Attachment 4 to CS 63: Summary of draft updated RG 266

This table indicates where guidance has changed in draft RG 266 *Guidance on ASIC market integrity rules for participants of futures markets*, and provides a summary of the new guidance. See the draft updated Regulatory Guide 266 at Attachment 3 to CS 63.

> Note: Updated guidance drawn from RG 241 and RG 266 to streamline content and to reflect amendments to the *ASIC Market Integrity Rules (Futures Markets) 2017* consulted on under Consultation Paper 386 *Proposed amendments to the ASIC market integrity rules: Trading systems and automated trading* (CP 386).

Draft RG 266: *Guidance on ASIC market integrity rules for participants of futures markets*

Where the guidance has changed	Summary of the updated guidance	Relevant rules	Sources of updated guidance
Sections A-C			
Draft RG 266.1–41	Overview, supervision, communicating with ASIC, and ASIC market integrity rules.	N/A	Existing RG 266 Sections A–D simplified with existing Section D content ('Communicating with ASIC') moved into Section B of Draft RG 266.
Section D: Governance and risk management requirements			Previously: RG 266 Section E ('Risk Management'), H ('Good fame and character requirement') and I ('Supervisory policies and procedures')
Supervisory policies and procedures *Draft RG 266.42–58*	Sets out ASIC's expectations for effective supervisory arrangements, good fame and character requirement and use of AI and machine learning.	2.2.3 and 2.2.8	Adapted from existing RG 266 Sections H and I and new guidance.
Organisational and technical resources *Draft RG 266.59–62*	Outlines general guidance on organisational and technical resources requirements.	2.2A.2	New guidance
Trading representatives *Draft RG 266.63–66*	Clarifies expectations for representatives who submit trading messages.	2.2A.1(2)	New guidance

Where the guidance has changed	Summary of the updated guidance	Relevant rules	Sources of updated guidance
Risks associated with operating trading systems and algorithms *Draft RG 266.67–80*	Identifies key risk management considerations in relation to trading systems and trading algorithms, trading on multiple markets, direct electronic access and sponsored direct market access arrangements.	2.2A.2 and Part 2.2B	New guidance which replaces existing content in Section E of RG 266.
Section E: Arrangements for trading systems and algorithms			New section
Trading system design, documentation and controls *Draft RG 266.81–107*	Sets out guidance on trading systems and compliance with Part 2.2B, including design and documentation, having appropriate controls, security arrangements, controls to suspend, limit, prohibit or cancel trading, and changes to trading system controls. Also sets out guidance concerning pre-trade controls for client and house accounts.	2.2B.2	New guidance
Trading algorithm obligations *Draft RG 266.108–119*	Clarifies expectations for managing trading algorithms, including development, approval, deployment, monitoring and implementing material changes to the algorithm.	2.2B.4	New guidance
Monitoring and surveillance *Draft RG 266.120–131*	Outlines expectations for monitoring and surveillance of trading, including appropriate responses to monitoring activity and post-trade surveillance.	2.2B.3, 3.1.2 and 3.1.2A	New guidance
False or misleading appearances *Draft RG 266.132–139*	Provides guidance on how the amended false or misleading appearance prohibition applies to trading activity.	3.1.2 and 3.1.2A	New guidance
ASIC direction to limit trading *Draft RG 266.140–142*	Sets out when ASIC may direct a trading participant to cease, suspend, limit, or prohibit trading activity.	2.2B.10	New guidance

Where the guidance has changed	Summary of the updated guidance	Relevant rules	Sources of updated guidance
Section F: Initial certification, material change, and annual reviews			New section
Reviews of trading systems *Draft RG 266.143–150*	Overview of what participants should consider when scoping their trading system review.	2.2B.5, 2.2B.8 and 2.2B.9	New guidance
Initial certification review *Draft RG 266.151–161*	Sets out when initial certification is required and how to seek ASIC confirmation before using a trading system.	2.2B.5 and 2.2B.6	New guidance
Material change review *Draft RG 266.162–170*	Clarifies when a material change review is required and how to determine the scope of the review.	2.2B.8	New guidance
Annual review *Draft RG 266.171–176*	Provides guidance on the annual review.	2.2B.9	New guidance
Further certification *Draft RG 266.177–178*	Sets out when ASIC may direct a trading participant to provide a further certification.	2.2B.7	New guidance
Suitably qualified and experienced persons and responsible officers *Draft RG 266.179–181*	Outlines who may conduct reviews, responsible officer certification and record-keeping.	2.2B.5, 2.2B.6, 2.2B.8 and 2.2B.9	New guidance
Testing controls, arrangements and resources of a trading system *Draft RG 266.182–191*	Highlights when testing is expected and the types of testing participants should consider for the relevant system, algorithm, change or review.	2.2B.2, 2.2B.5, 2.2B.8 and 2.2B.9	New guidance

Where the guidance has changed	Summary of the updated guidance	Relevant rules	Sources of updated guidance
Sections after Section F			
Remaining guidance topics (Sections G–L) retained, but section and paragraph numbering has changed.	Guidance on trust account reconciliation reporting; capital requirements; foreign participants; suspicious activity reporting; crossing systems and technological and operational resilience has remained the same.	N/A	Existing RG 266 Sections F, G, J, K, L and M