



**ASIC**  
Australian Securities &  
Investments Commission

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**To: All Equity Markets Participants**

**Maintaining Resilient Financial Markets**

ASIC is issuing this letter to reinforce the importance of all market participants taking appropriate action to ensure Australian equity markets remain resilient.

**ASIC's Concerns**

During March and April 2020, Australian equity markets experienced significant volatility and record trade numbers, at a time when most firms were operating under business continuity arrangements. While the markets remained orderly, this placed strain on the trade processing capabilities of market infrastructure, market participants and other service providers.

On 13 March 2020, the market exceeded the number of trades that could be reliably processed on a single day. To manage the risk to the market system, [ASIC issued directions](#) (under the ASIC Market Integrity Rules (Securities Markets) 2017) to nine large market participants requiring them to limit the number of trades executed each day.

We understand that ASX, Chi-X and many market participants have taken steps to enhance their capability to manage large trade days. This is important because while the levels of 13 March have not been exceeded since, there remains a real risk, particularly if equity markets experience further days of elevated trading volumes.

**Action Required**

ASIC has today revoked the directions issued to the nine participants and instead outlines in this letter expectations for all equity market participants.

We expect all equity market participants to take reasonable steps to ensure the number of trades matched from their orders:

- are capable of being handled by their internal processing and risk management systems, and if applicable, their clearing and settlement operations; and
- support the fair and orderly operation of Australian equity markets.

The measures should include:

- adjustments to algorithms (where you or your clients use them), such as minimising any excessive usage of very small orders;
- intraday monitoring of your trade count, having regard to market-wide capacity constraints in the context of your market share; and
- taking other actions that reflect and support your awareness of market-wide capacity constraints.

ASIC will continue to engage with participants, and take further actions where necessary and appropriate, to ensure that equity markets remain fair, orderly and resilient.

If you have any questions in relation to this letter, please contact [REDACTED].

Yours sincerely,



Greg Yanco  
Executive Director, Markets  
Australian Securities and Investments Commission