




Australian Market Licence (OTCX Trading Limited) 2019

Corporations Act 2001

I, Nathan Bourne, Senior Executive Leader, Australian Securities and Investments Commission grant this Licence under subsection 795B(1) of the *Corporations Act 2001* (the Act) and impose conditions on this Licence under subsection 796A(1) of the Act.

Dated 16/12 / 2019

Signed 

as a delegate of the Minister under section 1101J of the Act

1. Name

This is the *Australian Market Licence (OTCX Trading Limited) 2019*.

Note: This instrument should be read in conjunction with the *Corporations (OTCX Trading Limited) Exemption Notice 2019*.

2. Commencement

This Licence commences when it is granted.

3. Definitions

In this Licence unless the contrary intention appears, terms defined in the Act have the same meaning in this Licence and:

Act means the *Corporations Act 2001*.

ASIC means the Australian Securities and Investments Commission.

Australian client means, in relation to a participant in the Market, a person in this jurisdiction on whose behalf the participant deals on the Market.

Australian participant means:

- (a) an Australian entity that is a participant in the Market;
- (b) a foreign branch or office of an Australian entity where:
 - (i) the foreign branch or office is a participant in the Market; or
 - (ii) the Australian entity is a participant in the Market.
- (c) an Australian branch or office of a foreign entity where:
 - (i) the Australian branch or office is a participant in the Market; or
 - (ii) the foreign entity is a participant in the Market.

bond means:

- (a) a debenture within the meaning of the Act; and
- (b) a chose in action that includes an undertaking by a Government, a Government agency or a semi-Government agency to pay as a debt money deposited with or lent to the Government agency.

foreign participant means a participant who is not an Australian participant.

Licensee means OTCX Trading Limited ARBN 633 712 795.

Market means the financial market the Licensee is authorised to operate under this Licence.

reporting period means each period of 3 months, or part thereof, during which the Market is operated in Australia, ending on 31 March, 30 June, 30 September, or 31 December.

4. Grant of Licence

- (1) The Licensee is granted a licence to operate a financial market through which participants may make or accept offers to acquire or dispose of any of the following financial products:
 - (a) derivatives that are equity derivatives;
 - (b) derivatives that are interest rate derivatives
 - (c) derivatives that are inflation-linked derivatives; and
 - (d) when traded in combination with an interest rate derivative or an inflation-linked derivative—bonds.

5. Participants

- (1) It is a condition of this Licence that the Licensee must ensure that each:
 - (a) Australian participant:
 - (i) is a professional investor, or is a branch or office of an entity that is a professional investor; and
 - (ii) only deals on the Market on their own behalf or on behalf of a professional investor.
 - (b) foreign participant only deals on the Market:
 - (i) on their own behalf; or
 - (ii) on behalf of a person who is not an Australian client; or
 - (iii) if the foreign participant is a professional investor—on behalf of an Australian client who is a professional investor.

6. Information about the operation of the Market

It is a condition of this Licence that the Licensee must at all times make available to participants information, including updated information, about the operation of the Market.

7. Clearing and settlement arrangements

- (1) It is a condition of this Licence that the Licensee must:
 - (a) clearly inform participants of the Market of their respective responsibilities in relation to the clearing and/or settlement of trades entered into on the Market; and
 - (b) have in place adequate arrangements to facilitate the efficient clearing and/or settlement of trades entered into on the Market, which must be arrangements of one or more of the following types:
 - (i) arrangements for the clearing and settlement of the trades with a clearing and settlement facility; or

- (ii) arrangements to:
 - (A) notify each party to a trade entered into on the Market of the identity of the other party to the trade; or
 - (B) otherwise be satisfied that each party to a trade entered into on the Market knows the identity of the other party to the trade,so that the parties to the trade can settle the trade in accordance with arrangements agreed between them.

8. Quarterly notifications

- (1) It is a condition of this Licence that the Licensee must notify ASIC of the details of the following matters, within 30 days after the end of each reporting period:
 - (a) details of any kind of disciplinary action taken by the Licensee against a participant including the participant's name and the reason for and nature of the action taken;
 - (b) if the Licensee became aware of:
 - (i) a matter that the Licensee considers has adversely affected, is adversely affecting, or may adversely affect the ability of a participant, who is a financial services licensee, to meet the participant's obligations as a financial services licensee; or
 - (ii) a matter, concerning a participant who is a financial services licensee, that is of a kind prescribed under Regulation 7.2.01 of the Corporations Regulations 2001;
 - (c) if the Licensee became aware that a person had come to have, or had ceased to have, more than 15% of the voting power in or in a holding company of the Licensee;
 - (d) if a person became or ceased to be a director, secretary or senior manager of the Licensee or of a holding company of the Licensee (including when a person changes from one of those positions to another); and
 - (e) details of any changes made to its operating rules in a notice that must:
 - (i) set out the text of the change; and
 - (ii) specify the date on which the change was made; and
 - (iii) contain an explanation of the purpose of the change.

9. Periodic trade reporting

- (1) It is a condition of this Licence that the Licensee must give to ASIC, in a machine-readable format, at least the following information within 30 days after the end of each reporting period, for each product specified in the following table:

Category	Products
Equity derivatives	Swap, Portfolio Swap, Contract for Difference, Option, Forward, Other derivative
Interest Rate and Inflation-linked derivatives	FRA, Interest Rate Swap, Cross Currency, Inflation Swap, Forward Debt, CapFloor, Swaption, Debt Option, Inflation CapFloor, Exotic
Interest Rate financial products other than Interest Rate derivatives	Australian Commonwealth Government debt instruments, Australian State or Local Government debt instruments, Supranational and Foreign Government debt instruments, Corporate debt instruments

- (a) the total number of trades and their total value, in AUD-equivalent terms, of trades during the reporting period by all participants; and
- (b) the total number of trades and their total value, in AUD-equivalent terms, of trades during the reporting period by each Australian participant, identifying each Australian participant by their registered name and, if applicable, their branch name and, if available, their Legal Entity Identifier;
- (c) the total number of trades and their total value, in AUD-equivalent terms, of trades during the reporting period by each foreign participant but only in relation to the trades that the Licensee believes to be trades on behalf of one or more Australian clients, identifying each foreign participant by their registered name and, if applicable, their branch name and, if available, their Legal Entity Identifier; and
- (d) the total number of trades and their total value, in AUD-equivalent terms, of the trades that are included in the information in (b) and (c) above and which are trades between any two participants listed in (b) and (c) above.

10. Annual report

It is a condition of this Licence that the Licensee must include in its annual report to ASIC under section 792F of the Act, details of any new class of financial services provided by the Licensee that is incidental to the operation of the Market.

11. Record keeping

- (1) It is a condition of this Licence that the Licensee must have adequate arrangements in place for the recording of order information and trades entered into through the Market.
- (2) It is a condition of this Licence that the Licensee must keep for a period of at least 7 years the records of order information and trades entered into through the Market.

12. Market ceases to operate

- (1) It is a condition of this Licence that, where the Licensee intends to cease operating the Market in this jurisdiction, the Licensee must:
 - (a) establish, document and implement adequate arrangements for ensuring, as applicable, the orderly cessation of the Market;
 - (b) notify ASIC:
 - (i) that the Licensee intends to cease operating the Market in this jurisdiction, as soon as reasonably practicable;
 - (ii) of the arrangements referred to in paragraph (a), at least 4 weeks before ceasing to operate the Market in this jurisdiction; and
 - (iii) of any changes to the arrangements referred to in paragraph (a) following the notification in subparagraph (ii), as soon as reasonably practicable after making those changes.



Corporations (OTCX Trading Limited) Exemption Notice 2019

Corporations Act 2001

I, Nathan Bourne, Senior Executive Leader, Australian Securities and Investments Commission make this notice under subsection 791C(1) of the *Corporations Act 2001* (the Act).

Dated 16/12/2019

Signed 

as a delegate of the Minister under section 1101J of the Act

1. Name

This is the *Corporations (OTCX Trading Limited) Exemption Notice 2019*.

Note: This instrument should be read in conjunction with the *Australian Market Licence (OTCX Trading Limited) 2019*.

2. Authority

This instrument is made under subsection 791C(1) of the *Corporations Act 2001*.

3. Commencement

(1) This instrument commences on the later of:

- (a) the time that is immediately after the commencement of the *Australian Market Licence (OTCX Trading Limited) 2019*; and
- (b) the date of execution.

4. Definitions

In this instrument unless the contrary intention appears, terms defined in the Act have the same meaning in this instrument and:

Act means the *Corporations Act 2001*.

ASIC means the Australian Securities and Investments Commission.

Corporations Regulations means the *Corporations Regulations 2001*.

Licensee means OTCX Trading Limited ARBN 633 712 795.

Market means the financial market operated by the Licensee under the *Australian Market Licence (OTCX Trading Limited) 2019*.

5. Exemption - Notifications to ASIC

- (1) The Licensee does not have to comply with any of the following provisions of the Act in relation to the Market:
 - (a) paragraph 792B(2)(a) – relating to notifying ASIC of a new class of financial service incidental to the operation of the Market;
 - (b) paragraph 792B(2)(b) – relating to notifying ASIC of disciplinary action taken against a participant;
 - (c) paragraph 792B(3)(a) – relating to notifying ASIC of a matter that has (or may) adversely affect the ability of a participant, who is a financial services licensee, to meet the participant's obligations as a financial services licensee;
 - (d) paragraph 792B(3)(b) – relating to notifying ASIC of a matter concerning a participant who is a financial services licensee, of a kind prescribed by the regulations made for the purposes of paragraph 792B(3)(b);

Note: See Corporations Regulation 7.2.01 for the matters prescribed for the purposes of paragraph 792B(3)(b).
 - (e) paragraph 792B(5)(a) – relating to notifying ASIC of a person becoming or ceasing to be a director, secretary or senior manager of the Licensee or of a holding company of the Licensee; and
 - (f) paragraph 792B(5)(b) – relating to notifying of voting power of more than 15% in the Licensee or in a holding company of the Licensee.

6. Exemption - Changing the operating rules

The Licensee does not have to comply with section 793D of the Act in relation to changes to the operating rules of the Market.

7. Exemption - Content of operating rules

- (1) The Licensee does not have to comply with any of the following in relation to the Market:
 - (a) Corporations Regulation 7.2.07(b)(ii) – relating to operating rules for the monitoring of participants' compliance with the operating rules;
 - (b) Corporations Regulation 7.2.07(b)(v) – relating to operating rules for the expulsion or suspension of a participant for breaches of Chapter 7 of the Act or regulations made under that Chapter;
 - (c) Corporations Regulation 7.2.07(b)(vii) – relating to operating rules for the expulsion or suspension of, or enforcement action against, a participant for failing to meet obligations under commitments entered into on the market;
 - (d) Corporations Regulation 7.2.07(f) – relating to operating rules dealing with the terms of the contract formed between participants;

- (e) Corporations Regulation 7.2.07(h) – relating to operating rules to deal with mechanisms for settling market-related disputes between participants; and
 - (f) Corporations Regulation 7.2.07(i) – relating to operating rules to deal with assessment and investigation of market-related disputes between participants.
- (2) The Licensee is exempt from the requirement to have market operating rules that comply with paragraph 798DA(2) of the Act.

8. Exemption - Content of written procedures

The Licensee does not have to comply with Corporations Regulation 7.2.08 relating to written procedures for the Market for the matters specified under the regulation.