

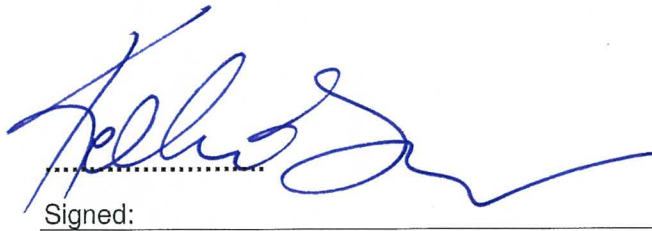


Australian Market Licence (Chi-X Australia Pty Ltd) Variation Notice 2015 (No. 1)

Corporations Act 2001

I, KEVIN O'DWYER, make this Variation under section 796A of the *Corporations Act 2001* (the Act).

Dated 10 October 2015


Signed: _____

1. Name of variation

This variation is the *Australian Market Licence (Chi-X Australia Pty Ltd) Variation Notice 2015 (No. 1)*.

2. Commencement

This Variation commences on the day it is published in the *Gazette*.

3. Variation

The Schedule varies the Australian Market Licence (Chi-X Australia Pty Ltd) 2011.

Schedule Variation

[1] Section 3

Omit the following definitions

Cash, cash flow, cash flow positive, eligible financial provider, net tangible assets, quarter.

[2] Section 3

Insert new definitions

compensation rules has the meaning given by section 880B of the Act.

derivative has the meaning given by section 761D of the Act.

operating rules has the meaning given by section 761A of the Act.

[3] Subsection 5(b)

Omit
"Act; and"

Substitute
"Act;"

[4] Subsection 5(c)

Omit
"Act."

Substitute
"Act; and"

[5] After subsection 5(c)

Insert
"(d) derivatives."

[6] Section 7

Omit the section, substitute

"(1) The minimum amount of cover required for the Division 3 arrangements is the greater of:

- (a) \$ 10,200,000; and
 - (b) the total of the amounts specified in paragraphs 11.2(a) and (b) of the Chi-X compensation rules.
- (2) The source of funds for the Division 3 arrangements must include a fidelity fund of a minimum amount of the greater of:
- (a) \$200,000; and
 - (b) the amount specified under paragraph 11.2(a) of the Chi-X compensation rules,

and may include one or more of the following:

- (a) insurance arrangements;
- (b) an irrevocable letter of credit

Note: Any change to paragraphs 11.2(a) or 11.2(b) of the Chi-X compensation rules requires the approval of the Minister under section 884C of the Act.

[8] Section 8

Omit the section and substitute

8. Conditions which must be satisfied before Chi-X permits a class of financial product admitted to quotation on the market under the Chi-X operating rules, to be quoted and traded on the market

- (1) Chi-X must not permit any class of financial product admitted to quotation on the market under the Chi-X operating rules, to be quoted and traded on the market, unless all of the following are satisfied:
- (a) the documents and information referred to in subsections (2) to (5) are given to ASIC, dated not more than 30 days before being given to ASIC;
 - (b) ASIC has confirmed to Chi-X in writing that the conditions set out in subsections (2) to (6) are satisfied; and
 - (c) 14 days have elapsed after the confirmation mentioned in paragraph (b) was given.
- (2) For each class of financial product proposed to be admitted to quotation on the market under the Chi-X operating rules Chi-X must give to ASIC copies of Chi-X board resolutions attesting to the following:
- (a) that Chi-X's governance framework is adequate for the purposes of testing of technology systems that will be used to support the market for the relevant class of financial product proposed to be admitted to quotation on the market under the Chi-X operating rules and made available for quotation and trade on the market;

- (b) that Chi-X's testing of its technology systems that will be used to support the market for the relevant class of financial product proposed to be admitted to quotation on the market under the Chi-X operating rules and made available for quotation and trade on the market, is adequate and appropriate including without limitation, testing of all necessary external connections which Chi-X needs to have in place to operate the market according to the governance framework; and
 - (c) that Chi-X's technology systems are operationally ready to permit the relevant class of financial product proposed to be admitted to quotation on the market under the Chi-X operating rules, to be quoted and traded on the market.
- (3) Chi-X must confirm to ASIC in writing that it has employed or engaged all necessary people in all of the positions described in its application under subsection 796A(2) of the Act, and that as a result, it has sufficient human resources to operate the market properly in accordance with its obligations under paragraph 792A(d) of the Act;
- (4) For the purposes of section 7 (Compensation arrangements):
- (a) For each new class of financial product proposed to be admitted to quotation on the market under the Chi-X operating rules and made available for quotation and trade on the market Chi-X must give to ASIC a written confirmation by a person approved by ASIC and engaged on terms and conditions acceptable to ASIC, including as to the scope of the person's work:
 - (i) of the adequacy of Chi-X's current Division 3 arrangements; and
 - (ii) the minimum amount of cover required for Division 3 arrangements taking into account the new class of financial product proposed to be admitted to quotation on the market under the Chi-X operating rules and made available for quotation and trade on the market ;
 - (b) if the minimum amount of cover under subparagraph (4)(a)(ii) is greater than \$10,200,000:
 - i. Chi-X must apply to change the minimum amount of cover required for its Division 3 arrangements, under section 884C of the Act;
 - ii. if approved by the Minister, Chi-X must change rule 11.2 of the Chi-X compensation rules to give effect to the change that has been approved; and
 - iii. Chi-X must give to ASIC written evidence of the source of funds for the changed Division 3 arrangements;

iv. Chi-X must give to ASIC written evidence that Chi-X has in place its Division 3 arrangements as required in section 7.

(5) Chi-X must give to ASIC:

- (a) written confirmation that it has an agreement in place with a CS facility licensee for the clearing and settlement of any new class of financial product admitted to quotation on the market under the Chi-X operating rules, and made available for quotation and trade on the market;
- (b) Chi-X must give to ASIC a copy of the agreement(s) it has entered into with any CS facility licensee and any third party service provider that enable the clearing and settlement of any new class of financial product admitted to quotation on the market under the Chi-X operating rules and made available for quotation and trade on the market;
- (c) for any CS facility licensee which Chi-X has entered into an agreement described in paragraph (5)(a), Chi-X must give to ASIC a written confirmation that that CS facility licensee has systems and procedures in place to manage the clearing and settlement of the proposed new class of financial product admitted to quotation on the market under the Chi-X operating rules and made available for quotation and trade on the market.

(6) ASIC must be satisfied that Chi-X is operationally ready to permit a proposed new class of financial product admitted to quotation on the market under the Chi-X operating rules, to be quoted and traded on the market.

[9] Section 9

Omit the section