASX), (Chi-X) or (APX))		
ASIC Market Integrity Rules (ASX)	6.4.1	Crossings outside of Trading Hours in Cash Market Products	<p>(1) During the Offer Period under a Takeover Bid or Scheme, a Trading Participant must not effect a Crossing of the type set out in subrule (2) in a class of Cash Market Products where the Crossing is at a price which is at or below the offer price for that class of Cash Market Products.</p> <p>(2) For the purposes of subrule (1), the type of Crossing is a Crossing (other than a Special Crossing) that is effected outside of Trading Hours and reported to the Market Operator.</p>
	6.4.2	Crossings after Trading Close in Derivatives Market Contracts	<p>(1) A Trading Participant must not execute a Crossing of the type set out in subrule (2) in Derivatives Market Contracts that are over a Cash Market Product in respect of which there is currently an Offer Period for a Takeover Bid or Scheme.</p> <p>(2) For the purposes of subrule (1), the type of Crossing is a Crossing (other than a Special Crossing) that is effected during Late Trading Session State in accordance with the Market Operating Rules.</p>
	6.4.3	Crossings outside of Trading Hours and Crossings after Trading Close in Combinations	<p>(1) A Trading Participant must not execute a Crossing in a Combination of the type set out in subrule (2) (at a price which is at or below the offer price for the relevant class of Cash Market Products) or of the type set out in subrule (3), if a component part of that Combination is:</p> <p>(a) a Cash Market Product (other than a Warrant); or</p> <p>(b) a Derivatives Market Contract over a Cash Market Product; or</p> <p>(c) a Warrant over a Cash Market Product;</p> <p>in respect of which there is currently an Offer Period for a Takeover Bid or Scheme (in respect of a Crossing under subrule (3)) or an Offer Period for a Takeover Bid (in respect of a Combination under subrule (2)).</p> <p>(2) For the purposes of subrule (1), the type of Crossing is a Crossing (other than a Special Crossing) in a Cash Only Combination that is effected outside of Trading Hours and reported to the Market Operator.</p> <p>(3) For the purposes of subrule (1), the type of Crossing is a Crossing (other than a Special Crossing) in a Derivatives Combination that is effected during Late Trading Session State in accordance with the Market Operating Rules.</p>

Market integrity rules	Rule (as it appears in the ASIC Market Integrity Rules (ASX), (Chi-X) or (APX))		
ASIC Market Integrity Rules (Chi-X)	6.4.1	Crossings outside of Trading Hours in Equity Market Products	<p>(1) During the Offer Period under a Takeover Bid or Scheme, a Market Participant must not effect a Crossing of the type set out in subrule (2) in a class of Equity Market Products where the Crossing is at a price which is at or below the offer price for that class of Equity Market Products.</p> <p>(2) For the purposes of subrule (1), the type of Crossing is a Crossing (other than a Special Crossing) that is effected outside of Trading Hours and reported to the Market Operator.</p>
ASIC Market Integrity Rules (APX)	6.4.1	Crossings outside of Trading Hours in APX Products	<p>(1) During the Offer Period under a Takeover Bid or Scheme, a Market Participant must not effect a Crossing of the type set out in subrule(2) in a class of APX Products where the Crossing is at a price which is at or below the offer price for that class of APX Products.</p> <p>(2) For the purposes of subrule (1), the type of Crossing is a Crossing (other than a Special Crossing) that is effected outside of Trading Hours and reported to the Market Operator</p>

Table 5: Special crossings during a takeover bid or scheme (Part 6.5 (ASX), (Chi-X) and (APX))

Market integrity rules	Rule (as it appears in the ASIC Market Integrity Rules (ASX), (Chi-X) or (APX))		
ASIC Market Integrity Rules (ASX)	6.5.1	Special Crossings in Cash Market Products (excluding Warrants)	A Trading Participant must not effect a Special Crossing of any Cash Market Products (excluding Warrants) of an Issuer during a Bid Period for a Takeover Bid or Scheme for the Cash Market Products (excluding Warrants) of the Issuer.
	6.5.2	Special Crossings in Warrants	A Trading Participant must not execute Special Crossings in Warrants that are over a Cash Market Product in respect of which there is currently a Bid Period for a Takeover Bid or Scheme.
	6.5.3	Special Crossings in Derivatives Market Contracts	A Trading Participant must not execute Special Crossings in Derivative Market Contracts over a Cash Market Product in respect of which there is currently an Offer Period for a Takeover Bid or Scheme.

Market integrity rules	Rule (as it appears in the ASIC Market Integrity Rules (ASX), (Chi-X) or (APX))		
	6.5.4	Special Crossings in Combinations	A Trading Participant must not execute a Special Crossing in a Combination if a component part of that Combination is: (a) a Cash Market Product (other than a Warrant); or (b) a Derivatives Market Contract over a Cash Market Product; or (c) a Warrant over a Cash Market Product, in respect of which there is currently an Offer Period for a Takeover Bid or Scheme.
ASIC Market Integrity Rules (Chi-X)	6.5.1	Special Crossings in Equity Market Products	A Market Participant must not effect a Special Crossing of any Equity Market Products of an Issuer during a Bid Period for a Takeover Bid or Scheme for the Equity Market Products of the Issuer.
ASIC Market Integrity Rules (APX)	6.5.1	Special Crossings and specified other Crossings in APX Products	A Market Participant must not effect any of the following Market Transactions in any APX Products of an Issuer during a Bid Period for a Takeover Bid or Scheme for the APX Products of the Issuer: (a) a Special Crossing; and (b) a Crossing entered into other than by the matching of Orders on an Order Book.

Table 6: Crossings during a buy-back conducted 'on market' (Part 6.6 (ASX), (Chi-X) and (APX))

Market integrity rules	Rule (as it appears in the ASIC Market Integrity Rules (ASX), (Chi-X) or (APX))		
ASIC Market Integrity Rules (ASX)	6.6.1	Special Crossing in Cash Market Products (excluding Warrants) on behalf of Issuer	A Trading Participant must not effect a Special Crossing of any Cash Market Products (excluding Warrants) of an Issuer, on behalf of that Issuer during the term of a buy-back offer conducted On-Market by that Issuer.

Market integrity rules	Rule (as it appears in the ASIC Market Integrity Rules (ASX), (Chi-X) or (APX))		
	6.6.2	Crossings after Trading Close and Special Crossings in Derivatives Market Contracts	<p>(1) A Trading Participant must not execute, on behalf of an Issuer:</p> <p>(a) Crossings of the type set out in subrule (2); or</p> <p>(b) Special Crossings,</p> <p>in Derivatives Market Contracts if those Derivative Market Contracts are over a Cash Market Product of that Issuer in respect of which there is currently a buy-back being conducted On-Market.</p> <p>(2) For the purposes of paragraph (1)(a), the type of Crossing is a Crossing (other than a Special Crossing) that is effected during Late Trading Session State in accordance with the Market Operating Rules.</p>
	6.6.3	Crossings after Trading Close and Special Crossings in Combinations	<p>(1) A Trading Participant must not execute, on behalf of an Issuer:</p> <p>(a) Crossings of the type set out in subrule(2); or</p> <p>(b) Special Crossings,</p> <p>in a Combination if a component part of that Combination is:</p> <p>(c) a Cash Market Product (other than a Warrant); or</p> <p>(d) a Derivatives Market Contract over a Cash Market Product; or</p> <p>(e) a Warrant over a Cash Market Product,</p> <p>during the term of a buy-back offer conducted On-Market by the Issuer.</p> <p>(2) For the purposes of paragraph (1)(a), the type of Crossing is a Crossing other than a Special Crossing that is effected during Late Trading Session State in accordance with the Market Operating Rules.</p>
ASIC Market Integrity Rules (Chi-X)	6.6.1	Special Crossing in Equity Market Products on behalf of Issuer	A Market Participant must not effect a Special Crossing of any Equity Market Products of an Issuer, on behalf of that Issuer during the term of a buy-back offer conducted on a Relevant Financial Market by that Issuer.

Market integrity rules	Rule (as it appears in the ASIC Market Integrity Rules (ASX), (Chi-X) or (APX))		
ASIC Market Integrity Rules (APX)	6.6.1	Special Crossing and specified other Crossings in APX Products on behalf of Issuer	<p>A Market Participant must not effect any of the following Market Transactions in any APX Products of an Issuer, on behalf of that Issuer during the term of a buy-back offer conducted on a APX Market by that Issuer:</p> <ul style="list-style-type: none"> (a) a Special Crossing; and (b) a Crossing entered into other than by the matching of Orders on an Order Book.

Key terms

Term	Meaning in this document
APX	Asia Pacific Exchange Limited or the exchange market operated by APX
APX products	As defined in s761A of the Corporations Act, a security or managed investment product
ASIC	Australian Securities and Investments Commission
ASIC Act	<i>Australian Securities and Investments Commission Act 2001</i>
ASIC Market Integrity Rules (APX)	ASIC Market Integrity Rules (APX Market) 2013—rules made by ASIC under s798G of the Corporations Act for trading on APX
ASIC Market Integrity Rules (ASX 24)	ASIC Market Integrity Rules (ASX 24 Market) 2010—rules made by ASIC under s798G of the Corporations Act for trading on ASX 24
ASIC Market Integrity Rules (ASX)	ASIC Market Integrity Rules (ASX Market) 2010—rules made by ASIC under s798G of the Corporations Act for trading on ASX
ASIC Market Integrity Rules (ASX), (Chi-X) and (APX)	In this document, the ASIC Market Integrity Rules (ASX), ASIC Market Integrity Rules (Chi-X) and ASIC Market Integrity Rules (APX)
ASIC Market Integrity Rules (Chi-X)	ASIC Market Integrity Rules (Chi-X Australia Market) 2011—rules made by ASIC under s798G of the Corporations Act for trading on Chi-X
ASIC Market Integrity Rules (Competition)	ASIC Market Integrity Rules (Competition in Exchange Markets) 2011—rules made by ASIC under s798G of the Corporations Act that are common to markets dealing in equity market products and CGS depository interests quoted on ASX
ASIC Market Integrity Rules (NSXA)	ASIC Market Integrity Rules (NSXA Market) 2010—rules made by ASIC under s798G of the Corporations Act for trading on NSXA
ASIC Market Integrity Rules (SIM VSE)	ASIC Market Integrity Rules (SIM VSE Market) 2010—rules made by ASIC under s798G of the Corporations Act for trading on SIM VSE
ASX	ASX Limited or the exchange market operated by ASX Limited
ASX 24	The exchange market formerly known as Sydney Futures Exchange (SFE), operated by Australian Securities Exchange Limited

Term	Meaning in this document
ASX Limited	The market licensee that operates the exchange market known as 'ASX'
ASX Market Rules	Previous operating rules made by ASX Limited dealing with activities or conduct of its market and of persons in relation to the market
Australian domestic licensed financial market	A financial market licensed under s795B(1) of the Corporations Act
Australian market licence	Australian market licence under s795B of the Corporations Act that authorises a person to operate a financial market
automated order processing	The process by which orders are registered in a market participant's system, which connects it to a market. Client or principal orders are submitted to an order book without being manually keyed in by an individual (referred to in the rules as a DTR). It is through automated order processing systems that algorithmic programs access our markets
buy-back	A share buy-back under Div 2 of Pt 2J.1 of the Corporations Act
Chi-X	Chi-X Australia Pty Limited or the exchange market operated by Chi-X
CLERP Act	Corporate Law Economic Reform Program Act 1999
Corporations Act	<i>Corporations Act 2001</i> , including regulations made for the purposes of that Act
Corporations Regulations	Corporations Regulations 2001
crossing	A type of transaction where the market participant is the same for both the buyer and seller. The market participant may be acting on behalf of the buying client and the selling client, or acting on behalf of a client on one side of the transaction and as principal on the other side of the transaction
DTR (designated trading representative)	Representative of the market participant that has been authorised by the participant to submit trading messages to the execution venue on behalf of the participant
financial market	As defined in s767A of the Corporations Act, a facility through which offers to acquire or dispose of financial products are regularly made or accepted
IMB	IMB Ltd
market integrity rules	Rules made by ASIC, under s798G of the Corporations Act, for trading on domestic licensed markets

Term	Meaning in this document
market operator	An operator of a licensed market
market participant	A participant of a licensed market
NSXA	National Stock Exchange of Australia Limited, or the exchange market operated by NSXA
Part 4.2 (ASX) (for example)	A part of the ASIC Market Integrity Rules (ASX) (in this example numbered 4.2)
Part 5.2 (ASX), (Chi-X) and (APX) (for example)	A part of the ASIC Market Integrity Rules (ASX), ASIC Market Integrity Rules (Chi-X) and ASIC Market Integrity Rules (APX) (in this example numbered 5.2)
PI insurance	Professional indemnity insurance
Pt 7.2A (for example)	A part of the Corporations Act (in this example numbered 7.2A), unless otherwise specified
reg 7.2A.02 (for example)	A regulation of the Corporations Regulations (in this example numbered 7.2A.02), unless otherwise specified
REP 391	An ASIC report (in this example numbered 391)
retail client	Has the meaning given in s761G and 761GA of the Corporations Act Note: This is the definition contained in s761A of the Corporations Act.
RG 214 (for example)	An ASIC regulatory guide (in this example numbered 214)
Rule 2.2.1 (ASX), (Chi-X) and (APX)	A rule of the ASIC Market Integrity Rules (ASX), ASIC Market Integrity Rules (Chi-X) and ASIC Market Integrity Rules (APX) (in this example numbered 2.2.1)
Rule 7.4.1 (Competition)	A rule of the ASIC Market Integrity Rules (Competition) (in this example numbered 7.4.1)
Rule 4.3.1 (NSXA) (for example)	A rule of the ASIC Market Integrity Rules (NSXA) (in this example numbered 4.3.1)
Rule 5.3.1 (SIM VSE) (for example)	A rule of the ASIC Market Integrity Rules (SIM VSE) (in this example numbered 5.3.1)
s912 (for example)	A section of the Corporations Act (in this example numbered 912), unless otherwise specified
scheme	A compromise or arrangement that gives rise to a scheme of arrangement under Pt 5.1 of the Corporations Act
SIM VSE	SIM Venture Securities Exchange Ltd, or the exchange market operated by SIM VSE

List of proposals and questions

Proposal	Your feedback
<p>B1 We propose to:</p> <ul style="list-style-type: none"> (a) amend the ASIC Market Integrity Rules (ASX), (Chi-X) and (APX) to repeal Rule 2.2.3 (ASX), (Chi-X) and (APX); (b) amend the ASIC Market Integrity Rules (NSXA) to repeal Rule 4.3.2 (NSXA); (c) amend the ASIC Market Integrity Rules (SIM VSE) to repeal Rule 5.3.1(c) (SIM VSE); <p>Note: If we proceed with the proposals to repeal these notification requirements (proposals B1(a)–B1(c)), we may be required to provide details of this information in a Regulation Impact Statement (RIS).</p> <ul style="list-style-type: none"> (d) amend RG 214, and any other relevant ASIC regulatory guidance, to reflect the proposed amendments; and (e) retain the requirement in ASIC Market Integrity Rules (ASX), (Chi-X), (APX), (NSXA) and (SIM VSE) to hold adequate PI insurance or to notify ASIC of claims, potential or threatened claims, or circumstances that may give rise to a claim, under their PI insurance. 	<p>B1Q1 Do you agree with our proposal to remove the requirement for market participants of ASX, Chi-X and APX to notify ASIC of the amount, nature and period of PI insurance cover? Please give reasons for your view.</p> <p>B1Q2 Do you agree with our proposal to remove the requirement for market participants of NSXA to lodge with ASIC a copy of a certificate evidencing their PI insurance policy? Please give reasons for your view.</p> <p>B1Q3 Do you agree with our proposal to remove the requirement for market participants of SIM VSE to provide ASIC with a copy of the certificate of currency for each PI insurance policy? Please give reasons for your view.</p> <p>B1Q4 Do you think the removal of these market integrity rules will result in cost savings for market participants of the ASX, Chi-X, APX, NSXA and SIM VSE markets? If so, please quantify the estimated cost savings from the removal of these notification requirements (e.g. the length of time it takes to notify ASIC and the dollar value of staffing resources required to comply with this obligation). If we proceed with the proposals to repeal these notification requirements (proposals B1(a)–B1(c)) we may be required to provide details of this information in a RIS.</p> <p>B1Q5 Do you see any benefit in retaining these market integrity rules? If so, please give reasons for your view.</p> <p>B1Q6 Do you think there is a better alternative to the repeal of these market integrity rules? If so, please provide specific details, including the anticipated cost or cost savings of the alternative.</p>

Proposal	Your feedback
<p>C1 We propose to amend:</p> <p>(a) the ASIC Market Integrity Rules (ASX), (Chi-X) and (APX) to repeal Part 5.2 (ASX), (Chi-X) and (APX); and</p> <p>(b) RG 214 and RG 224 to remove references to the business connection rules.</p>	<p>C1Q1 Do you agree with our proposal to repeal Part 5.2 (ASX), (Chi-X) and (APX)? Please give reasons for your view.</p> <p>C1Q2 If you do not agree with our proposal, is it because you do not consider pre-trade client order information to be adequately protected by the regulatory framework in the absence of Part 5.2 (ASX), (Chi-X) and (APX)? Please give reasons for your view.</p> <p>C1Q3 If our proposal is implemented:</p> <p>(a) do you anticipate any future cost savings? Please provide an estimate of future cost savings (i.e. for costs associated with anticipated reapplications and future consent applications) that will arise from the removal of Part 5.2 (ASX), (Chi-X) and (APX)? Where possible, please itemise the costs;</p> <p>(b) do you anticipate any future economic cost savings? Please provide an estimate of any economic cost savings (e.g. the opportunity cost of not sharing business connections with participants) that will arise from the repeal of Part 5.2 (ASX), (Chi-X) and (APX). Where possible, please quantify the costs; and</p> <p>(c) will it affect competition between market participants? For example, could it result in more business connections and industry consolidation? Please give reasons for your view.</p> <p>C1Q4 If our proposal is not implemented:</p> <p>(a) do you anticipate the number of consent applications you may need to make in the future will increase? Where possible, please give reasons for the anticipated increase (if any) in the number of applications; and</p> <p>(b) do you have any concerns about retaining Part 5.2 (ASX), (Chi-X) and (APX)? Please give reasons for your views.</p>

Proposal	Your feedback
<p>D1 We are considering two options:</p> <p>(a) Option 1: We propose to:</p> <p>(i) amend Parts 6.4 and 6.5 (ASX), (Chi-X) and (APX) so they only apply to market participants acting on behalf of the bidder or their associate rather than all market participants;</p> <p>(ii) amend Rule 6.5.1 (ASX), (Chi-X) and (APX) and Rule 6.5.2 (ASX) so that they only restrict special crossings in an off-market bid during the offer period rather than the bid period; and</p> <p>(iii) retain Part 6.6 (ASX), (Chi-X) and (APX) in its current form.</p> <p>(b) Option 2: we propose to repeal:</p> <p>(i) Part 6.4 (ASX), (Chi-X) and (APX);</p> <p>(ii) Part 6.5 (ASX), (Chi-X) and (APX); and</p> <p>(iii) Part 6.6 (ASX), (Chi-X) and (APX).</p>	<p>D1Q1 Do you think that Part 6.5 (ASX), (Chi-X) and (APX), in its current form, creates uncertainty about the types of trades that can be executed during takeovers and schemes? If so, please give reasons for your view.</p> <p>D1Q2 Do you think that Part 6.6 (ASX), (Chi-X) and (APX), in its current form, creates uncertainty about the types of trades that can be executed during buy-backs? If so, please give reasons for your view.</p> <p>D1Q3 In relation to Option 1:</p> <p>(a) Do you agree that Parts 6.4 and 6.5 (ASX), (Chi-X) and (APX) should be amended so that they only apply to market participants acting on behalf of the bidder or their associate (proposal D1(a)(i))? Please give reasons for your view. Does your answer differ for takeovers and schemes? If so, please provide your views for both takeovers and schemes.</p> <p>(b) Do you agree that Rule 6.5.1(ASX), (Chi-X) and (APX) and Rule 6.5.2(ASX) should be amended so that they only restrict special crossings in an off-market bid during the offer period rather than the bid period (proposal D1(a)(ii))? Please give reasons for your view. Does your answer differ for takeovers and schemes? If so, please provide your views for both takeovers and schemes.</p> <p>(c) Do you agree that Part 6.6 (ASX), (Chi-X) and (APX) should be retained in its current form (proposal D1(a)(iii))? Please give reasons for your view.</p> <p>(d) What do you consider to be the estimated cost savings (itemise your costs where possible (e.g. staff costs, transaction costs, system costs)) or other benefits to market participants and investors from:</p> <p>(i) proposal D1(a)(i) (if your answer differs substantially for takeovers and schemes, please give reasons and provide separate estimates for takeovers and schemes); and</p> <p>(ii) proposal D1(a)(ii) (if your answer differs substantially for takeovers and schemes, please give reasons and provide separate estimates for takeovers and schemes).</p> <p>D1Q4 In relation to Option 2:</p> <p>(a) Do you agree with the proposal to repeal Part 6.4 (ASX), (Chi-X) and (APX) (proposal D1(b)(i))? Please give reasons for your view. Does your answer differ for takeovers and schemes? If so, please provide your views for both takeovers and schemes.</p> <p>(b) Do you agree with the proposal to repeal Part 6.5 (ASX), (Chi-X) and (APX) (proposal D1(b)(ii))? Please give reasons for your view. Does your answer differ for takeovers and schemes? If so, please provide your</p>

Proposal	Your feedback
	<p>views for both takeovers and schemes.</p> <p>(c) Do you agree with the proposal to repeal Part 6.6 (ASX), (Chi-X) and (APX) (proposal D1(b)(iii))? Please give reasons for your view.</p> <p>(d) What do you consider to be the estimated cost savings (itemise your costs where possible (e.g. staff costs, transaction costs, system costs)) or other benefits to market participants and investors from:</p> <p>(i) proposal D1(b)(i) (if your answer differs substantially for takeovers and schemes, please give reasons and provide separate estimates for takeovers and schemes); and</p> <p>(ii) proposal D1(b)(ii) (if your answer differs substantially for takeovers and schemes, please give reasons and provide separate estimates for takeovers and schemes).</p> <p>(iii) proposal D1(b)(iii).</p> <p>D1Q5 Do you have any concerns about retaining Parts 6.4–6.6 (ASX), (Chi-X) and (ASX), as is. Please give reasons for your view.</p> <p>D1Q6 Can you suggest any alternative approaches to Options 1 and 2 regarding Parts 6.4–6.6 (ASX), (Chi-X) and (APX). If so, please give a detailed explanation of your preferred approach(s) and reasons for your view.</p>