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Australian Securities &
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Commonwealth of Australia Gazette

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Contents

Markets Disciplinary Panel Infringement Notice

Recipient: Macquarie Securities (Australia) Limited

The recipient has complied with the infringement notice. Compliance is not an admission of guilt or liability; and the recipient is not taken to have contravened subsection 798H(1) of the Corporations Act 2001.

RIGHTS OF REVIEW

Recipients affected by the decision of the Markets Disciplinary Panel to give them an infringement notice under subsection 798H(1) of the *Corporations Act 2001* and Part 7.2A of the *Corporations Regulations 2001* administered by ASIC may have a right of review or may be entitled to have the infringement notice withdrawn. ASIC has published RG 216 to assist recipients to determine whether they have such rights – see RG 216.71 and RG 216.77 to 216.79. Copies of this document can be obtained from the ASIC website at www.asic.gov.au

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PART 7.2A OF THE CORPORATIONS REGULATIONS 2001 INFRINGEMENT NOTICE

To: Macquarie Securities (Australia) Limited
Level 6
50 Martin Place
SYDNEY NSW 2000

TAKE NOTICE: The Australian Securities and Investments Commission ("ASIC") gives this infringement notice to Macquarie Securities (Australia) Limited ACN 002 832 126 ("Macquarie Securities") under regulation 7.2A.04 of the *Corporations Regulations 2001* ("the Regulations"). To comply with this notice Macquarie Securities must:

Pay a penalty to ASIC, on behalf of the Commonwealth, in the sum of **\$120,000.**

This infringement notice is given on 31 May 2016.

The unique code for this notice as required by paragraph 7.2A.06(b) of the Regulations is MDP4693/15.

The terms defined in Rule 1.4.3 of the ASIC Market Integrity Rules (Chi-X Australia Market) 2011 ("MIR 1.4.3") have the same meaning when used in this notice, including those set out in this Appendix to this notice. Certain additional defined terms used in this notice are also set out in the Appendix to this notice.

Alleged contraventions and penalty

Macquarie Securities was a Market Participant in the Chi-X Market at the relevant time and was therefore an entity required by subsection 798H(1) of the *Corporations Act 2001* ("the Act") to comply with the market integrity rules at that time.

Macquarie Securities is alleged to have contravened subsection 798H(1) of the Act by reason of contravening Rules 5.9.1 and 5.6.1 of the ASIC Market Integrity Rules (Chi-X Australia Market) 2011 ("MIR 5.9.1" and "MIR 5.6.1").

MIR 5.9.1 provides:

"A Market Participant must not do anything which results in a market for an Equity Market Product not being both fair and orderly, or fail to do anything where that failure has that effect".

MIR 5.6.1 relevantly provides:

- (1) *"A Market Participant which uses its system for Automated Order Processing must at all times:*
- (a) *have appropriate automated filters, in relation to Automated Order Processing; and*
 - (b) *ensure that such use does not interfere with:*
 - (i) *the efficiency and integrity of the Chi-X Market;*
 - (ii) *the proper functioning of any Trading Platform; or...."*

On the evidence before it, the Markets Disciplinary Panel ("MDP") was satisfied that:

- 1) During the period from 20 August 2014 and 21 November 2014, a client of Macquarie Securities ("Client") elected to preference its Order execution venue through Macquarie Securities direct market access automated order processing system ("DMA2 AOP").
- 2) In the period 1 September 2014 to 20 October 2014 ("Relevant Period"):
 - a. during the ASX Market Pre-Open or Pre-CSPA Session States, DMA2 AOP vetted Orders received from the Client destined for the Chi-X Market (which was in Open Session State) against the ASX Market last traded price or ASX Market Indicative Auction Price ("IAP") if one existed; and
 - b. during the ASX Market Open Session State, DMA2 AOP vetted Orders received from the Client destined for the Chi-X Market against the ASX last traded price or NBBO.
- 3) The DMA2 AOP filter parameters used to vet Orders during the ASX Market Open Session State were tighter than those applied during the ASX Market Pre-Open or Pre-CSPA Session State. Therefore, during the ASX Market Pre-Open or Pre-CSPA Session States, regardless of execution venue, Orders were vetted against the wider ASX Market Pre-Open/Pre-CSPA filter parameters even when the Chi-X Market was in an Open State Session.

Contravention 1 - MIR 5.9.1 - creating a market for QUR that was not fair and orderly

- 4) On 1 September 2014 a Macquarie Securities DTR ("Macquarie Securities DTR"), despite receiving automated order processing ("AOP") filter alerts, submitted an Order on behalf of the Client to buy 10,000 shares in Quantum Resources Limited, having ASX Market Code "QUR" ("QUR") on the Chi-X Market at \$0.02 ("Relevant QUR Order").
- 5) Immediately prior to Macquarie Securities receiving the Relevant QUR Order the Bid/Offer/last traded price for QUR:
 - a. on the Chi-X Market was no Bid/no Offer/\$0.003; and
 - b. on the ASX Market was \$0.004/\$0.002/\$0.003.
- 6) Macquarie Securities' level two and level three DMA2 AOP soft filter parameters were both set to the same percentage of greater than 100%. Had the Relevant QUR Order been greater than 1000% from the last traded price or the ASX Market IAP, Macquarie Securities' level 4 DMA2 AOP hard filter would have rejected the Order outright without referring it to a DTR for review.

- 7) Had Macquarie Securities vetted the Relevant QUR Order against its tighter Open Session State filter parameters, which would have been appropriate given the Chi-X Market was open for trading, Macquarie's level 4 DMA2 AOP hard filter would have rejected the Order outright for being greater than 200% from the last traded price without referring it to a DTR for review.
- 8) The Macquarie Securities DTR submitted the Relevant QUR Order into the Chi-X Market at approximately 10:01:00 when no Offer existed on the Chi-X Market.
- 9) Immediately prior to the Macquarie Securities DTR submitting the Relevant QUR Order:
 - a. the Bid/Offer/last traded price for QUR on the Chi-X Market was \$0.009/no Offer/\$0.003;
 - b. the Bid/Offer/last traded price for QUR on the ASX Market was \$0.004/\$0.002/\$0.003;
 - c. the IAP for QUR was \$0.003;
 - d. the highest priority Bid for QUR on the Chi-X Market was \$0.009.
- 10) The Relevant QUR Order was the highest priority Bid in QUR on a consolidated markets basis for approximately one hour. At approximately 11:02:37 an opposing sell Order was placed by a Market Participant for 12,765 QUR at \$0.02 ("QUR Sell Order"). This resulted in a Market Transaction for 10,000 QUR at \$0.02 on the Chi-X Market ("Relevant QUR Trade"), causing a price increase of 567% from the last traded price of QUR on both the Chi-X and ASX Markets.
- 11) By reason of Macquarie Securities' entry of the Relevant QUR Order into the Chi-X Market on 1 September 2014, the MDP has reasonable grounds to believe that Macquarie Securities has contravened MIR 5.9.1 and thereby contravened subsection 798H(1) in that Macquarie Securities created a market for QUR that was not fair and orderly.

Contravention 2 - MIR 5.9.1 - creating a market for NVG that was not fair and orderly

- 12) On 1 September 2014 the Macquarie Securities DTR, despite receiving AOP filter alerts, submitted an Order on behalf of the Client to buy 10,000 shares in Navaho Gold Limited, having ASX Market Code "NVG" ("NVG") on the Chi-X Market at \$0.02 ("Relevant NVG Order").
- 13) Immediately prior to Macquarie Securities receiving the Relevant NVG Order the Bid/Offer/ last traded price for NVG:
 - a. on the Chi-X Market was no Bid/no Offer/\$0.003; and
 - b. on the ASX Market was \$0.003/\$0.004/\$0.003.
- 14) Macquarie Securities' level two and level three DMA2 AOP soft filter parameters were both set to the same percentage of greater than 100%. Had the Relevant NVG Order been greater than 1000% from the last traded price or the ASX Market IAP, Macquarie Securities' level 4 DMA2 AOP hard filter would have rejected the Order outright without referring it to a DTR for review.

- 15) Had Macquarie Securities vetted the Relevant NVG Order against its tighter Open Session State filter parameters, which would have been appropriate given the Chi-X Market was open for trading, Macquarie's level 4 DMA2 AOP hard filter would have rejected the Order outright for being greater than 200% from the last traded price without referring it to a DTR for review.
- 16) The Macquarie Securities DTR submitted the Relevant NVG Order into the Chi-X Market at approximately 10:01:43 when no Offer existed on the Chi-X Market.
- 17) Immediately prior to the DTR submitting the Relevant NVG Order, the Bid/Offer/last traded price for NVG on the Chi-X Market was \$0.002/no Offer/\$0.003.
- 18) The Relevant NVG Order was the highest priority Bid in NVG on the Chi-X Market for approximately two hours. At approximately 12:04:53, an opposing sell Order was placed by a Market Participant for 100,000 NVG at \$0.02 ("NVG Sell Order"). This resulted in a Market Transaction for 100,000 NVG at \$0.02 on the Chi-X Market ("Relevant NVG Trade"), causing a price increase of 567% from the last traded price of NVG on the Chi-X and ASX Markets.
- 19) By reason of Macquarie Securities' entry of the Relevant NVG Order into the Chi-X Market on 1 September 2014, the MDP has reasonable grounds to believe that Macquarie Securities has contravened MIR 5.9.1 and thereby contravened subsection 798H(1) in that Macquarie Securities created a market for NVG that was not fair and orderly.

Contravention 3 - MIR 5.6.1 – failure to have appropriate automated filters

- 20) As a result of Macquarie Securities' AOP filter settings during the Relevant Period, in addition to the Relevant QUR Order and the Relevant NVG Order, the following Orders were also submitted into the Chi-X Market resulting in additional Market Transactions for Equity Market Products that were also substantially away from their respective prevailing market prices:
 - a. At 16:02:38 on 5 September 2014, Macquarie Securities received an Order from the Client to sell 200 shares in Telstra Corporation Limited, having ASX Market Code TLS, ("TLS") on the Chi-X Market at \$5.20 ("Relevant TLS Order"). This resulted in a Market Transaction that was \$0.45 or 7.96% below the last traded price of TLS at \$5.65 and 7.8% below the IAP of \$5.64, and set the low in TLS for the months from September to December 2014. At 16:10:03 the ASX Market for TLS went into CSPA Session State resulting in 148 Market Transactions at \$5.64.
 - b. At 16:04:27 on 20 October 2014, Macquarie Securities received an Order from the Client to buy 200 shares in Santos Limited, having ASX Market Code STO ("STO") on the Chi-X Market at \$14.01 ("Relevant STO Order"). This resulted in a Market Transaction that was 9.97% from the last traded price of \$12.74 and 10.05% above the IAP, and set the high in the STO for the day on 20 October 2014 and the high for the months from October to December 2014. At 16:10:26, the ASX Market for STO went into CSPA Session State resulting in 139 Market Transactions at \$12.73.

- 21) Had Macquarie Securities DMA2 AOP vetted the Relevant TLS and STO Orders against its tighter Open Session State AOP filter parameters, which would have been appropriate given the Chi-X Market was open for trading, the Orders would have triggered a filter alert for the Orders being greater than 7% from the last traded price.
- 22) Macquarie Securities did not receive any AOP alerts with respect to the Relevant TLS or STO Orders as its AOP filter parameters were configured to generate an alert referring it to a DTR for review if the price of an Order was greater than 10% away from the last traded price in the relevant security or greater than 12% away from the IAP.
- 23) By reason of Macquarie Securities' entry into the Chi-X Market of: the Relevant QUR Order on 1 September 2014; the Relevant NVG Order on 1 September 2014; the Relevant TLS Order on 5 September 2014; and the Relevant STO Order on 20 October 2014, the MDP has reasonable grounds to believe that Macquarie Securities has contravened MIR 5.6.1 and thereby contravened subsection 798H(1) of the Act by failing to have in place appropriate automated price filters in a multi-market structure of competing exchange markets to ensure that Orders submitted onto the Chi-X Market via its DMA2 AOP during the ASX Market Pre-Open or Pre-CSPA Session State and where no Bid or Offer existed, did not interfere with the efficiency and integrity of the market for certain Equity Market Products trading on the Chi-X Market.

Maximum pecuniary penalty that a Court could order

The maximum pecuniary penalty that a Court could order Macquarie Securities to pay for contravening subsection 798H(1) of the Act:

- by reason of contravening MIR 5.9.1 is \$1,000,000; and
- by reason of contravening MIR 5.6.1 is \$1,000,000.

Penalty under the Infringement Notice

The maximum pecuniary penalty that may be payable by Macquarie Securities under an infringement notice given pursuant to subsection 798K(2) of the Act:

- for an alleged contravention of MIR 5.9.1 is \$600,000; and
- for an alleged contravention of MIR 5.6.1 \$600,000.

The penalties payable under this infringement notice for the three alleged contraventions of subsection 798H(1) of the Act are as follows:

- Contravention 1 - MIR 5.9.1—\$30,000;
- Contravention 2 - MIR 5.9.1—\$30,000; and
- Contravention 3 - MIR 5.6.1—\$60,000.

Therefore the total penalty that Macquarie Securities must pay to the Commonwealth is **\$120,000** being the penalty payable under this infringement notice for the three alleged contraventions of subsection 798H(1) of the Act.

The penalty is payable to ASIC on behalf of the Commonwealth. Payment is made by bank cheque to the order of the "Australian Securities and Investments Commission".

In determining this matter and the appropriate penalty to be applied, the MDP took into account all relevant guidance, including ASIC Regulatory Guide 216—*Markets Disciplinary Panel*, and noted in particular the following:

- 1) MIR 5.9.1 is aimed at promoting confidence in, and upholding, the integrity of the market. Imposing a strict obligation on Market Participants not to do anything which results in a market for an Equity Market Product not being both fair and orderly, is also critical in maintaining the integrity of the market;
- 2) MIR 5.6.1 is aimed at promoting confidence in the integrity of the Chi-X Market. Imposing a strict obligation on Market Participants which use their systems for AOP to at all times have appropriate automated filters and ensure that such use does not interfere with the efficiency and integrity of the Chi-X Market or the proper functioning of the Trading Platform, is critical in maintaining the integrity of the Chi-X Market;
- 3) Appropriate automated filters are essential components of AOP systems used by DMA clients of Market Participants. Appropriate automated filters are in place to ensure Orders are submitted into the Trading Platform without interfering with the efficiency and integrity of the Chi-X Market or the proper functioning of the Trading Platform;
- 4) The Panel considers it crucial for Market Participants, when setting up AOP systems for a multi-market environment, to have specialised filters capable of dealing with the submission of Orders into competing exchange markets;
- 5) Macquarie Securities failed to ensure that at all times its AOP system had in place appropriate automated price filters in a multi-market structure of competing exchange markets. This failure had the potential to undermine public confidence in the integrity of the market;
- 6) The contraventions had the potential to damage the reputation and integrity of the Chi-Market and the market generally as:
 - the submission of the Relevant QUR Order into the Chi-X Market caused the price of QUR to increase \$0.017 or 567% from the last traded price on the Chi-X and ASX Markets;
 - the submission of the Relevant NVG Order into the Chi-X Market caused the price of NVG to increase \$0.017 or 567% from the last traded price on the Chi-X and ASX Markets;
 - the Relevant TLS Order resulted in a Market Transaction that was \$0.45 or 7.96% below the last traded price of TLS at \$5.65 and 7.8% below the IAP of \$5.64, and set the low in TLS for the months from September to December 2014; and

- the Relevant STO Order resulted in a Market Transaction that was \$1.27 or 9.97% above the last traded price of \$12.74 and 10.05% above the IAP, and set the high in the STO for the day on 20 October 2014 and the high for the months from October to December 2014.
- 7) Given the market prominence of TLS and STO within the ASX and Chi-X Markets, the contraventions had the potential to cause widespread detriment and impact public confidence. Macquarie Securities' filter parameters that were configured to generate an alert if the price of an Order for either TLS or STO was greater than 10% away from the last traded price or greater than 12% away from the IAP should have been set lower given the potential of the TLS and STO Orders to set the highs and lows in the respective products each day;
- 8) Macquarie Securities' level 4 DMA2 AOP filter parameters which would have rejected Orders for QUR or NVG outright without referring them to a DTR for review if the prices for either QUR or NVG were greater than 1000% from the last traded price or the ASX Market IAP should have been set at a level that was appropriate for such Equity Market Products;
- 9) The conduct resulting in each contravention was negligent on the part of Macquarie Securities as:
- the functions of the Macquarie Securities DTR were not exercised to the requisite high standard when the Macquarie Securities DTR did not take due care in assessing the Relevant QUR and NVG Orders after receiving the AOP filter alerts and before submitting the Relevant QUR and NVG Orders into the Chi-X Market. An important aspect of the role of a DTR, as an internal control, is to take proper care and pay proper attention and diligence in the consideration of pre-trade alerts or warnings especially in circumstances where the alert triggered is in relation to an Order received through an AOP system via DMA. Taking care and paying attention and diligence to prevent the entry of orders into the Trading Platform that could result in a market for an Equity Product that is not both fair and orderly, is a critical measure in maintaining the integrity of a market; and
 - Macquarie Securities' AOP system failed to have appropriate filters in a multi-market structure of competing exchange markets, in which different venues may be in different trading session states at a given time, to prevent the Relevant QUR, NVG, TLS and STO Orders being submitted to the Trading Platform and subsequently trading.
- 10) Macquarie Securities did not receive any post trade alerts. In respect of the Relevant TLS and STO Orders, Macquarie did not receive post trade alerts because at the time the Orders were submitted, Macquarie Securities did not have a trade to trade price alert activated in its surveillance system. In the Panel's view, it is not acceptable that post trade alerts were not generated in respect of each the Relevant QUR, NVG, TLS and STO Orders, particularly when an AOP system has rejected an Order, as was the case in respect of the QUR and NVG Relevant Orders;

- 11) Macquarie Securities did not attempt to cancel the Relevant QUR, NVG, TLS and STO Trades;
- 12) There were three contraventions, being two separate failures to comply with MIR 5.9.1 and one failure to comply with MIR 5.6.1;
- 13) The contraventions did not arise from a single course of conduct;
- 14) The contraventions occurred over a significant length of time, being almost 2 months;
- 15) Macquarie Securities did not gain any benefit as a result of the contraventions;
- 16) Macquarie Securities did not self-report the failure to comply with the market integrity rules concerned to ASIC;
- 17) Macquarie Securities took steps to prevent recurrence of the contraventions concerned, including:
 - implementing a change to its AOP filters on 21 October 2014 that prevented the Client from determining its order execution venue, regardless of the session state of the ASX or Chi-X Markets;
 - implementing a change to its AOP filters on 24 October 2014 that prevented the Client from trading during the ASX Market Pre-Open or Pre-CSPA Session States;
 - terminating its relationship with the Client on 21 November 2014;
 - implementing changes to the DMA2 AOP system in April 2015 to prevent clients routing orders directly to Chi-X during the ASX Market Auction period; and
 - implementing changes to the information included in the alerts received by its DTRs when an AOP soft filter alert is triggered so that it now identifies the market to which the Order is directed in order to assist the DTRs to assess the appropriateness of the Order for submission into the relevant market.
- 18) Macquarie Securities had one prior contravention found against it by the MDP for non-compliance with the market integrity rules;
- 19) Macquarie Securities had previously been sanctioned by the ASX Disciplinary Tribunal on three separate occasions since 2009 – one regarding the predecessor rule to MIR 5.9.1 (ASX Circular 212/10 dated 17 June 2010);
- 20) Macquarie Securities co-operated with ASIC throughout its investigation and did not dispute any material facts; and
- 21) Macquarie Securities agreed not to contest the matter, thereby saving time and costs that would otherwise have been expended by ASIC.

Compliance with the Infringement Notice

Macquarie Securities may choose not to comply with this infringement notice, but if Macquarie Securities does not comply, civil proceedings may be brought against Macquarie Securities in relation to the alleged contraventions.

To comply with this infringement notice, Macquarie Securities must pay the penalty within the compliance period. The compliance period:

- (a) starts on the day on which the infringement notice is given to Macquarie Securities; and
- (b) ends 27 days after the day on which the infringement notice is given to Macquarie Securities;

unless an application is made for its extension.

Macquarie Securities may apply to ASIC for an extension of time to comply with this notice under regulation 7.2A.09 of the Regulations. If Macquarie Securities does so, and the application is granted, the compliance period ends at the end of the further period allowed.

If Macquarie Securities applies for a further period of time in which to comply with this notice, and the application is refused, the compliance period ends on the later of:

- (a) 28 days after the day on which the infringement notice was given to Macquarie Securities; and
- (b) 7 days after the notice of refusal is given to Macquarie Securities.

Macquarie Securities may apply to ASIC for withdrawal of this notice under regulation 7.2A.11 of the Regulations. If Macquarie Securities does so, and the application is refused, the compliance period ends 28 days after the notice of refusal is given to Macquarie Securities.

Effect of issue and compliance with the Infringement Notice

The effects of compliance with this infringement notice are:

- (a) any liability of Macquarie Securities to the Commonwealth for the alleged contraventions of subsection 798H(1) of the Act is discharged; and
- (b) no civil or criminal proceedings may be brought or continued by the Commonwealth against Macquarie Securities for the conduct specified in the infringement notice as being the conduct that made up the alleged contraventions of subsection 798H(1) of the Act; and
- (c) no administrative action may be taken by ASIC under section 914A, 915B, 915C or 920A of the Act against Macquarie Securities for the conduct specified in the infringement notice as being the conduct that made up the alleged contraventions of subsection 798H(1) of the Act; and
- (d) Macquarie Securities is not taken to have admitted guilt or liability in relation to the alleged contraventions; and

- (e) Macquarie Securities is not taken to have contravened subsection 798H(1) of the Act.

Publication

ASIC may publish details of this infringement notice under regulation 7.2A.15 of the Regulations.



Susan Humphreys

Counsel to the Markets Disciplinary Panel

with the authority of a Division of the Australian Securities & Investments Commission

Dated: 31 May 2016

Note: Members of the Markets Disciplinary Panel constitute a Division of ASIC as delegates of the members of the Division for the purposes of considering the allegations covered by this notice.

Appendix – Defined Terms

The terms defined in MIR 1.4.3 have the same meaning when used in this notice, including:

"ASX" means ASX Limited (ACN: 008 624 691).

"ASX Market" means the market for Financial Products operated by ASX.

"Automated Order Processing" means the process by which orders are registered in a Market Participant's system and, if accepted for submission into a Trading Platform by the Market Participant, submitted as corresponding Trading Messages without being keyed or rekeyed by a DTR.

"Bid" means, in relation to an Equity Market Product, a price and quantity of the Equity Market Product to be purchased.

"Chi-X Market" means the market operated by the Market Operator under Australian Market Licence (Chi-X Australia Pty Ltd) 2011.

"DTR" means a Representative of a Market Participant who has been authorised by the Market Participant to submit Trading Messages to the Trading Platform on behalf of the Market Participant and who meets the criteria set out in Rule 2.5.5.

"Equity Market Product" means:

- (a) a share in a body;
- (b) a financial product referred to in subparagraph 764A(1)(b)(i) or subparagraph 764A(1)(ba)(i) of the Act; or
- (c) a right (whether existing or future and whether contingent or not) to acquire, by way of issue, the following under a rights issue:
 - (i) a share covered by paragraph (a); or
 - (ii) a financial product covered by paragraph (b); or
- (d) a CHESS Depository Interest,

admitted to quotation on ASX and able to be traded on the Chi-X Market.

"Market Participant" means a participant in the Chi-X Market admitted under the Market Operating Rules.

"Market Transaction" means a transaction for one or more Equity Market Products, entered into on a Trading Platform or reported to the Market Operator under the Market Operating Rules.

"Offer" means, in relation to an Equity Market Product, a price and quantity of the Equity Market Products to be sold.

"Order" means, in relation to Equity Market Products, an instruction to purchase or sell Equity Market Products, or an instruction to amend or cancel a prior instruction to purchase or sell Equity Market Products.

"Trading Platform" means a facility made available by the Market Operator to Market Participants for the entry of Trading Messages, the matching of Orders and the reporting of transactions.

This notice adopts the following additional definitions of terms:

"ASX Market Auction" means an auction conducted in an ASX Trading Platform in respect of Qualifying Bids or Offers pursuant to the following process:

- (a) the Priority Bid is paired with the Priority Offer so that either the Bid or the Offer is fully satisfied;
- (b) a new priority of Bids and Offers is established after deducting the quantity of Products paired under sub-paragraph (a);
- (c) the pairing and re-establishment of priority set out in paragraphs (a) and (b) is repeated until the Priority Bid is below the Priority Offer price;
- (d) all paired Bids and Offers are then matched at the Equilibrium Price;
- (e) where the highest Bid and lowest Offer prices respectively do not match or overlap, such Bids and Offers will not participate in the process outlined in paragraph (b);
- (f) any Bids or Offers which have not been matched at the completion of the process described in paragraph (b) will be carried through to the next Session State.

"ASX Market CSPA Session State" means the ASX Market session state commencing at 16:00 (random + 60 seconds) and ceasing at 16:12.

"ASX Market Indicative Auction Price" means the price at which an instrument series would open, based on the orders in the ASX Market at that time.

"ASX Market Open Session State" means the ASX Market session state of continuous trading commencing at 10:00:00 (random +/- 15 seconds) for Equity Market 1 A-B, 10:02:15 (random +/- 15 seconds) for Equity Market 2 C-F, 10:04:30 (random +/- 15 seconds) for Equity Market 3 G-M, 10:06:45 (random +/- 15 seconds) for Equity Market 4 N-R, 10:09:00 (random +/- 15 seconds) for Equity Market 5 S-Z.

"ASX Market Pre-Open Session State" means the ASX Market session state commencing at 7:00 and ceasing at 10:00.

"ASX Market Pre-CSPA Session State" means the ASX Market session state commencing at 16:00 and ceasing at 16:10.

"Bid" means, in relation to a Cash Market Product on the ASX Market, a price and quantity of the Cash Market Product to be purchased.

"Chi-X Market Open Session State" means the Chi-X Market session state of continuous trading commencing at 10:00 and ceasing at 16:12.

"NBBO" means the highest Bid (best buying price) and the lowest Offer (best selling price) for a product that is available across all pre-trade transparent order books at the time of the transaction. The best Bid and best Offer may not necessarily be on the same order book. It may be that the best Bid is on the order book of Market X and the best Offer is on the order book of Market Y.

"Offer" means, in relation to a Cash Market Product on the ASX Market, a price and quantity of the Cash Market Product to be sold.