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Contents

Markets Disciplinary Panel: Infringement Notice

Recipient: Ascot Securities Pty Ltd

The recipient has not complied with the infringement notice. The giving of an infringement notice is only an allegation that the recipient has contravened s798H(1) of the Corporations Act 2001 and the recipient is not taken to have contravened s798H(1).

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INFRINGEMENT NOTICE

PART 7.2A OF THE CORPORATIONS REGULATIONS 2001
INFRINGEMENT NOTICE

To: Ascot Securities Pty Ltd ACN 075 902 206
Level 4, 10 Barrack Steet
Sydney NSW 2000

Matter: MDP 0408/22

Date given: 24 November 2023

TAKE NOTICE: The Australian Securities and Investments Commission (***ASIC***) gives this infringement notice to Ascot Securities Pty Ltd ACN 075 902 206 (***Ascot***) under regulation 7.2A.04 of the *Corporations Regulations 2001* (the ***Regulations***), which is made for the purposes of section 798K of the *Corporations Act 2001* (the ***Act***).

To comply with this notice, Ascot must:

(a) pay a penalty to ASIC, on behalf of the Commonwealth, in the sum of **$3,100,000**; and

(b) enter into an undertaking (***enforceable undertaking***) under regulation 7.2A.01 of the Regulations on the terms specified in Appendix 5 to this notice.

Unless a contrary intention appears, capitalised terms used in this notice have the same meaning as in Rule 1.4.3 of the *ASIC Market Integrity Rules (Securities Markets) 2017* (***Securities Rules***) and the *ASIC Market Integrity Rules (ASX Market) 2010* (***ASX Rules***) as in force at the time of the conduct to which they relate (together the ***Relevant Rules***).

Introduction

1. Ascot is a wholly owned subsidiary of Amalgamated Australian Investment Group Limited ACN 140 208 288 (***AAIG***). Ascot became a Market and Trading Participant of ASX on 19 November 2014. Ascot was at no time a participant of Chi-X (now CBOE).

2. Ascot was required by subsection 798H(1) of the Act to comply with the ASX Rules for conduct occurring up to and including 6 May 2018 and with the Securities Rules for conduct occurring on and after 7 May 2018. Ascot's principal place of business since 3 May 2021 is Level 4, 10 Barrack Street, Sydney.

3. This infringement notice relates to Rules 2.1.3, 5.5.2, 5.7.1(b)(iii) and 5.11.1(1)(b) of

the Securities Rules and Rules 2.1.3 and 5.5.2 and 5.11.1(1)(b) of the ASX Rules. Briefly (and in the order in which those Rules are dealt with in this notice):

(a) ***supervisory policies and procedures***: Rule 2.1.3 of the Relevant Rules requires that a Market Participant must have the appropriate supervisory policies and procedures to ensure compliance with the Relevant Rules and the Act;

(b) ***organisational and technical resources***: Rule 5.5.2 of the Relevant Rules requires that a Trading Participant must have and maintain necessary organisational and technical resources to ensure its Trading Messages do not interfere with the efficiency and integrity of the Market and complies at all times with the Rules;

(c) ***reporting suspicious trading activity to ASIC***: Rule 5.11.1 of the Relevant Rules relates to the obligations of a Market Participant to report suspicious trading activity to ASIC; and

(d) ***Orders having a false or misleading appearance***: Rule 5.7.1(b)(iii) of the Securities Rules deals with a Market Participant's obligation not to make a Bid or Offer if the Market Participant ought reasonably suspect the relevant Order has been placed with the intention of creating a false or misleading appearance of active trading in a financial product or with respect to the market for, or the price of, a financial product.

Further details of these Rules are set out in **Appendix 1**.

4. The MDP had reasonable grounds to believe that Ascot contravened:

(a) Rule 2.1.3 of the Relevant Rules by not having in place adequate supervisory policies and procedures (***First Alleged Contravention***); and

(b) Rule 5.5.2 of the Relevant Rules by not having and maintaining the necessary organisational and technical resources (***Second Alleged Contravention***).

5. The First Alleged Contravention and the Second Alleged Contravention related, in particular, to Ascot's ability to comply with its obligations in relation to suspicious Orders and suspicious trading activity. These alleged contraventions occurred over a period of 6 ½ years, commencing at the time Ascot first became a Market Participant of the ASX Market on 19 November 2014.

6. Ascot relied heavily on the experience of three designated trading representatives (***DTRs***) to evaluate and place clients' Orders into the market. Ascot had configured the pre-trade filters in IRESS to zero, therefore all Orders required manual authorisation by a DTR to be transmitted to the ASX Market. The number of DTRs was insufficient to undertake the monitoring role allocated to them. Furthermore, Ascot (including its Compliance team) did not conduct routine post-trade analysis of the Orders approved by the DTRs and subsequently placed in the market.

7. A particular client (***Client***) opened an account with Ascot in June 2016 and submitted numerous Orders for entry into the ASX Market through Ascot over several years. The Client's volume and style of trading was materially different from Ascot's other

clients, with the total number of Orders submitted by Ascot to ASX on behalf of the Client representing a very significant proportion of the total number of Orders submitted by Ascot to ASX for the period that the Client remained a client.

8. During the period from July 2016 to June 2020, Ascot's DTRs raised numerous concerns about the Client's trading, both internally and with the Client directly. Despite these concerns, the Client remained a client until December 2020 and no Orders or trades of the Client were reported to ASIC as being suspicious.

9. The MDP had reasonable grounds to believe that Ascot contravened Rule 5.11.1(1)(b) of the Relevant Rules on 115 occasions and over 9 days in respect of 115 Orders placed by the Client during the period from 15 January 2018 to 31 January 2020 by not reporting those Orders to ASIC as suspicious in circumstances where it was required to do so (***Third Alleged Contravention***).

10. The MDP also had reasonable grounds to believe that Ascot contravened Rule 5.7.1(b)(iii) of the Securities Rules on 268 occasions during the period from 3 February 2020 to 2 June 2020 by entering Orders placed by the Client into the ASX Market in circumstances where Ascot ought reasonably to have held suspicions in relation to those Orders (***Fourth Alleged Contravention***).

11. The MDP considered that the failures of Ascot in relation to dealing with the suspicious Orders the subject of the Third and Fourth Alleged Contraventions were related to the failures of Ascot to have in place adequate supervisory policies and procedures and the necessary organisational and technical resources.

Background

Structure of Ascot

12. At all relevant times, Ascot was a small securities business with 3 directors, 3 designated trading representatives (***DTRs***) and no more than 20 employees. It traded in non-complex products limited to listed securities.

13. Ascot did not have a dedicated compliance team. Ascot's compliance function was performed by the compliance team of AAIG (***Compliance***), which also had responsibility for other AAIG businesses.

Policies and procedures

14. As a Market Participant, Rule 2.1.3 of the Relevant Rules required Ascot to have appropriate supervisory policies and procedures to ensure that it complied with the Relevant Rules and the operating rules of each relevant Market and the Act.

15. On or around 17 September 2014, staff of Ascot prepared a document entitled "Ascot Securities Procedures Manual version 2.1" ***(Procedures Manual)***.

16. The Procedures Manual set out Ascot's compliance arrangements and compliance policies and was in force from the time Ascot became a Market Participant on 19 November 2014 until Ascot adopted new policy documents on 1 April 2021. Among

other matters, the Procedures Manual set out the key supervisory policies and procedures of Ascot relating to market manipulation and the reporting of suspicious activities to ASIC.

17. There were very significant deficiencies in relation to:

    (a) the content of the Procedures Manual;

    (b) review and maintenance of the Procedures Manual, as evidenced by the failure of Ascot to update the Procedures Manual; and

    (c) the practical application of the Procedures Manual, as evidenced by:

        (i) the absence of any records evidencing that Ascot staff had read the Procedures Manual or been trained in relation to the requirements of the Procedures Manual; and

        (ii) Ascot staff being unfamiliar as to the contents of the Procedures Manual and in some cases not knowing how to access it.

18. Regarding the Procedures Manual:

    (a) some key sections of the Procedures Manual were incomplete or contradictory. For example:

        (i) under the section heading *MIR (ASX/CX) 5.7 Manipulative Trading*, there is a highlighted comment to '*maybe beef this up false and misleading appearance*'; and

        (ii) under *section 9.3 Training representatives procedure*, the Procedures Manual provides that the tasks and functions that most of the representatives perform under the licence include the provision of personal and general advice to retail and wholesale clients, even though under the section heading *15 General Advice – Securities* there is a highlighted part which states that '*ASCOT will not be providing personal advice*';

    (b) senior Compliance staff considered that the Procedures Manual was inappropriate for Ascot, such that they wanted to rewrite it, but did not have the resources to do so; and

    (c) the Procedures Manual was not updated during the whole of the period from 17 September 2014 until 1 April 2021.

19. The Procedures Manual also contained items that were not relevant to Ascot's business. For example, there were references to trading on the Chi-X Market, even though Ascot was not a Market Participant of Chi-X. The manual also contained references to automated order processing (***AOP***), which Ascot was not authorised at any time to provide while the Procedures Manual was in force.

20. Ascot submitted that it had other policies and procedures beyond the Procedures

Manual, but these too contained procedures that Ascot did not follow or referred to financial products that Ascot never provided. For example:

(a) Ascot submitted a management plan to ASIC in around March 2016 to comply with its obligations as a Market Participant under Rule 2.1.3 of the ASX Rules. The document referred to internal procedures for pre-trade and post-trade filters and controls relating to market manipulation, insider trading and churning. However, Ascot did not use any post-trade filters or conduct any routine post-trade analysis until April 2021, when Ascot implemented the NASDAQ SMARTS post-trade analysis procedures; and

(b) Ascot submitted that it created a Derivatives Compliance Policies and Procedures Manual in May 2014 which provided examples of potentially suspicious client Orders that should be queried by Ascot representatives. Oddly however, Ascot was not authorised to deal in and never dealt in derivatives.

21. In relation to the ability of Ascot staff to make effective use of the Procedures Manual:

(a) although Ascot submitted that the Procedures Manual was accessible by Ascot staff through the network drive, its DTRs were not familiar with the contents of the Procedures Manual and in some cases did not know how to access it. Further, Ascot did not provide any written attestations from staff that they read and understood the Procedures Manual or any records of staff being trained or tested on the Procedures Manual;

(b) senior Compliance staff were highly critical of the Procedures Manual, stating that it was "*really hard to work with*", "[not] *an effective way to run a compliance program*" and was outdated and required a "*significant uplift*"; and

(c) although senior Compliance staff considered the Procedures Manual needed to be reworked or replaced, the Compliance team was unable to complete this task due to time and resource constraints.

Trading review processes

22. As a Trading Participant, Rule 5.5.2 of the Relevant Rules requires Ascot to have and maintain the necessary organisational and technical resources to ensure that it complies at all times with the Relevant Rules and the operating rules of all Markets of which it is a Trading Participant.

23. Ascot's organisational and technical resources were inadequate to ensure compliance with its obligations under the Relevant Rules, in particular in relation to Ascot's obligations concerning suspicious trading. In this regard:

(a) Ascot's filters in IRESS were set to zero, with the effect that all client Orders required DTR approval before being released by the DTR into the market. Other than the DTRs, Ascot did not have any pre-trade filters to identify and detect potential manipulative trading;

(b) Ascot did not routinely conduct any post-trade analysis, whether via a

surveillance system such as SMARTS or in the form of post-trade analysis by Compliance personnel. The Compliance team did not have access to IRESS and relied on the competence and experience of its DTRs to identify and detect patterns of manipulative trading and escalate those matters to the Compliance team;

(c) Ascot did not have appropriate controls to manage conflicts of interest. Some DTRs earned commission as a percentage of net brokerage earned through placing trades on behalf of clients, even though they were responsible for monitoring client trades before they were placed into the market;

(d) although Ascot was reliant on its DTRs to identify suspicious trading, there were occasions where the DTRs had concerns about trading which they raised with the Client, but did not escalate those concerns within Ascot. There were other occasions where concerns were raised with Compliance, but despite these concerns the Client remained a client until December 2020 and no Orders or trades of the Client were reported to ASIC as being suspicious;

(e) the volume and nature of the trading by the Client was such that Ascot's DTRs were unable to adequately review the Client's trades before submitting them to market. The statements made by Ascot's DTRs in internal communications with one another included:

(i) "*I've* [denied Client crossing the spread Orders] *before but can't catch everything*";

(ii) "*I warned him yesterday. I didn't realise he'd been at it all over the place. i guess we do our best to minimise the damage to us*."; and

(iii) "*Just a warning I think* [Ascot DTR] *has dropped a couple of suspect orders in for* [Client] *this afternoon but I've been busy. I'm trying to manage it but sometimes I can't put things off and I can't watch everything at once*";

(f) the breach register for Ascot from 2017 to 2019 recorded only two incidents in 2017 and one incident in 2019. None of them related to the Client that placed suspicious manipulative trades that are the subject of the alleged contraventions in relation to Rules 5.7.1(b) and 5.11.1. One incident was recorded for the Client in January 2021, after Ascot had become aware in December 2020 of a formal ASIC investigation; and

(g) Ascot did not have its own dedicated compliance team, and the Compliance team in AAIG were stretched across different businesses units in the AAIG group. Ascot did not have sufficient staff to allow a segregation of duties.

Concerns in 2016

24. As a Market Participant, Ascot is required:

(a) to report suspicious trading activity to ASIC in the circumstances specified in

Rule 5.11.1(1)(b) of the Relevant Rules; and

(b) not make a Bid or Offer if it ought reasonably suspect the relevant Order has been placed with the intention of creating a false or misleading appearance of active trading in a financial product or with respect to the market for, or the price of, a financial product in accordance with Rule 5.7.1(b)(iii) of the Securities Rules.

25. Twice in July 2016, an Ascot DTR contacted the Compliance team with concerns about the Client's trading. Compliance responded that the Client's trading pattern had been internally reviewed and no evidence had been found of a regulatory breach. The DTR replied:

> "*There is clear intention of manipulating a trade at the higher price in my view. I reiterate my concerns and I operate on this account with reluctance and only on your advice.*
> *I remain of the view that we should set stricter parameters and at the very least we request confirmation from the client he is not trading in the same stocks on the same day with any other broker.*"

26. In response, Compliance stated:

> "*The only potential issue that I am concerned about at this stage from a regulatory perspective is the potential for appearance of layering. I raised this with [another DTR] last week and he has spoken with the client – we have suggested that client limit number of bids / asks in same stock to two at any one time…Whilst we are on notice and need to closely monitor the activity – there is no compliance intervention required at this stage* (*other than restricting the potential layering which has been covered*)."

27. On or around 28 July 2016, Compliance prepared a Trade Surveillance Report to review trading activity undertaken by the Client. The Surveillance report assessed 3 samples of trading by the Client on 22 July 2016 in Perseus Mining Limited (***PRU***) and on 26 July 2016 in Nearmap Limited (***NEA***). The Report concluded that trading observed in the 3 samples were "consistent with a day trading strategy" and that there was no evidence of any regulatory breach or suspicious conduct by the Client.

28. On 22 November 2016, a DTR again raised concerns about the Client engaging in layering activity, emailing Compliance and copying in Ascot's managing director.

29. On 24 November 2016, a senior Ascot Compliance representative sent an email to an ASIC staff member asking for a contact number and identifying (among other matters) that they "*wanted to talk through [a] scenario*". The ASIC staff member rang the Compliance representative in response to the email. Recollections of the conversation differed, but it was common ground that the conversation related to the characteristics of the Client's trading and that the Client's trading had raised some internal concerns at Ascot. On the evening of 24 November 2016, the Compliance representative sent an email to the DTR stating, among other matters, that the trading pattern of the Client had been internally reviewed, and that there was no evidence to suggest a breach of the Relevant Rules.

Concerns in 2018

30. During 2018, an Ascot DTR who had taken over as the assigned broker to the Client's account raised a number of concerns and queries with the Client regarding Orders submitted by the Client. These were not escalated to the Compliance team. A summary is set out in the following table.

Table 1 – concerns in 2018

Date	ASX Code	Details of records and communications
15 January 2018	NEA	DTR (to Client): "*You have 20k NEA on the bid @ 68. Are they good?*"
24 January 2018	NEA	DTR (to Client) "*Morning, u have a bid of 75k NEA @ 69.5. Is this good?*"
2 February 2018	NEA	DTR (to Client) "*U hv buy and sell of NEA @ 75*"
5 February 2018	RSG[1]	DTR (to Client) "*You can't have all those bids in RSG at the sizes you have*" Client: *OK* DTR: "*I get it's not a great day but no use advertising it to the regulators*"
6 February 2018	RSG	DTR (to Client) "*Pls check RSG bids at 101.5*"
26 March 2018	NEA	DTR (to Client) "*U cant have 3 bids one after another in NEA at 99*"
25 May 2018	PDN[2]	DTR (to Client) "*Need to cancel one of the PDN orrders [sic]*" Client: "*OK … 33m through though [sic] so not out of line* DTR: "*2 seperate [sic] at same price one behind the other. They might ask why not just one order for 1.2m. Mskes [sic] it look like stacking*
21 September 2018	VLT[3]	DTR (to Client): "*Too many bids vlt"* DTR (to Client) "*Be careful VLT. Selling 1.5m at 4 then bidding for 500k at 4 is not going to win you friends with the regulators"* Client: "*Ok I have cancelled… It was just to sense the market… I have bought a lot on the day so not an unusual trade in my opinion"* DTR: "*I'm just trying cover all bases. I get what u mean completely. My job is to look after you in all ways*
		DTR (writing in personal diary) "*[Client] Selling then buying at same price. Client warned*"
9 October 2018	GLL[4]	DTR (writing in personal diary) "*[Client] – told [Client] consecutive bids in GLL*"
11 October 2018	RSG	DTR (to Client): "*In RSG I have cancelled ur bid at 102 in RSG. U were selling at 102 earlier. You cant sell a bunch of stock at 102.5 then bid for it at the same price*" Client: "*OK. But I am trading hoping it goes higher … That is as a position square … Was*" DTR: *But it looks like u are trying to make it look better bid … Anyway just my opinion I will authorise it*"
11 October 2018	RSG	DTR (writing in personal diary) *[Client] – denied bids @ sale price in RSG*

Date	ASX Code	Details of records and communications
		DTR (to fellow DTR) "*Lets not forget the 14m VLT [Client] has tucked away under an SRN from a placement. God knows what else.*" Fellow DTR (in reply): "*I asked about that transfer because any hint of him trying to hide holdings elsewhere needs to be reported to compliance .. And come to think of it we need to let them know even if it looks ok .. So I suggest that you let [Compliance] know about RSG so you are covered*"
1 November 2018	LAA[5]	DTR (to Client) "*U cannot keep buying and selling LAA at the same price. Its called churning. LAA is the stock ASIC enquired about in the first place. U did it yesterday.*"
14 November 2018	RSG	DTR (to Client): "*Not going to authorise anymore large buying and selling at same price rsg. Asic generally refers to it as churning. I'm sure ur aware of the terminology"* Client: "*I just squared off the position though.. I am a day trader* DTR: "Ok" Client: *"I want to make some money and stock is oversold*" DTR: "*Just putting it on record happy to authorise now"* Client: "*No . I will leave as want to be perfect*"
16 November 2018	RSG	Client (to DTR): "*No [DTR]. I have thought about your churning suggestion. I want you to know that if you ever think there is a problem with any trading you need to not authourise [sic] it. I seek to conduct my trading in a correct manner and appreciate your surveillance on it. Call me any time and I will do whatever you recommend as in previous discussions. Thanks again*."

[1] RSG is the ASX Code for Resolute Mining Limited
[2] PDN is the ASX Code for Paladin Energy Ltd
[3] VLT is the ASX Code for Vault Intelligence Ltd
[4] GLL is the ASX Code for Galillee Energy Ltd
[5] LAA is the ASX Code for Latam Autos Ltd

31. In October 2018, ASIC contacted Ascot about the Client's trading in Latam Autos Limited (***LAA***) with concerns that the Client's trading had a disproportionate impact on the price of LAA compared to the volume traded. A senior Compliance representative made enquiries with the Client and subsequently informed ASIC that the Client was keen to purchase LAA and had no intention of maintaining the price. The Compliance representative stated that Ascot DTRs were watching the Client's Orders and would reject them when necessary.

32. On 10 October 2018, the DTR advising the Client commented to another Ascot DTR in a text message "*Of all the stocks asic could have chosen, LAA is probably the cleanest*".

33. On 11 October 2018, the DTR advising the Client instructed the Client by text message "*Lets stay out of LAA until we get the all clear from compliance*". The DTR then had the following communication with Compliance:

DTR: "*I have suggested [Client] stay out of LAA again today. Is this correct?*"

Compliance: "*ASIC is still looking at his trading in LAA – they aren't convinced as to his motives – I don't want to ban him but he needs to know ASIC aren't liking his activity and are watching him and us like a hawk- I spoke to them this morning – again!*".

DTR: "*I pull him up as much as possible on too many bids or offers but as far as his day trading you know what he is like.*"

34. The DTR also had a conversation with Compliance to the effect that the investigation was an opportunity to see whether Ascot wanted to continue trading for the Client's account.

Concerns in 2020

35. During the first half of 2020, the DTR advising the Client had concerns about the Client's trading in various securities. These concerns were communicated directly to the Client and included the concerns set out in the following table.

Table 2 – concerns in 2020

Date	ASX Code	Details of record or communication
20 January 2020	360 [6]	DTR (writing in personal diary) *[Client] warned about bidding stock up over last sale (stock 360) last sale 300 best bid 295 he buys at 308*
		DTR (writing in personal diary) *[Client] warned again wanted to buy 500 360 @ 312 but I refused mkt was 295/314 last 295. He insisted on buying 750 @ 307.*
31 January 2020	NEA	DTR (to client) "*NEA bid a bit big this early in the day*" Client: *OK*
		DTR (writing in personal diary) "*Contacted [Client] due to size of bid relative to other bids and t/over at such an early stage of trading. While he affirmed he was a genuine buyer he accepted my advice and reduced order. Maintained he was genuine to buy stock."*
3 March 2020 3 March 2020	LVT[7] LVT	Client (to DTR)*: "[DTR]. Just noticed I had a 2 m lvt bid not a 200 k lvt bid. My glasses were fogged a bid [sic] I am sorry."* DTR*: "No probs just checking"*
		DTR (writing in personal diary): "*Suggested to [Client] to [sic] many bids in LVT/layering. He cancelled some bids immediately & reiterated his intention to do the right thing (email)*"
27 March 2020	LVT	DTR (to Client) *"cancelled ur offer of lvt @ 15 as you are already on the bid at 15"* Client: *"Thanks!"*
		DTR (writing in personal diary): "*While speaking to [Client] re bookings, mentioned some trades, (Buy LVT) may be construed as crossing spread as they were smaller amounts. He reminded me he was on both sides of the mkt for most of the day & still genuinely buying. Re-iterated always wished to trade within the rules.*"
28 May 2020	VLT & XF1[8]	DTR (writing in personal diary) "*Spoke to [Client] re' Crossing Spread (indistinct) for smalls lots when a seller.*

Date	ASX Code	Details of record or communication
		Assures he is a genuine 2 - way and an effort in price discovery. I explained that while he had been a buyer his previous trades immediately before were sells and could be seen as ticking price up. He refuted and explained as a day trader his view does change and buying back in on higher sales"
		DTR (to Client): "*selling 5k at 121 then buying 100 lots at 122 might get you some unwanted attention*" Client: "*OK and thanks"*
1 June 2020	DUB[9]	DTR (writing in personal diary): "*[Client] questioned why DUB order for [unclear] @ 128 denied. Explained not in line with other orders and could be seen as manipulating price. [Client] argued not out of line with other orders traded by other brokers and that [Client] is genuine buyer. Already bt 16k.*"
2 June 2020	XF1	DTR (to Client): "*xf1 no good. you haven;t bt a share today and u close them 14.5. i have amended [sic] to 14*"

[6] 360 is the ASX Code for Life 360 Inc
[7] LVT is the ASX Code for Livetiles Ltd
[8] XF1 is the ASX Code for Xref Limited
[9] DUB is the ASX Code for Dubber Corporation Ltd

36. Additional concerns were communicated between the DTRs. These included the concerns set out in the following table.

Table 3 – additional concerns in 2020

Date	ASX Code	Details of record or communication
29 May 2020	No stock specified	*"I caught him crossing the spread yesterday and denied the orders then sent him a message. I've done it before but can't catch everything"*
		"Just a warning I think [nickname of DTR] has dropped a couple of suspect orders in for [name of director of Client] this afternoon but I've been busy. I'm trying to manage it but sometimes I can't put things off and I can't watch everything at once. I'm not sure if it's exuberance or he just genuinely can't get his head around what we're talking about."
		"[*Nickname of DTR] don't accept any orders from [name of director of Client] for 100 or 200 shares where he is crossing the spread just deny them*."
		"*u've been around long enough to suspect if someone is trying to tick a stock up that's what i'm talking about. the little trades that don;t match what he is doing*."
		"*any orders for [name of director of Client] less than say 2000 shares need to given a little more consideration and anything less than 500 almost*

		definitely needs to be denied after being checked. a quick look at his previous few trades will give him up fairly quickly of [sic] he is up to no good."
		"*I'll check with [name of Compliance Officer]. i warned him yesterday. I didn;t realise he'd been at it all over the place. i guess we do our best to minimise the damage to us*"
1 June 2020	No stock specified	*"the problem is I have not been watching him. i've been so busy with other crap that I haven't had an eye out for his shenanigans and unfortunately if you don;t know how he trades it's hard to spot his tricks. to know him is to be wary of him."*

Panel's findings in relation to each of the alleged contraventions

37. The MDP was satisfied as to the matters in paragraphs 4 to 88. The MDP has reasonable grounds to believe that Ascot contravened Rules 2.1.3 and 5.5.2 and 5.11.1(1)(b) of the ASX Rules and the Securities Rules and Rule 5.7.1(b)(iii) of the Securities Rules and therefore contravened subsection 798H(1) of the Act in respect of the conduct described in those paragraphs.

First Alleged Contravention - Supervisory procedures (Rule 2.1.3)

38. Based on the matters set out in paragraphs 14 to 21, the MDP considered that there were a number of serious defects in relation to the contents and use of Ascot's Procedures Manual that was exacerbated by a failure to update the Procedures Manual over a period of 6 ½ years. This meant that Ascot's supervisory policies and procedures were not appropriate to ensure compliance with the Relevant Rules. In particular, the policies and procedures Ascot had in place did not provide sufficient guidance to ensure compliance with Ascot's obligations in relation to Rules 5.7.1 and 5.11.1, which are the subject of other alleged contraventions dealt with in this notice.

39. Ascot initially submitted that at all relevant times it was in compliance with Rule 2.1.3. However, at the end of the second day's hearing, Ascot conceded that there were serious defects in relation to these matters. In its written closing submissions, Ascot submitted that it had contravened Rule 2.1.3 between 19 November 2014 and 1 April 2021, with the contravention being one continuous contravention.

40. Accordingly, the MDP has reasonable grounds to believe that:

    (a) from 19 November 2014 to 6 May 2018, Ascot contravened Rule 2.1.3 of the ASX Rules; and

    (b) from 7 May 2018 to 1 April 2021, Ascot contravened Rule 2.1.3 of the Securities Rules.

Second Alleged Contravention – Organisational and technical resources (Rule 5.5.2)

41. Based on the matters set out in paragraphs 22 and 23, the MDP was satisfied that Ascot did not have and maintain the necessary organisational and technical resources to ensure compliance with the Relevant Rules, in particular Rules 5.7.1(b) and 5.11.1(1).

42. Ascot initially submitted that at all relevant times it was in compliance with Rule 5.5.2. However, at the end of the second day's hearing, Ascot conceded that there were serious defects in relation to these matters. In its written closing submissions, Ascot submitted that it had contravened Rule 5.5.2 between 19 November 2014 and 1 April 2021, with the contravention being one continuous contravention.

43. Accordingly, the MDP has reasonable grounds to believe that:

    (a) from 19 November 2014 to 6 May 2018, Ascot contravened Rule 5.5.2 of the ASX Rules; and

    (b) from 7 May 2018 to 1 April 2021, Ascot contravened Rule 5.5.2 of the Securities Rules.

Third Alleged Contravention – Suspicious Activity Reporting (Rule 5.11.1(1)(b))

44. ASIC submitted that the MDP had reasonable grounds to believe that Ascot failed to report suspicious Orders under Rule 5.11.1(1)(b) in relation to Orders covering the following securities and periods:

    (a) July 2016 with respect to trading in PRU and NEA on 22, 25 and 26 July 2016;

    (b) November 2016 with respect to trading in PRU and NEA on 22 November 2016;

    (c) January, February March and May 2018 with respect to trading in NEA, RSG and PDN;

    (d) September and October 2018 with respect to trading in GLL, RSG and VLT;

    (e) January to March 2020 with respect to trading in NEA, 360 and LVT; and

    (f) June 2020 with respect to trading in DUB.

45. ASIC submitted that:

    (a) a number of Orders submitted by Ascot to ASX on behalf of the Client were such that Ascot had reasonable grounds to suspect that the Orders had or were likely to have the effect of one of the matters set out in Rule 5.11.1(1)(b) of the Relevant Rules; and

    (b) in failing to notify ASIC in writing of details of the Orders and the reasons for its suspicions, Ascot contravened Rule 5.11.1(1)(b).

46. In support of its submissions, ASIC provided a report from an internal ASIC employee

(***ASIC Expert***) which considered the Orders the subject of ASIC's allegations in relation to Rule 5.11.1(1). The report also dealt with 401 additional Orders (***Relevant Orders***) that were the subject of ASIC's allegations in relation to Rule 5.7.1(b)(iii). The Relevant Orders are considered at paragraphs 65 to 88 below. The report generally categorised each Order as being in one of three categories, namely:

(a) an Order that occurred after the stock price had moved lower, where the Client's Order had the effect of increasing the share price, such that the share price was restored (either partially or wholly) to the price prior to the fall (***Price Restoration Transaction***);

(b) a trade was executed late in the day, either near the close of normal trading or in the Closing Single Price Auction (***CSPA***) to influence the reported closing price of a security by increasing the price or maintaining it in relation to the last traded price (***Marking the Close Transaction***); and

(c) the practice of entering multiple Bids at the same or different price levels and order sizes that have the effect of indicating to the market that there was interest from different prospective buyers (***Layering Bid***).

There were also 3 trades in 360 on 20 January 2020 that were categorised by ASIC as having a "Disproportionate impact on price".

47. Ascot engaged an external expert (***Ascot Expert***) to review, among other matters, the Orders the subject of ASIC's allegations.

48. The Ascot Expert challenged ASIC's analysis of the Orders and submitted that there were fundamental defects in ASIC's methodology in determining threshold manipulative activity. In particular, the Ascot Expert submitted that ASIC's descriptions of Price Restoration Transactions, Marking the Close Transactions and Layering Bid did not accord with widely accepted standards for measuring market manipulation on the basis that:

a) there is no widely accepted term or meaning of a "*price restoration transaction*". In contrast, "aggressive trading" is a recognised form of manipulation that is needed to bring about an improper price increase and is one of the algorithmic alerts built into SMARTS. The SMARTS alert for Aggressive Trading triggers if the trading in question moves the price by 3 or more price steps in one direction;

b) "*marking the close*" involves entering the Orders during the auction period (after 4.00pm) or in the pre-close period (between 3.45 pm and 4.00pm) to set a specific price that is significantly different from other prices during the day or in recent days; and

c) "*layering*" involves a trader entering multiple visible Orders on one side of the market at multiple price tiers, and also executing an aggressive trade on the opposite side of the market. The presence of both 3 or more Orders and an Order on the other side of the market is potentially manipulative because it may provide the opportunity for the trader to execute their Order at more favourable

prices than could be obtained in the absence of the first Orders.

49. The MDP agreed with aspects of the Ascot Expert's submissions. In particular, the MDP excluded a number of Orders that the MDP considered were entered too early in the day to be considered as Marking the Close transactions. The MDP agreed that Price Restoration Transaction was not a widely accepted term. However, the MDP considered that the description of a Price Restoration Transaction was analogous to a trade through, namely a transaction which trades through the spread which, if for size would not be suspicious, but when initiated for a small number of shares relative to the volume available in the market and the client's purported demand would appear illogical and possibly uneconomical.

50. The Ascot Expert used the SMARTS surveillance system to assess whether alerts for Marking the Close, Layering and Aggressive Trading were flagged in relation to the Orders. The Ascot Expert used Aggressive Trading given that SMARTS does not have an alert for "*Price Restoration Transaction*" and the Ascot Expert considered Aggressive Trading to be a "parent" or necessary condition for ASIC's characterisation of a Price Restoration Transaction. The Ascot Expert then looked at the replay of the day to see if there was anything that SMARTS might have missed, considering the context in which the Orders were placed.

51. The Ascot Expert submitted that in their review, the only alert that was flagged by SMARTS for the Orders the subject of ASIC's allegations concerning Rule 5.11.1(1)(b) was for RSG on 11 October 2018 at 10.19 am for layering. In relation to this Order, the Ascot Expert submitted that they did not find any extant evidence that there was an intent to manipulate. Ascot ultimately submitted that it contravened Rule 5.11.1(1)(b) in relation to this Order and otherwise did not contravene Rule 5.11.1(1)(b).

52. Both the ASIC Expert and the Ascot Expert attended the hearing in the matter, were subject to questioning and provided additional evidence in relation to ASIC's allegations concerning both Rule 5.11.1(1)(b) and Rule 5.7.1(b)(iii).

53. In addition to considering the submissions of the parties and the expert evidence, the MDP also reviewed market replays of each of the Orders the subject of ASIC's allegations using the market replay function within ASIC's Market Analysis & Intelligence System (***MAI***). For each day of trading in the relevant security, the MDP reviewed the Client's trading activity on ASX during the day in the context of all other Orders and trades by other participants in the market for the securities in question. Among other matters, the MDP considered the opening, closing, high, low and volume weighted average price for the relevant security over the day, and where relevant the previous day, as well as the Order Book, volume and value of the relevant security traded.

54. Justice Colvin commented in *ASIC v State One Stockbroking Ltd* [2018] FCA 1830 at [10] (***State One***) that the test in Rule 5.7.1(b)(iii) imposes an objective standard based on what a Market Participant ought reasonably suspect when taking into account the circumstances of the Order. A suspicion is "*more than a mere idle wondering"* but does not need to meet the threshold of "*actual knowledge or belief*". This suspicion "*not need to be actually held by the relevant Market Participant*". Instead, the relevant inquiry under Rule 5.7.1(b) is "*whether a reasonable Market Participant in the same*

position would have suspected that the relevant trading was undertaken with the intention of creating a false or misleading appearance with respect to the market for, or price for a product". This is to be "*assessed ex ante, namely, as at the time when the Order is placed but, taking into account the circumstances of the Order*".

55. A similar approach applies in relation to Rule 5.11.1(1)(b), noting that 5.11.1(1)(b) does not require an ex-ante assessment as at the time of the Order. The test in Rule 5.11.1(1)(b) imposes an objective standard based on what a Market Participant has reasonable grounds to suspect in relation to a transaction or an Order. In other words, would a reasonable Market Participant in the same position have suspected that the relevant trading has or is likely to have the effect of any of the following:

    (a) creating an artificial price for trading in financial products on a Market;

    (b) maintaining at a level that is artificial (whether or not it was previously artificial) a price for trading in financial products on a Market;

    (c) creating, or causing the creation of, a false or misleading appearance of active trading in financial products on a Market; or

    (d) creating, or causing the creation of, a false or misleading appearance with respect to the market for, or the price for trading in, financial products on a Market.

56. It is important to note that Rule 5.11.1(1)(b) does not require that the relevant trading *must* have or be likely to have an effect referred to in paragraph 55(a) to (d). Rather, the rule requires that a Market Participant must have *reasonable grounds to suspect* that the relevant trading has or is likely to have such an effect.

57. The MDP was grateful for, and assisted by, the analysis of each expert. For each expert, there were aspects of each expert's opinion which the MDP agreed with and other aspects the MDP disagreed with. For example, the MDP preferred the Ascot Expert's analysis in relation to the time at which Orders must be entered in order to be considered Marking the Close transactions (see paragraph 49 above). On the other hand, the MDP gave greater weight to the overall context of the Client's trading (including the Client's trading history and patterns of trading) than was evident in the approach of the Ascot Expert.

58. Out of an abundance of caution given the significant differences in opinion between the experts and the large number of alleged contraventions, the MDP only made adverse findings in relation to an Order where the members of the MDP were unanimous in agreeing that there were reasonable grounds to believe that the Order gave rise to a contravention of Rule 5.11.1(1)(b). The MDP adopted the same approach when considering possible contraventions of Rule 5.7.1(b)(iii). It is possible adverse findings may have been made in relation to additional Orders if the MDP had adopted an approach based on a majority of the MDP being satisfied that Orders were suspicious. For the avoidance of doubt, the MDP did not take into account this possibility in determining the appropriate penalty under this notice.

59. Paragraphs 75 to 88 below contain details of those aspects of the Client's pattern of trading that gave the MDP reasonable grounds to believe that Ascot contravened Rule

5.7.1(b)(iii) in respect of various Orders in VLT and XF1.

60. In its analysis that was undertaken for the purposes of Rule 5.11.1(1)(b), the MDP observed similar patterns of trading in relation to the Orders below. Based on its analysis, the MDP was satisfied that Ascot had reasonable grounds to suspect that, for each of the following Orders transmitted to the ASX Market, and on the day each Order was placed, the Order had or was likely to have the effect of creating an artificial price for trading in securities on the ASX Market, or of creating a false or misleading appearance of active trading in those securities or with respect to the market for, or the price for trading in, those securities:

    (a) 15 January 2018 with respect to 5 trade-throughs and 5 layering Bids in NEA;

    (b) 24 January 2018 with respect to 1 trade-through and 4 layering Bids in NEA;

    (c) 2 February 2018 with respect to 12 layering Bids in NEA;

    (d) 5 February 2018 with respect to 1 trade-through and 21 layering Bids in RSG;

    (e) 6 February 2018 with respect to 3 trade-throughs and 25 layering Bids in RSG;

    (f) 26 March 2018 with respect to 10 layering Bids in NEA;

    (g) 11 October 2018 with respect to 3 trade-throughs and 14 layering Bids in RSG;

    (h) 20 January 2020 with respect to 1 Bid having a disproportionate impact on price in 360 and not reflecting the forces of genuine supply and demand; and

    (i) 31 January 2020 with respect to 10 layering Bids in NEA.

    Details of these Orders are set out in **Appendix 4**.

61. The MDP also noted that a DTR of Ascot held actual suspicions or concerns on each relevant day in relation to the trading in the relevant securities by the Client, as evidenced by records of communications between Ascot DTRs, and communications between the DTR and the Client (as set out in Tables 1 and 2 above). These suspicions or concerns were held in circumstances where Ascot did not routinely conduct any post-trade analysis and relied on the competence and experience of its DTRs to identify and detect concerns.

62. Accordingly, the MDP had reasonable grounds to believe that Ascot contravened Rule 5.11.1(1)(b) of the Relevant Rules on 9 days and in respect of 115 Orders placed by the Client in NEA, RSG and 360 as set out in paragraph 60 above.

63. The MDP did not find that it had reasonable grounds to believe that Ascot contravened Rule 5.11.1(1)(b) in relation to the remaining Orders that were the subject of ASIC's allegations.

64. Finally, the MDP noted that in the course of its review it identified additional Orders that were not the subject of ASIC's allegations for which the MDP had preliminary

concerns, either in relation to Rule 5.11.1(1)(b) or Rule 5.7.1(b)(iii). However, the MDP did not form a concluded view in relation to these Orders since they were not the subject of ASIC's allegations. For the avoidance of doubt, the MDP did not take those Orders into account in determining the appropriate penalty under this notice.

Fourth Alleged Contravention – Suspicious Orders (Rule 5.7.1(b)(iii))

65. ASIC submitted that the MDP had reasonable grounds to believe that Ascot placed 401 Bids (being the Relevant Orders) in VLT and XF1 on behalf of the Client during the period (***Relevant Period***) of 3 February 2020 to 2 June 2020, where taking into account the circumstances of those Bids, Ascot ought to have reasonably suspected that the Client placed those Bids with the intention of creating a false or misleading appearance of active trading in those securities or with respect to the market for, or the price of, those securities in contravention of Rule 5.7.1(b)(iii) of the Securities Rules.

66. ASIC submitted that of these 401 Bids, 97 Bids were Price Restoration Transactions; 217 Bids were Layering Bids and 53 Bids were Marking the Close Transactions. ASIC submitted that the remaining 34 Bids were a combination of Price Restoration Transactions, Marking the Close Transactions or Layering Bids.

67. The Ascot Expert challenged the analysis of the ASIC Expert in relation to the 401 Orders, including on the basis that the ASIC's Expert's descriptions of Price Restoration Transactions, Marking the Close Transactions and Layering Bids did not accord with widely accepted standards for identifying manipulation (see paragraph 48 above).

68. The Ascot Expert again used 3 parameters within SMARTS to detect instances of Aggressive Trading (assumed by the Ascot Expert to be a related form of trading to Price Restoration Transactions), Marking the Close, and Layering in relation to the 401 Orders and concluded that:

    (a) a reasonable person would not infer that the vast majority (over 99%) of the 401 Orders have anything to do with market manipulation;

    (b) none of the 401 Orders involved layering in VLT, while two of the Orders involved possible layering in XF1 (on 30 April 2020 at 12.47pm and on 7 May 2020 at 11.41am); and

    (c) one of the Orders triggered an alert for a Late Order in the Auction for VLT on 3 February 2020, but this was insufficient to amount to marking the close.

69. Ascot ultimately submitted that although the Ascot Expert's evidence did not rise so high as to state definitively that Ascot contravened Rule 5.7.1(b)(iii) in relation to the two Orders in XF1 referred to in paragraph 68(b), Ascot was willing to concede, for the purposes of the MDP process, that it contravened Rule 5.7.1(b)(iii) in relation to those two Orders. Ascot submitted that it did not contravene Rule 5.7.1(b)(iii) in relation to the remaining Orders.

70. In addition to considering the submissions of the parties and the expert evidence, the MDP (as was the case in relation to the alleged contraventions of Rule 5.11.1(1)(b)):

(a) conducted its own review of each of the Relevant Orders using the market replay function within MAI; and

(b) reviewed the Client's trading activity on ASX in the relevant security, for each trading day, in full, to gain context of the Client's pattern of trading in relation to all other Orders and trades undertaken by other participants in that market. The MDP also considered the opening, closing, high, low and volume weighted average price for the relevant security on the trade date, and where relevant the previous day, as well as the Order Book, volume and value of the relevant security traded.

71. In considering whether the Relevant Orders contravened Rule 5.7.1(b)(iii), the MDP had regard to the matters set out in Rule 5.7.2 of the Securities Rules. These matters include:

(a) whether the Order would be inconsistent with the history or recent trading in a financial product;

(b) whether the Order or execution of the Order would materially alter the market for, or the price of, the financial product;

(c) the time the Order was entered, the frequency with which the Orders were placed and the volume of financial products placed by the person;

(d) whether the person on whose behalf the Order was placed, or another person who the Market Participant knows to be a Related Party of that person, may have an interest in creating a false or misleading appearance of active trading in any financial product or with respect to the market for, or the price of, any financial product;

(e) whether the Order appeared to be a series of Orders, when put together with other Orders that make up the series, the Order or series was unusual;

(f) whether there appeared to be a legitimate commercial reason for that person placing the Order; and

(g) the extent to which the person amended or cancelled an instruction to purchase or sell a financial product relative to the number of transactions executed for that person.

72. The MDP noted that the following categories of trading could give rise to a relevant suspicion for the purposes of both Rule 5.11.1(1)(b) and Rule 5.7.1(b)(iii), particularly where there is a pattern of such trading:

(a) trade through—a transaction which trades through the spread which, if for size would not be suspicious, but when initiated for a small number of shares relative to the volume available in the market and the client's purported demand would appear illogical and possibly uneconomical;

(b) layering—the entry of multiple Orders on the same side of the Order Book, with no genuine intention that those Orders be executed, in order to give the appearance of inflated demand or supply in order to influence the price; and

(c) marking the close—the entry of an Order or Orders late in the trading day or in the Closing Single Price Auction period in circumstances that indicate the client is seeking to unduly influence the indicative or closing price, particularly when entered for a relatively small number of shares.

The above categories of trading were each reflected in the Client's pattern of trading discussed below at paragraph 78.

73. As mentioned in paragraph 54 above, the requirements of Rule 5.7.1(b)(iii) were discussed in *ASIC v State One Stockbroking Ltd* [2018] FCA 1830. Further, similarly to Rule 5.11.1(1)(b), the MDP noted that Rule 5.7.1(b)(iii) does not require that the client placing the relevant Order *must* have the requisite intent referred to in that rule. Rather, Rule 5.7.1(b)(iii) requires that a reasonable Market Participant in the same position *ought reasonably suspect* the client placed the Order with the requisite intent.

74. For convenience, Orders for which a Market Participant ought reasonably to have held such a suspicion are referred to as ***suspicious*** Orders.

75. The structure and controls within Ascot, as detailed above, meant responsibility for assessing Orders as suspicious or otherwise fell entirely to the individual Ascot DTR reviewing the Client's Order, which was completed quickly, if at all, in an ad-hoc, real-time manner.

76. It is notable that Ascot's DTRs had communicated their concerns about the Client's trading over a number of years, not only between themselves, but also directly with the Client: see Tables 1 to 3 above.

77. The MDP considered that:

(a) it was reasonable that Ascot's DTRs (and therefore Ascot) held suspicions or concerns in relation to the Client's trading before the Relevant Period. In particular, this is borne out by the MDP's conclusion that it had reasonable grounds to believe that Ascot contravened Rule 5.11.1(1)(b) of the Relevant Rules on 9 days and in respect of 115 Orders placed by the Client in NEA, RSG and 360;

(b) the Client's history of trading before the Relevant Period and the suspicions and concerns of Ascot's DTRs in relation to that trading (also being Ascot's suspicions and concerns) formed part of the circumstances of the Relevant Orders; and

(c) the Client's pattern of trading in XF1 and VLT during the Relevant Period gave rise to similar suspicions and concerns (see the following paragraph) and also formed part of the circumstances of each Relevant Order to the extent the trading occurred before the time of the Relevant Order.

78. It was the MDP's observation that through the Relevant Period the Client:

(a) purchased small volumes of VLT or XF1 by trading through the prevailing best bid-ask in the market triggering a price increase, but for a relatively small volume of shares purchased;

(b) placed a disproportionate number of Bids for significant volume relative to the rest of the market, which incongruously:

(i) would be cancelled as those Bids approached or reached the top of the Bid, gaining priority;

(ii) would be amended by volume, thereby losing priority at the same price; and

(iii) sometimes when a Bid was hit and partially filled, the balance of the Bid would be cancelled shortly thereafter;

(c) placed a disproportionate number of resting Bids in the relevant security as compared to the sell side of the Order Book;

(d) placed significant Bids for large volumes very early in the day and well before Market Open; and

(e) during the closing auction placed small volume Bids in order to influence the indicative closing price.

79. Relying upon its own expertise and experience and taking into account the submissions of the parties, the MDP in reviewing the Relevant Orders was satisfied that it had reasonable grounds to believe Ascot contravened Rule 5.7.1(b)(iii) in relation to 268 of the 401 Relevant Orders placed on ASX on behalf of the Client (***Impugned Orders***). **Appendix 2** of this Infringement Notice identifies the Relevant Orders and highlights those Orders which are Impugned Orders. The Impugned Orders include the Order in XF1 on 7 May 2020 at 11:41am, being one of the Orders the subject of the concession referred to in paragraph 69.

80. The MDP did not find that it had reasonable grounds to believe that Ascot contravened Rule 5.7.1(b)(iii) in relation to the remaining 133 Orders.

81. As mentioned, the MDP only made adverse findings in relation to a Relevant Order where the members of the MDP were unanimous in agreeing that there were reasonable grounds to believe that the Relevant Order gave rise to a contravention of Rule 5.7.1(b)(iii). Also as mentioned, the MDP's review identified additional Orders for which it had preliminary concerns. However, the MDP did not form a concluded view in relation to these Orders since they were not the subject of ASIC's allegations in relation to Rule 5.7.1(b)(iii). The MDP did not take those Orders into account in determining the appropriate penalty under this notice.

82. To illustrate the MDP's findings, the Client's Orders in XF1 on 7 May 2020 have been set out in **Appendix 3**, together with some objective markers that were relevant to the MDP's consideration of those Orders at the time of entry on that day. Assessing each Order as at the time of entry of the Order, the MDP concluded that it had reasonable grounds to believe that Relevant Orders numbered 256, 257, 258, 259 and 260 in the Statement of Reasons (being Orders 12, 13, 14, 15 and 17 respectively in Appendix 3) were suspicious for reasons of layering. These Orders followed small volume Bids by the Client which created 6 intraday high prices to that prevailing point in time, being Orders 5, 6, 8, 9, 10 and 11 in Appendix 3. The Bids, entered between 10:09am and

10:25am (i.e. in the space of 16 minutes), created new intraday highs for the share price for XF1 from an open of 12.5c to 16.0c, being a 28% price increase, yet the total market volume weighted average price for XF1 on ASX at 10:25am was 13.31c.

83. At the time of entry of Order 12 in Appendix 3 (a Bid for 200,000 shares at 14.0c and being Order 256 in Appendix 2) at 11:15:27, the circumstances of the Order included the large resting bid volume of 275,000 shares the Client had within Orders 2 and 4, coupled with the material movement in price, the price steps for which were created by relatively small trade throughs undertaken by the Client (in contrast, the Order was for a relatively significant volume). The entry of the Order would lead to the Client being 32% of the total volume bid in the market for shares in XF1 at that time. Noting the norm for market trading is to buy low and sell high, the placing of an additional large Bid in the context of the existing resting Bid volume and significant price rises for small volumes led the MDP to conclude the Order was suspicious for reasons of layering and should not have been entered. Instead, the DTR should have worked with the Client to amalgamate Orders 2, 4 and 12 of Appendix 3 by reducing the total demand and offering to work the Order into the market in keeping with the obligation to ensure a fair and orderly market.

84. At the time of entry of Order 13 in Appendix 3 (a Bid for 220,000 shares at 14.5c and being Order 257 in Appendix 2) at 11:41:24, the circumstances of the Order included that the Client had just sold 50,000 shares (being Asks 1 and 2) and that the Client was already unduly outsized in terms of the total shares bid for XF1 being more than 32% of the total volume bid on ASX with resting Orders 2, 4 and 12. Entry of Order 13 was a fourth Bid entered at a fourth price step, taking the percentage of total volume bid to more than 40% of the total. Ascot conceded that Order 13 was likely to have contravened Rule 5.7.1(b)(iii) for reasons of layering. The MDP agrees that Order 13 was suspicious for reasons of layering.

85. At the time of entry of Order 14 in Appendix 3 (a Bid for 90,000 shares at 15.0c and being Order 258 in Appendix 2) at 11:48:06, the circumstances of the Order included the Client's trading to that point. In particular, the Order followed Asks 1 and 2 and yet to be completed Ask 3. At the time of entry, the Client's Bids for XF1 totalled 27% of the total volume of Bids. The volume of 90,000 was a significant volume compared to the Bids traded to that time for the Client. Accordingly, in the view of the MDP, Order 14 was suspicious for reasons of layering and Ascot should not have transmitted the Bid on behalf of the Client.

86. At the time of entry of Order 15 of Appendix 3 (a Bid for 75,000 shares at 15.5c and being Order 259 in Appendix 2) at 11:50:21, the circumstances of the Order included that it was only a price step above Order 14, followed the quick succession of Asks 4 and 5 at the same price point minutes earlier and Ask 6, where the Sell Orders were placed with a very different pattern to the Bid Order behaviour. Notably there were fewer Offers at multiple price steps and the total volume of Offers was not oversized relative to the Order Book. At the time of entry of Order 17 in Appendix 3 (a Bid for 150,000 shares at 15.0c and being Order 260 in Appendix 2) at 12:27:05, the circumstances of the Order included that it was entered at the same price step as Order 16 and followed the Client's Asks 7, 8 and 9. Again, Orders 15 and 17 in Appendix 3 were suspicious for reasons of layering.

87. At the time of entry of Order 20 in Appendix 3 (a Bid for 12,000 shares at 14.0c and being Order 265 in Appendix 2) at 16:03:05, the circumstances of the Order included the earlier trades of the Client throughout the day, coupled with the entry of an Order for a relatively small number of shares in the match impacting the indicative closing price, lifting it from 13.5c to 14.0c. Order 20 was then amended to a Bid of 20,000 shortly after the indicative closing price had fallen to 13.5c following the removal of a third party Bid for 11,729 shares at 14.0c. The Client's increase in volume was sufficient to acquire all 19,815 shares offered at 13.0c and 185 shares of a total of 7,000 shares offered at 14.0c in the match, thereby causing the price to close at 14.0c. If not for Order 20, the Client's resting Order 18 would have been partially filled for 18,453 shares at 13.0c. Order 18 was the next Bid behind the priority Bid of 1,362, also at 13.5c. The amendment of Order 20 was suspicious for reasons of marking the close.

88. In summary, the Client was a net buyer of 28,157 XF1 shares at an average price of 14.42c. It bought 313,779 shares at an average price of 14.42c and sold 285,622 shares at an average price of 15.64c. The Client provided instructions for a total of 20 Bids throughout the day (between 7:29am and 4:03pm). Notable aspects of the Client's Orders are as follows:

(a) 45% (or 9 out of the 20) were for volumes between 750 and 20,000 (with the average volume being 9,250). All of these Bids traded in full. Of these Bids:

(i) 89% of them (or 8 out of the 9) caused the XF1 share price to increase, being Orders 5, 6, 8, 9, 10, 11, 19 and 20 of Appendix 3;

(ii) 67% of them (or 6 out of the 9) created the intraday high price to that prevailing point in time, being Orders 5, 6, 8, 9, 10 and 11 of Appendix 3. The Bids, entered between 10:09am and 10:25am (i.e. in the space of 16 minutes), moved the XF1 share price from the open price of 12.5c to 16.0c, being a 28% price increase, yet the total market VWAP for XF1 at 10:25am was 13.31c;

(iii) one of the Bids, being Order 19 of Appendix 3 (750 @ 14.5c, entered at 2:33pm), restored the price from 14c, in circumstances where the price was trending down, towards two existing Bids the Client already had in the market for far larger volumes being Orders 18 and 16 (75,000 @ 13.5c, which was entered 8 minutes earlier and 275,000 @ 13c); and

(iv) one of the Bids, being Order 20 of Appendix 3 (12,000 @ 14c, entered at 4:03pm), initially moved the indicative closing price from 13.5c to 14c. Less than a minute after the indicative closing price fell to 13.5c, the Client amended Order 20 to 20,000 which caused the XF1 share price to close at 14.0c, marking the close;

(b) 45% (or 9 out of the 20) were for volumes between 75,000 and 220,000 shares (with the average volume being 156,667 shares). As an average, these Bids were more than 800% larger than the average Bid size entered by the rest of the market on the relevant day, being 19,269. All of these Bids were cancelled and, with the exception of one, never traded. The one Bid that did trade, being Order 17 was amended twice (both times losing its position) and cancelled less than one minute after it was hit by sellers entering the market. But for this Bid being partially filled, the Client would have been a net seller on the day. A number of these Orders before being cancelled were lowered either in volume or down in

price, resulting in a loss of position and reducing likelihood of trading. The Client had Bids in the market equal to 32% of the total volume bid at the time of commencing its selling being Ask 1, with its Bids rising to be 40% of the total volume before cancelling Orders 2 and 4, but at all times being a very meaningful percentage of the Bid volume throughout; and

(c) a total of 11 Asks were entered between 11:23am and 12:33pm, being a little over an hour, after the Client had submitted, and Ascot had transmitted to ASX, Orders 5, 6, 8, 9, 10 and 11 of Appendix 3 which had each set a new intraday high price to that prevailing point in time. In notable contrast to the Client's bidding, the Asks entered had the following features:

(i) all were between 20,000 and 50,000 in volume (being an average volume of 28,064), reasonably in keeping with the average volume asked by all other participants in the market;

(ii) 90% (or 10 out of the 11) had no price impact. These Asks either partially traded immediately, with the balance of the Order taking priority or sat passively at the priority price; and

(iii) during the time in which it was selling, the Client had between two and four Bids in the market that were of significant size relative to the rest of the market, causing an appearance of greater demand. These Bids sat at or near the priority Bid price and, with the exception of one Bid, were cancelled without trading.

The determination of penalty

89. In determining the appropriate penalty, the MDP considered the four key factors set out in *ASIC Regulatory Guide 216: Markets Disciplinary Panel* (***RG 216***), namely:

(a) the character of the conduct;

(b) the consequences of the conduct;

(c) the participant's compliance culture; and

(d) remedial steps taken by the participant.

90. In addition to these factors, the MDP also considered the following principles in determining the appropriate penalty:

(a) the penalty should promote market integrity by acting as a deterrent to any future misconduct by the participant and as a general deterrent to other participants (RG 216.81(b));

(b) the penalty to be specified in an infringement notice should be just and appropriate having regard to the totality of the conduct and whether there are factually related contraventions (RG 216.111 and 216.112); and

(c) the penalty should be "proportionate" in the sense that it should strike a reasonable balance between deterrence and oppressive severity (RG 216.81(a) and *Australian Building and Construction Commissioner v Pattinson* [2022] HCA 13 at [41]).

91. These additional matters are considered in more detail in paragraphs 129 to 134 below. Their application resulted in the final penalty imposed by the MDP ($3.1 million in total) being significantly less than the penalty the MDP would have imposed ($5,452,690 in total) if the contraventions had been considered in isolation.

92. The alleged contraventions of Rule 5.7.1(b)(iii) occurred wholly after 13 March 2019. Therefore, the penalties associated with the alleged contravention of those Rules were assessed under the new penalty framework introduced by the *Treasury Laws Amendment (Strengthening Corporate and Financial Sector Penalties) Act 2019*. For penalties assessed under this framework, the value of a penalty unit is $210 for contraventions committed between 13 March 2019 and 30 June 2020.

93. The introduction of the new penalty regime resulted in a very significant increase in the maximum penalty that can be imposed in relation to contraventions of the Rules. This increase has been reflected both in judgements of the Courts and in decisions of the MDP, for example:

    (a) in *ASIC v Commonwealth Securities Limited* [2022] FCA 1253, the Federal Court ordered Commonwealth Securities Limited and Australian Investment Exchange Limited to pay penalties of $20 million and $7.12 million respectively in relation to contraventions of the market integrity rules (among other matters); and

    (b) earlier this year, Openmarkets Australia Limited (***Openmarkets***) complied with an infringement notice imposing a penalty of $4.5 million in relation to multiple alleged contraventions of the market integrity rules, including Rules 2.1.3, 5.5.2, 5.7.1(b)(iiii) and 5.11.1(1)(b) and requiring Openmarkets to enter into an enforceable undertaking. The MDP notes that compliance by Openmarkets with the infringement notice is not an admission of guilt or liability, and Openmarkets is not taken to have contravened subsection 798H(1) of the Corporations Act.

94. Certain alleged contraventions of Rule 5.11.1(1)(b) occurred before 13 March 2019. These contraventions were assessed under the old penalty regime. The remaining contraventions of Rule 5.11.1(1)(b) occurred after 13 March 2019 and were assessed under the new penalty regime.

95. The alleged contraventions of Rule 2.1.3 and Rule 5.5.2 occurred over an extended period of time across the operation of the old and new penalty frameworks. However, as the relevant conduct did not occur wholly on or after 13 March 2019, the penalties associated with the contravention of these Rules were assessed under the old penalty regime.

Character of the conduct

96. The MDP considered that the conduct in relation to the First Alleged Contravention and the Second Alleged Contravention was serious. The supervisory policies and procedures of Ascot were incomplete and poorly implemented. They were not reviewed or updated to ensure they were appropriate for licensed operations. Neither were they effective to ensure compliance with the Relevant Rules. Ascot also did not

have the organisational and technical resources required of a Trading Participant when it commenced business in November 2014 and these deficiencies endured for 6 ½ years.

97. The MDP observed that effective supervisory policies and procedures will succinctly explain the Securities Rules and the obligations that apply to staff in clear and simple terms and be accessible to staff at all times. Supervisory policies and procedures should be drafted using language such that staff who may not have a background in a legal or compliance function can understand and comply with the policies and procedures outlined.

98. Overall, the MDP considered that Ascot's supervisory policies and procedures were inadequate for the nature, size and complexity of its business. The deficiencies in Ascot's policies and procedures were exacerbated by its failure to review and update them over a period of 6 ½ years in circumstances where senior Compliance staff considered them to be deficient. Accordingly, the MDP found that Ascot's conduct in relation to the First Alleged Contravention was negligent. The negligent conduct and the extended length of time over which this conduct occurred was an aggravating factor.

99. The MDP noted that, as a gatekeeper to the market, a Trading Participant must also have appropriate organisational and technical resources in place before it commences business and must carefully consider whether its financial position (including fees charged of clients) is sufficient to maintain and update its organisational and technical resources as the business evolves.

100. Ascot failed to appropriately configure the pre-trade filters in IRESS, and therefore relied entirely on the experience of three DTRs to monitor Orders prior to manually releasing those Orders to the market. The number of DTRs was insufficient to undertake the monitoring role allocated to them. Furthermore, Ascot did not have the technical capacity to review the execution of Orders placed by its clients and no routine post-trade analysis was conducted by any staff. The Compliance team did not have access to any market system to review the transmission and execution of its clients' Orders. The MDP considered the character of the conduct to be an aggravating factor. The MDP characterised the conduct in relation to the Second Alleged Contravention as reckless.

101. The MDP noted that a Trading Participant should have most, if not all, of the following organisational and technical resources to ensure that it complies with its obligation as a gatekeeper to prevent manipulative trades from being placed into the market:

(a) appropriate pre-trade filters and post trade monitoring capability in relation to every Order it receives;

(b) additional controls relating to how employees or authorised representatives engage with a client, including general communication to clients about trade limits and parameters;

(c) adequate arrangements in place to manage conflicts of interest, ensuring in particular that the remuneration of staff does not interfere with their obligations;

(d) documented reviews conducted by management and the compliance team on a regular basis (i.e., daily, weekly, monthly, half-yearly and yearly reviews) so as to ensure that the business is complying with the law and the terms of its licence;

(e) have adequate resources (including financial, technological and human resources) to provide the relevant financial services and carry out the supervisory arrangements to ensure all employees and authorised representatives comply with the law, including sufficient compliance personnel and appropriately empowered responsible managers;

(f) effective procedures for how matters are escalated and managed within the business, including, but not limited to, issue logs, breach registers and the appropriate training and education of staff; and

(g) employing appropriately qualified individuals capable of fulfilling their duties.

102. In terms of the organisational and technical resources that are required of a Trading Participant more generally, the MDP noted the comments of Colvin J in *ASIC v State One Stockbroking Limited* [2018] FCA 1830 at [14]:

> *Therefore, policies and procedures, no matter how well-crafted they may be, will not be sufficient. In almost every instance they will be required. However, of greater importance, will be training staff in what is required, systems to ensure that questionable conduct is identified and escalated to those with the necessary knowledge and experience to make decisions as to what to do in particular circumstances and a culture that encourages observance and implementation of the policies and procedures. Further, there must be sufficient time available for matters of compliance to be considered and addressed promptly. The policies and procedures must be integrated into day to day practice and reinforced by the way employees are supervised.*

103. The MDP considered that the conduct in relation to the Third Alleged Contravention and the Fourth Alleged Contravention was very serious and was the result of the broader failure of Ascot to have appropriate supervisory policies and procedures and organisational and technological resources in place to identify and report suspicious trading activity by its clients. The MDP characterised this conduct as reckless in light of the following:

(a) Ascot relied on its DTRs to identify and detect patterns of manipulative trading, but despite the DTRs having concerns about numerous trades from the Client, the suspicious trades were not reported to ASIC. The MDP considered this to be an aggravating factor. The MDP noted that it is of great importance that Market Participants escalate suspicious trades to ASIC so that ASIC can review those concerns with the ability to look across the market and take appropriate regulatory action;

(b) as a gatekeeper to the market, Ascot has an obligation to prevent Orders on behalf of a client from entering the market, where taking into account the circumstances of the Order, Ascot ought to reasonably suspect that the client had placed the Order with the intention of creating a false or misleading appearance

of active trading, or with respect to the market for, or the price of, a financial product;

(c) Ascot entered the relevant Orders on behalf of the Client in circumstances where the Ascot DTRs had previously communicated their suspicions and concerns about the Client's trading over a number of years not only between themselves, but also directly to the Client; and

(d) the responsibility for assessing Orders as suspicious or otherwise fell entirely to the individual Ascot DTR reviewing the Client's Order as a consequence of the broader failure of Ascot to have appropriate supervisory policies and procedures and organisational and technological resources in place to identify and report suspicious trading activity by its clients. The MDP considered this to be an aggravating factor.

Consequences of the conduct

104. A Trading Participant that does not have and maintain appropriate supervisory policies and procedures and organisational and technical resources poses a risk to the integrity to the market. A key consequence of Ascot's failure to have and maintain adequate supervisory policies and procedures and organisational and technical resources was that its staff did not detect or otherwise did not respond appropriately to the transmission of suspicious Orders, or report suspicious Orders.

105. The failure of Ascot to promptly report suspicious trading to ASIC had the potential to undermine market integrity and confidence in the market. Ascot's conduct in allowing suspicious Orders to be entered into the market over a period of 4 months also put market integrity and public confidence at risk. There was a potential loss to others as a result of the suspicious Orders being entered into the market, but it is not possible to quantify this potential loss.

106. The MDP considered that Ascot benefitted from the conduct by achieving cost savings associated with:

(a) failing to update its supervisory policies and procedures from time to time to ensure that it was appropriate for the nature, size and complexity of its business;

(b) under-resourcing its Compliance function;

(c) not providing the necessary technology, such as an IRESS licence, for the Compliance team to monitor clients' trades entered by Ascot's DTRS into the market; and

(d) failing to have an appropriate post trade monitoring system or hiring any individual to conduct post-trade surveillance.

107. The MDP also noted that Ascot received commission from the Client in relation to the impermissible trades.

108. For the reasons above, the MDP considered that the consequences of conduct in relation to all four alleged contraventions was an aggravating factor.

Compliance culture

109. The MDP considered that the compliance culture at Ascot was very poor and is an aggravating factor for the following reasons:

(a) although this is the first instance that Ascot has been referred to the MDP for alleged contraventions of the Relevant Rules, the First and Second Alleged Contraventions commenced on the day that Ascot became a Market Participant and Trading Participant of ASX;

(b) in relation to the First and Second Alleged Contraventions, Ascot initially maintained that it complied with the Relevant Rules and it was not until the end of the second day of hearing that Ascot conceded that there were "*serious defects*" that had led to contravening Rules 2.1.3 and 5.5.2;

(c) the internal controls of Ascot were inadequate. Ascot relied heavily on three DTRs to monitor the multitude of Orders placed by clients, but at least two had additional duties and there were times that the DTRs stated that that they "*could not catch everything*" or "*could not watch everything at once*";

(d) although Ascot complied with compulsory notices issued by ASIC, it had difficulty complying with the notices within the timeframes required and sought an extension of time for each notice. Moreover, Ascot did not voluntarily co-operate with ASIC during its investigation; and

(e) Ascot was first put on notice that ASIC was making enquiries of the Client on 28 May 2020. However, it was not until after ASIC issued its Statement of Reasons on 8 April 2022 that Ascot made a significant breach report to ASIC, on 10 May 2022. The breach report stated that Ascot started an investigation on 11 April 2022 in response to ASIC's SOR.

Remediation

110. It is notable that Ascot terminated its relationship with the Client despite the Client being a significant client of Ascot. Furthermore, Ascot has undertaken a range of remedial measures since December 2020, including:

(a) the delivery of a training program to Ascot DTRs and Compliance staff in January and February 2021 which covered market manipulation, prohibited conduct and Ascot's policies;

(b) the update and publication of a suite of policies and procedures in April 2021 with the assistance of external experts;

(c) the implementation of the Nasdaq SMARTS post-trade analysis procedures commencing the roll out in January 2021, and fully operational in April 2021, and a suite of additional IRESS pre-trade filters;

(d) extensive training undertaken by the individuals responsible for Ascot's SMARTS post-trade review with the vendor NASDAQ, to ensure they are

equipped to use the software. An audit of the filters was done around June 2022 and then subsequently around September 2022, which resulted in Ascot refining the parameters of its post-trade analysis procedure;

(e) the engagement of an external expert around May 2022 to conduct a review of Ascot's supervisory policies and procedures and its organisational and technical resources with a final report produced in August 2022;

(f) the adoption of all the expert's preliminary recommendations and commencing work on implementing those recommendations, and the Ascot Board formally adopting all the recommendations set out in the expert's formal report in August 2022;

(g) the formalisation of the Weekly Compliance & Trading Committee as a sub-committee of the Ascot Board. Weekly meetings of the sub-committee under the new formalised structure have been taking place since August 2022;

(h) the resolution of AAIG to recruit a new Head of Compliance in September 2022 to increase the resourcing capacity of its senior management. As a priority the new Head of Compliance was tasked with assisting in the review of Ascot's policies, procedures, systems and frameworks as part of Ascot's process of continuous improvement; and

(i) the use of competency questionnaires by Ascot around September 2022, as part of its induction process and as part of its ongoing refresher training for staff. All staff members are required to complete a core set of competency questionnaires and more defined questionnaires are required to be completed by DTRs on areas including market manipulation.

111. Although the MDP welcomed the remedial steps taken by Ascot to address the conduct relating to the First Alleged Contravention, the MDP considered them to be a neutral factor, rather than a mitigating factor. That is because Ascot's policies and procedures were inadequate and ineffective for a significant period of time and remedial action was not taken promptly by Ascot.

112. The MDP considered that the remedial steps taken by Ascot to address the conduct relating to the Second Alleged Contravention and those of the Third and Fourth Alleged Contraventions, including:

(a) the employment of a number of individuals within the Compliance Team;

(b) implementation of refined IRESS pre-trade filters;

(c) greater training and education of staff together with attestations and testing of knowledge;

(d) engagement and use of the SMARTS post-trade analysis;

(e) adoption of a formal body of review of trades and regular reports to senior management;

were on the whole a neutral factor noting the significant delay in undertaking those

steps. The engagement and use of a SMARTS post trade analysis was a mitigating factor noting Ascot is a relatively small Market Participant, which generally do not use such a technology resource for reasons of cost. Accordingly, this was viewed as a positive and proactive step in that regard.

Penalty

113. As discussed below, following consideration of the additional matters referred to in paragraphs 129 to 134 (e.g., totality and factually related contraventions, balancing deterrence and oppressive severity), the MDP reduced the aggregate penalty across all alleged contraventions from $5,452,690 to $3,100,000.

114. The MDP applied the reduction to the alleged contraventions of Rules 5.7.1 and 5.11.1 rather than to the alleged contraventions of Rules 2.1.3 and 5.5.2. That is because:

    (a) the contraventions of Rules 5.7.1 and 5.11.1 were in large part a consequence of Ascot's failures to have appropriate supervisory policies and procedures and the necessary organisational and technical resources; and

    (b) given the fundamental failings of Ascot in relation to Rules 2.1.3 and Rule 5.5.2, the MDP considered that the penalties it imposed in relation to the alleged contraventions of those Rules were appropriate having regard to the additional matters relevant to penalty referred to in paragraphs 129 to 134.

<u>First Alleged Contravention – Supervisory procedures (Rule 2.1.3)</u>

115. The conduct related to the First Alleged Contravention commenced in November 2014. Accordingly, the penalty was determined under the penalty regime in place prior to 13 March 2019, which provides for significantly lower penalties than the current penalty regime. The maximum penalty for a contravention of Rule 2.1.3 under the relevant penalty regime is $600,000.

116. The MDP determined that a penalty above the middle of the high range was appropriate. To this end, the MDP imposed a penalty of $525,200, attributed as follows:

    (a) in relation to Rule 2.1.3 of the ASX Rules (from 19 November 2014 to 6 May 2018)—$262,600; and

    (b) in relation to Rule 2.1.3 of the Securities Rules (from 7 May 2018 to 1 April 2021)—$262,600.

<u>Second Alleged Contravention – Organisational and technical resources (Rule 5.5.2)</u>

117. Given the period over which the conduct relating to the Second Alleged Contravention occurred, the maximum penalty which the MDP could impose for each contravention of the rule was $600,000.

118. The MDP determined that a penalty above the middle of the high range was appropriate. To this end, the MDP imposed a penalty of $525,200, attributed as follows:

(a) in relation to Rule 5.5.2 of the ASX Rules (from 19 November 2014 to 6 May 2018)—$262,600; and

(b) in relation to Rule 5.5.2 of the Securities Rules (from 7 May 2018 to 1 April 2021)—$262,600.

Third Alleged Contravention – Suspicious Activity Reporting (Rule 5.11.1(1)(b))

119. The conduct in relation to the Third Alleged Contravention gave rise to 115 separate alleged contraventions, which occurred in relation to 3 securities, 9 trading days and 115 separate Orders. The MDP considered each failure to report on a trading day constituted a separate course of conduct given that, among other matters, the DTRs of Ascot held distinct suspicions or concerns about the trading in the relevant securities on each of those days.

120. Seven courses of conduct occurred before 13 March 2019. The maximum penalty that the MDP can impose for an alleged contravention of Rule 5.11.1(1)(b) occurring before 13 March 2019 is $12,000.

121. For conduct occurring on and after 13 March 2019, the maximum penalty that can be imposed by the MDP was increased to 15,000 penalty units. This increase is consistent with the important function served by Rule 5.11.1(1)(b), requiring that Market Participants report suspicious trades to ASIC.

122. There were two courses of conduct that occurred after 13 March 2019. These were assessed under the new penalty regime.

123. If the alleged contraventions of Rule 5.11.1(1)(b) had been considered in isolation, the MDP would have determined that that a penalty in the middle range for each course of conduct would have been appropriate. To that end, the MDP would have imposed a penalty of $7,500 for each course of conduct under the old penalty regime and a penalty of $1,125,000 for each course of conduct under the new penalty regime, being a total penalty of $2,302,500 across all the alleged contraventions.

124. Following consideration of the additional matters referred to in paragraphs 129 to 134 below, the MDP decided that a penalty of $997,500 was appropriate, attributed as follows:

(a) for contraventions occurring before 13 March 2019, $52,500 in aggregate, being:

(i) for the first contravention in relation to each of 15 January 2018, 24 January 2018, 2 February 2018, 5 February 2018, 6 February 2018, 26 March 2018 and 11 October 2018—$7,500 for each contravention, being $52,500 in aggregate;

(ii) for each other contravention—nil; and

(b) for contraventions occurring after 13 March 2019, $945,000 in aggregate, being:

(i) for the first contravention in relation to each of 20 January 2020 and 31 January 2020—2,250 penalty units for each contravention at $210, being $945,000 in aggregate; and

(ii) for each other contravention—nil.

Fourth Alleged Contravention - Suspicious Orders (Rule 5.7.1(b)(iii))

125. There were 268 individual alleged contraventions occurring over 69 trading days. The MDP considered there was a reasonable argument that the contraventions involved 69 courses of conduct, being a separate course of conduct for each trading day on which the contraventions occurred. That is because on each trading day the DTRs freshly considered the trades being placed by the Client for that day in circumstances where there was an ever-increasing history of suspicious trading by the Client.

126. Nonetheless, on balance, the MDP decided that it was appropriate to treat the alleged contraventions as constituting a single course of conduct. That was because the alleged contraventions ultimately resulted from a failure by Ascot to have in place compliance systems which were adequate to ensure compliance with Rule 5.7.1(b)(iii). This is a different treatment to courses of conduct from that applied by the MDP in relation to Rule 5.11.1(1)(b). The MDP considered that a different approach was warranted because the fact that the DTRs held actual concerns or suspicions on each day an alleged contravention of Rule 5.11.1(1)(b) occurred meant that the failure to report under Rule 5.11.1(1)(b) constituted a separate course of conduct for each of those days.

127. If the alleged contravention of Rule 5.7.1(b)(iii) had been considered in isolation, the MDP would have determined that that a penalty at the very top of the medium range would have been appropriate for the alleged contravention of Rule 5.7.1(b)(iii), taking into account the repeated conduct, the extended period over which the contraventions occurred and the multiple aggravating factors. To this end, the MDP would have imposed a penalty of 9,999 penalty units, being $2,099,790.

128. Following consideration of the additional matters referred to in paragraphs 129 to 134 below, the MDP decided that a penalty of $1,052,100 was appropriate, attributed as follows:

(a) for the first contravention—5,010 penalty units at $210, being $1,052,100; and

(b) for each subsequent contravention—nil.

Other factors relevant to penalty

129. The MDP also considered the following principles in determining the appropriate penalty:

(a) the penalty should promote market integrity by acting as a deterrent to any future misconduct by the participant and as a general deterrent to other participants (RG 216.81(b));

(b) the penalty to be specified in an infringement notice should be just and appropriate having regard to the totality of the conduct and whether there are factually related contraventions (RG 216.111 and 216.112); and

(c) the penalty should be "proportionate" in the sense that it should strike a reasonable balance between deterrence and oppressive severity (RG 216.81(a) and *Australian Building and Construction Commissioner v Pattinson* [2022] HCA 13 at [41]).

130. The MDP considered that the failures of Ascot in relation to dealing with the suspicious Orders the subject of the Third and Fourth Alleged Contraventions were related to the failures of Ascot to have in place adequate supervisory policies and procedures and the necessary organisational and technical resources (being the subject of the First and Second Alleged Contraventions).

131. The MDP also considered the costs avoided by Ascot by reason of its failure to implement adequate organisational and technology resources for 6½ years. It considered that for any penalty to be appropriate it had to be of a quantum materially more than the costs saved.

132. Rather than simply imposing a monetary penalty, the MDP considered there would be a benefit to Ascot and to the market generally in Ascot entering into an enforceable undertaking. That is because an enforceable undertaking will give an assurance that the remedial action taken by Ascot to date has been adequately implemented and that any additional remedial steps required have been identified and addressed.

133. In determining the appropriate penalty, the MDP also had regard to the size and financial position of Ascot, including in the context of it being a wholly owned subsidiary of the AAIG group, upon which it had relied for the Compliance team support and leadership for much of the period of its contravening conduct.

134. In the MDP's view, the final penalty determined by the MDP (combined with the cost of Ascot entering into an enforceable undertaking with ASIC) is one that will have a specific as well as a general deterrent effect. The MDP was satisfied that the penalty is not oppressive, in the sense that it is not greater than the objective of deterrence requires: see *Water Efficiency Labelling and Standards Regulator v Renaissance Traditional Bathrooms Pty Ltd* [2022] FCA 1456 at [79]; *Pattinson* at [39] to [41].

135. If each Rule had been considered in isolation, the MDP would have applied penalties totalling $5,452,690 across the four alleged contraventions (***unadjusted penalty***). However, taking into account the matters set out in paragraphs 129 to 134, the MDP determined the final penalty be reduced to a total of $3,100,000 across the four alleged contraventions (***final penalty***).

136. The following table sets out the unadjusted penalties (in Column 2) and the final penalty (in Column 3) for each of the four alleged contraventions.

Table 4 – penalty amounts

Rule	Unadjusted Penalty	Final Penalty
2.1.3 - Supervisory procedures	**$525,200**	**$525,200** allocated as follows: • Rule 2.1.3 of the ASX Rules—$262,600; • Rule 2.1.3 of the Securities Rules—$262,600.
5.5.2 - Organisational and technical procedures	**$525,200**	**$525,200** allocated as follows: • Rule 5.5.2 of the ASX Rules—$262,600; • Rule 5.5.2 of the Securities Rules—$262,600.
5.11.1(1)(b) - failure to notify ASIC of suspicious Orders (9 courses of conduct)	**$2,302,500** 7 (pre-13 March 2019 courses of conduct) x $7,500 = $52,500 2 (post 13 March 2019 courses of conduct) x $1,125,000= $2,250,000	**$997,500** For the first contravention for each of the first 7 courses of conduct (which each occurred before 13 March 2019)—$7,500 per contravention. For the first contravention for each of the 2 courses of conduct that occurred after 13 March 2019—2,250 penalty units at $210 per contravention, being $472,500 per contravention. For each other contravention—nil.
5.7.1(b)(iii) - placing suspicious Orders (268 contraventions, but considered as one course of conduct)	**$2,099,790** being 9,999 penalty units at $210 per unit	**$1,052,100** 5,010 penalty units allocated as follows: • for the contravention in relation to the Order in XF1 on 7 May 2020 at 11:41am—5,010 penalty units at $210, being $1,052,100; and • for each other contravention—nil.
Total	**$5,452,690**	**$3,100,000**

Enforceable undertaking

137. In addition to paying a penalty, Ascot must also enter into an enforceable undertaking under regulation 7.2A.01 of the Regulations on the terms set out in **Appendix 5** to this infringement notice. Paragraphs 138 to 143 below set out a high-level summary of the key terms of the enforceable undertaking. A copy of the full terms of the enforceable undertaking are set out in Appendix 5.

138. Ascot must appoint an independent expert approved by ASIC to review, assess and identify any deficiencies in Ascot's organisational and technical resources and supervisory policies and procedures as they relate to ensuring compliance with Rule 5.7.1 and 5.11.1 of the Securities Rules, including assessing and testing the adequacy and operational effectiveness of, Ascot's controls, systems and processes.

139. Where deficiencies are identified in Ascot's organisational and technical resources and supervisory policies and procedures referred to in the previous paragraph, the independent expert must make recommendations for how to remedy those deficiencies (***Recommendations***).

140. The independent expert must provide ASIC and Ascot with a report (***Final Report***) in relation to its review within 90 days following their appointment. The independent expert must also provide ASIC and Ascot with a written summary (***First Summary Report***) of its report.

141. Ascot must advise ASIC within 15 business days of receiving the Final Report:

    (a) which of the Recommendations it proposes not to implement and why; and

    (b) which of the Recommendations in the Final Report Ascot proposes to implement, including details of how this will be achieved and a timetable for implementation (***Remediation Plan***).

142. Ascot must provide ASIC with monthly reports until such time (***Remediation Plan Completion Date***) that Ascot reasonably believes it has implemented the Remediation Plan.

143. Subject to limited exceptions, ASIC may make publicly available:

    (a) a copy of the enforceable undertaking;

    (b) a copy of the Summary Report; and

    (c) a summary of which Recommendations Ascot decided to implement, or not implement (and reasons).

Other information

In relation to the conduct set out in this infringement notice:

(a) the maximum pecuniary penalty payable under an infringement notice in relation to an alleged contravention of subsection 798H(1) of the Act, by reason of contravening Rule 2.1.3 and 5.5.2 of the Relevant Rules, is $600,000 for each contravention;

(b) the maximum pecuniary penalty that a Court could order Ascot to pay for contravening subsection 798H(1) of the Act, by reason of contravening Rule 2.1.3 and 5.5.2 of the Relevant Rules is $1,000,000 for each contravention;

(c) the maximum pecuniary penalty payable under an infringement notice in relation to

an alleged contravention of subsection 798H(1) of the Act, by reason of contravening Rule 5.7.1(b)(iii) and 5.11.1(1)(b) of the Relevant Rules, is:

(i) $12,000 for each contravention of Rule 5.11.1(1)(b) occurring before 13 March 2019;

(ii) $3,150,000 for each contravention of Rule 5.7.1(b)(iii) and 5.11.1(1)(b) occurring between 13 March 2019 and 30 June 2020; and

(d) the maximum pecuniary penalty that a Court could order Ascot to pay for contravening subsection 798H(1) of the Act (a civil penalty provision) by reason of contravening Rule 5.11.1(1)(b) of the Relevant Rules before 13 March 2019 is $20,000 for each contravention;

(e) the maximum pecuniary penalty that a Court could order Ascot to pay for contravening subsection 798H(1) of the Act (a civil penalty provision) by reason of contravening Rules 5.7.1(b)(iii) and 5.11.1(1)(b) of the Relevant Rules on and after 13 March 2019 is determined by section 1317G of the Act.

Note 1: The maximum pecuniary penalty is 15,000 penalty units for a body corporate: see subsection 798K(2) of the Act.

Note 2: Under subsections 1317G(2) and (4), the maximum pecuniary penalty is the greatest of:

(a) 50,000 penalty units; and

(b) if the Court can determine the benefit derived and detriment avoided because of the contravention—that amount multiplied by 3; and

(c) either:

(i) 10% of the annual turnover of the body corporate for the 12-month period ending at the end of the month in which the body corporate contravened, or began to contravene, the civil penalty provision; or

(ii) if the amount worked out under subparagraph (i) is greater than an amount equal to 2.5 million penalty units—2.5 million penalty units.

Compliance with the infringement notice

To comply with this infringement notice, Ascot must pay the penalty specified in this infringement notice, and enter into an undertaking under regulation 7.2A.01 of the Regulations on the terms specified in Appendix 5 to this notice, within the compliance period.

The compliance period starts on the day on which this notice is given to Ascot and ends 27 days after the day on which it is given. This penalty can be paid using the method detailed in the email by which this notice is given.

The effects of compliance with this infringement notice are:

(a) any liability of Ascot 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 Ascot 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 sections 914A, 915B, 915C or 920A of the Act against Ascot 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) Ascot is not taken to have admitted guilt or liability in relation to the alleged contraventions; and

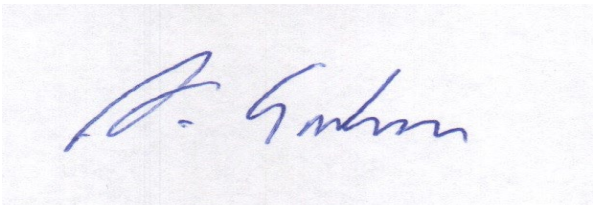
(e) Ascot is not taken to have contravened subsection 798H(1) of the Act.

Ascot may choose not to comply with this infringement notice, but if Ascot does not comply, civil proceedings may be brought against it in relation to the alleged contravention.

Ascot may apply to ASIC for withdrawal of this infringement notice under regulation 7.2A.11 of the Regulations and for an extension of time to comply under regulation 7.2A.09 of the Regulations.

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

The unique code for this notice is MDP 0408/22.



Anthony Graham
Counsel to the Markets Disciplinary Panel
with the authority of a Division of the Australian Securities and Investments Commission

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 1 to Infringement Notice

MDP 0408/22

Relevant Rules

1. Rule 2.1.3 of the Securities Rules requires that a Market Participant must have the appropriate supervisory policies and procedures to ensure compliance with the relevant rules and legislation. Rule 2.1.3 states:

2.1.3 Supervisory procedures

A Market Participant must have appropriate supervisory policies and procedures to ensure compliance by the Market Participant and each person involved in its business as a Market Participant with these Rules, the operating rules of each relevant Market and the Corporations Act.

2. Rule 5.5.2 of the Securities Rules requires that a Trading Participant must have and maintain necessary organisational and technical resources. Rule 5.5.2 states:

5.5.2 Organisational and technical resources

A Trading Participant must have and maintain the necessary organisational and technical resources to ensure that:

(a) Trading Messages submitted by the Trading Participant do not interfere with:

(i) the efficiency and integrity of a Market; or

(ii) the proper functioning of a Trading Platform; and

(b) the Trading Participant complies at all times with these Rules and the operating rules of all Markets of which it is a Trading Participant.

3. Rule 5.11.1 of the Securities Rules relates to the obligations of a Market Participant to report suspicious trading activity to ASIC and states:

5.11.1 Notification requirement

(1) Subject to subrule (2), if a Market Participant has reasonable grounds to suspect that:

(a) a person (the ***Insider***) has placed an order into or entered into a transaction on a Market in relation to a financial product while in possession of inside information (within the meaning of section 1042A of the Corporations Act), whether or not the Market Participant is aware of:

(i) the identity of the Insider; or

(ii) all of the details of the order or transaction; or

(b) a transaction or an order transmitted to a Trading Platform of a Market has or is likely to have the effect of:

(i) creating an artificial price for trading in financial products on a Market;

(ii) maintaining at a level that is artificial (whether or not it was previously artificial) a price for trading in financial products on a Market;

(iii) creating, or causing the creation of, a false or misleading appearance of active trading in financial products on a Market; or

(iv) creating, or causing the creation of, a false or misleading appearance with respect to the market for, or the price for trading in, financial products on a Market,

whether or not the Market Participant is aware of:

(v) the intention of any party to the transaction or order; or

(vi) all of the details of the transaction or order,

the Market Participant must, as soon as practicable, notify ASIC in writing of the details of the transaction or order (to the extent known to the Market Participant) and the reasons it suspects the matter set out in paragraphs (a) and, or, (b).

(2) A Market Participant is not required to notify ASIC under subrule (1) if the Market Participant has reported the information that would otherwise be required to be contained in the notification to ASIC under subrule (1) to the Australian Transaction Reports and Analysis Centre under section 41 of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* or under section 16 of the *Financial Transaction Reports Act 1988*.

4. Between 19 November 2014 and 6 May 2018 (inclusive), the ASX Rules contained equivalent rules (with the same numbering) to Rules 2.1.3, 5.5.2 and Rule 5.11.1 of the Securities Rules.

5. Rule 5.7.1 of the Securities Rules deals with a Market Participant's obligations in relation to Orders having a false or misleading appearance and states:

5.7.1 False or misleading appearance

A Market Participant must not make a Bid or Offer for, or deal in, any financial product:

(a) as Principal:

(i) with the intention; or

(ii) if that Bid, Offer or dealing has the effect, or is likely to have the effect,

of creating a false or misleading appearance of active trading in any financial product or with respect to the market for, or the price of, any financial product; or

(b) on account of any other person where:

(i) the Market Participant intends to create;

(ii) the Market Participant is aware that the person intends to create; or

(iii) taking into account the circumstances of the Order, a Market Participant ought reasonably suspect that the person has placed the Order with the intention of creating,

a false or misleading appearance of active trading in any financial product or with respect to the market for, or the price of, any financial product.

6. The circumstances of the Order that a Market Participant must have regard to in Rule 5.7.1(b)(iii) is detailed in Rule 5.7.2 of the Securities Rules, which states:

5.7.2 Circumstances of Order

In considering the circumstances of the Order, a Market Participant must have regard to the following matters:

(a) whether the Order or execution of the Order would be inconsistent with the history of or recent trading in that financial product;

(b) whether the Order or execution of the Order would materially alter the market for, or the price of, the financial product;

(c) the time the Order is entered or any instructions concerning the time of entry of the Order;

(d) whether the person on whose behalf the Order is placed, or another person who the Market Participant knows to be a Related Party of that person, may have an interest in creating a false or misleading appearance of active trading in any financial product or with respect to the market for, or the price of, any financial product;

(e) whether the Order is accompanied by settlement, delivery or security arrangements which are unusual;

(f) where the Order appears to be part of a series of Orders, whether when put together with other Orders which appear to make up the series, the Order or the series is unusual having regard to the matters referred to in this Rule 5.7.2;

(g) whether there appears to be a legitimate commercial reason for that person placing the Order, unrelated to an intention to create a false or misleading appearance of active trading in or with respect to the market for, or price of, any financial product;

(h) whether the transaction, bid or offer the execution of which is proposed will involve no change of beneficial ownership;

(i) the frequency with which Orders are placed by a person;

(j) the volume of financial products the subject of each Order placed by a person; and

(k) the extent to which a person amends or cancels an instruction to purchase or sell a financial product relative to the number of transactions executed for that person.

Appendix 2 to Infringement Notice

MDP 0408/22

List of Impugned Orders – Rule 5.7.1(b)(iii)

The Impugned Orders are highlighted in yellow in the list below.

No	Date	Time	Security	Price	Bid (B) / Offer (O)	Volume	Reason
1.	03/02/2020	4:01:56 PM	XF1	$ 0.310	B	1,200	Marking the Close
2.	03/02/2020	4:02:58 PM	VLT	$ 0.270	B	6,500	Marking the Close
3.	03/02/2020	4:03:09 PM	VLT	$ 0.280	B	3,000	Marking the Close
4.	03/02/2020	4:08:13 PM	VLT	$ 0.285	B	12,000	Trade Through; Marking the Close
5.	04/02/2020	10:25:57 AM	VLT	$ 0.270	B	75,000	Layering
6.	04/02/2020	10:36:47 AM	VLT	$ 0.300	B	3,000	Trade Through
7.	04/02/2020	4:02:04 PM	VLT	$ 0.290	B	10,000	Marking the Close
8.	06/02/2020	10:31:24 AM	VLT	$ 0.290	B	125,000	Layering
9.	07/02/2020	2:10:41 PM	VLT	$ 0.295	B	50,000	Layering
10.	11/02/2020	1:00:30 PM	XF1	$ 0.255	B	1,000	Trade Through
11.	11/02/2020	3:32:39 PM	XF1	$ 0.260	B	1,000	N/A
12.	12/02/2020	3:39:40 PM	XF1	$ 0.250	B	2,000	N/A
13.	12/02/2020	4:02:03 PM	VLT	$ 0.290	B	3,000	Marking the Close
14.	14/02/2020	4:02:06 PM	VLT	$ 0.280	B	4,000	Marking the Close
15.	17/02/2020	4:00:56 PM	VLT	$ 0.275	B	4,000	Marking the Close
16.	17/02/2020	4:09:46 PM	XF1	$ 0.260	B	3,000	Marking the Close
17.	18/02/2020	3:20:17 PM	VLT	$ 0.255	B	2,200	N/A
18.	18/02/2020	3:20:35 PM	XF1	$ 0.255	B	2,200	N/A
19.	19/02/2020	4:00:52 PM	XF1	$ 0.255	B	3,000	Marking the Close
20.	19/02/2020	4:01:09 PM	VLT	$ 0.260	B	2,200	Marking the Close
21.	19/02/2020	4:05:49 PM	XF1	$ 0.260	B	3,000	Trade Through; Marking the Close
22.	21/02/2020	4:04:00 PM	XF1	$ 0.255	B	1,100	Trade Through; Marking the Close
23.	21/02/2020	4:04:19 PM	VLT	$ 0.260	B	2,200	Marking the Close

No	Date	Time	Security	Price	Bid (B) / Offer (O)	Volume	Reason
24.	24/02/2020	4:00:54 PM	XF1	$ 0.250	B	2,000	Trade Through; Marking the Close
25.	25/02/2020	4:08:01 PM	VLT	$ 0.220	B	2,000	Marking the Close
26.	27/02/2020	4:03:01 PM	XF1	$ 0.275	B	2,000	Marking the Close
27.	28/02/2020	4:03:17 PM	VLT	$ 0.175	B	4,000	Marking the Close
28.	02/03/2020	11:46:37 AM	VLT	$ 0.145	B	1,000	N/A
29.	02/03/2020	12:00:36 PM	XF1	$ 0.250	B	1,000	N/A
30.	02/03/2020	1:08:06 PM	VLT	$ 0.155	B	2,000	N/A
31.	02/03/2020	1:18:02 PM	VLT	$ 0.170	B	25,000	N/A
32.	02/03/2020	1:30:20 PM	VLT	$ 0.175	B	12,500	Layering
33.	02/03/2020	1:30:36 PM	VLT	$ 0.180	B	5,000	Trade Through
34.	02/03/2020	1:36:53 PM	VLT	$ 0.180	B	1,000	Trade Through
35.	03/03/2020	10:04:15 AM	VLT	$ 0.170	B	75,000	N/A
36.	04/03/2020	10:22:52 AM	XF1	$ 0.210	B	1,000	Layering; Trade Through
37.	04/03/2020	12:12:55 PM	XF1	$ 0.215	B	1,000	Layering
38.	04/03/2020	12:21:36 PM	XF1	$ 0.220	B	750	Trade Through
39.	04/03/2020	1:20:32 PM	XF1	$ 0.205	B	5,000	N/A
40.	04/03/2020	1:43:50 PM	XF1	$ 0.215	B	1,000	N/A
41.	04/03/2020	3:06:02 PM	XF1	$ 0.210	B	500	Trade Through
42.	04/03/2020	3:14:52 PM	VLT	$ 0.170	B	1,000	N/A
43.	04/03/2020	4:03:42 PM	XF1	$ 0.210	B	2,200	Marking the Close
44.	05/03/2020	2:30:59 PM	XF1	$ 0.205	B	1,000	Layering
45.	05/03/2020	2:37:32 PM	VLT	$ 0.180	B	1,000	Layering
46.	05/03/2020	2:43:56 PM	XF1	$ 0.210	B	650	Layering; Trade Through
47.	06/03/2020	10:22:58 AM	VLT	$ 0.170	B	1,200	Trade Through
48.	06/03/2020	12:59:52 PM	VLT	$ 0.180	B	1,000	Trade Through
49.	09/03/2020	4:02:30 PM	XF1	$ 0.230	B	2,000	Trade Through; Marking the Close
50.	10/03/2020	11:35:57 AM	XF1	$ 0.215	B	1,000	Layering
51.	10/03/2020	11:40:50 AM	XF1	$ 0.220	B	1,000	Layering

No	Date	Time	Security	Price	Bid (B) / Offer (O)	Volume	Reason
52.	10/03/2020	11:44:18 AM	XF1	$ 0.230	B	1,000	Trade Through
53.	10/03/2020	11:44:41 AM	VLT	$ 0.140	B	50,000	N/A
54.	10/03/2020	3:18:48 PM	XF1	$ 0.230	B	1,000	N/A
55.	10/03/2020	3:27:56 PM	VLT	$ 0.160	B	150,000	N/A
56.	11/03/2020	10:20:29 AM	VLT	$ 0.170	B	2,200	N/A
57.	11/03/2020	3:35:27 PM	VLT	$ 0.170	B	1,100	Layering
58.	11/03/2020	3:41:37 PM	VLT	$ 0.175	B	1,100	Layering
59.	11/03/2020	4:00:43 PM	VLT	$ 0.180	B	3,000	Marking the Close
60.	12/03/2020	10:56:18 AM	VLT	$ 0.170	B	1,000	Trade Through
61.	13/03/2020	10:36:19 AM	VLT	$ 0.155	B	1,000	N/A
62.	13/03/2020	10:37:47 AM	XF1	$ 0.185	B	2,000	Layering
63.	13/03/2020	10:48:25 AM	XF1	$ 0.190	B	1,000	Layering; Trade Through
64.	13/03/2020	11:39:26 AM	XF1	$ 0.155	B	50,000	Layering
65.	13/03/2020	12:07:18 PM	XF1	$ 0.170	B	1,000	Layering; Trade Through
66.	13/03/2020	12:40:23 PM	XF1	$ 0.155	B	12,000	Layering
67.	13/03/2020	12:42:56 PM	XF1	$ 0.160	B	5,000	Layering
68.	13/03/2020	12:53:28 PM	XF1	$ 0.170	B	2,000	Layering
69.	13/03/2020	2:14:57 PM	XF1	$ 0.180	B	22,000	Layering
70.	13/03/2020	2:20:27 PM	XF1	$ 0.185	B	3,000	Layering
71.	13/03/2020	2:28:18 PM	XF1	$ 0.190	B	3,000	Layering
72.	13/03/2020	2:31:58 PM	XF1	$ 0.195	B	2,000	Layering
73.	13/03/2020	3:00:34 PM	VLT	$ 0.155	B	2,000	N/A
74.	13/03/2020	3:01:53 PM	XF1	$ 0.205	B	2,500	Layering
75.	13/03/2020	3:21:27 PM	VLT	$ 0.155	B	2,000	N/A
76.	13/03/2020	3:25:15 PM	VLT	$ 0.150	B	200,000	N/A
77.	16/03/2020	4:04:43 PM	XF1	$ 0.200	B	1,000	Trade Through; Marking the Close
78.	17/03/2020	10:53:51 AM	XF1	$ 0.155	B	33,000	Layering
79.	17/03/2020	12:04:30 PM	VLT	$ 0.145	B	1,000	N/A

No	Date	Time	Security	Price	Bid (B) / Offer (O)	Volume	Reason
80.	17/03/2020	1:51:55 PM	XF1	$ 0.165	B	22,000	Layering
81.	17/03/2020	4:03:18 PM	XF1	$ 0.200	B	1,000	Marking the Close
82.	19/03/2020	11:07:32 AM	VLT	$ 0.130	B	30,000	N/A
83.	19/03/2020	11:47:11 AM	VLT	$ 0.130	B	40,000	N/A
84.	19/03/2020	11:57:49 AM	VLT	$ 0.150	B	3,000	Trade Through
85.	19/03/2020	1:06:15 PM	VLT	$ 0.135	B	1,000	N/A
86.	19/03/2020	2:57:36 PM	XF1	$ 0.150	B	1,000	N/A
87.	19/03/2020	3:42:57 PM	XF1	$ 0.150	B	500	N/A
88.	20/03/2020	11:43:14 AM	VLT	$ 0.130	B	3,000	N/A
89.	20/03/2020	12:03:50 PM	VLT	$ 0.130	B	5,000	N/A
90.	20/03/2020	1:08:30 PM	XF1	$ 0.140	B	200	N/A
91.	20/03/2020	3:14:52 PM	XF1	$ 0.130	B	30,000	N/A
92.	20/03/2020	4:04:15 PM	XF1	$ 0.135	B	750	N/A
93.	23/03/2020	3:12:59 PM	VLT	$ 0.110	B	1,000	N/A
94.	24/03/2020	1:15:27 PM	VLT	$ 0.105	B	2,000	N/A
95.	24/03/2020	3:26:12 PM	VLT	$ 0.105	B	2,000	N/A
96.	25/03/2020	10:26:23 AM	XF1	$ 0.140	B	20,000	N/A
97.	25/03/2020	12:05:34 PM	VLT	$ 0.110	B	200,000	N/A
98.	25/03/2020	12:56:20 PM	VLT	$ 0.115	B	55,000	N/A
99.	25/03/2020	3:27:54 PM	VLT	$ 0.125	B	3,000	N/A
100.	25/03/2020	3:48:35 PM	XF1	$ 0.135	B	1,000	Trade Through; Marking the Close
101.	25/03/2020	4:05:43 PM	VLT	$ 0.125	B	3,000	Trade Through; Marking the Close
102.	26/03/2020	7:25:21 AM	XF1	$ 0.145	B	3,000	Layering
103.	26/03/2020	7:53:23 AM	XF1	$ 0.150	B	1,000	Layering
104.	26/03/2020	10:46:29 AM	VLT	$ 0.115	B	75,000	N/A
105.	26/03/2020	11:40:17 AM	VLT	$ 0.120	B	109,999	N/A
106.	26/03/2020	2:37:13 PM	XF1	$ 0.140	B	1,000	Trade Through
107.	26/03/2020	3:01:23 PM	VLT	$ 0.125	B	5,000	N/A

No	Date	Time	Security	Price	Bid (B) / Offer (O)	Volume	Reason
108.	26/03/2020	3:05:39 PM	VLT	$ 0.120	B	55,000	N/A
109.	26/03/2020	4:07:09 PM	XF1	$ 0.135	B	1,000	Trade Through; Marking the Close
110.	27/03/2020	10:16:24 AM	VLT	$ 0.120	B	125,000	Layering
111.	27/03/2020	10:29:45 AM	VLT	$ 0.120	B	250,000	Layering
112.	27/03/2020	10:39:50 AM	VLT	$ 0.125	B	12,500	N/A
113.	27/03/2020	1:20:18 PM	VLT	$ 0.115	B	125,000	Layering
114.	27/03/2020	2:27:37 PM	VLT	$ 0.130	B	2,000	Trade Through
115.	27/03/2020	3:09:01 PM	VLT	$ 0.130	B	3,000	Trade Through
116.	30/03/2020	8:45:37 AM	VLT	$ 0.110	B	125,000	Layering
117.	30/03/2020	11:19:38 AM	VLT	$ 0.140	B	1,000	N/A
118.	30/03/2020	1:30:05 PM	XF1	$ 0.115	B	500	N/A
119.	31/03/2020	8:30:57 AM	VLT	$ 0.120	B	75,000	Layering
120.	31/03/2020	10:09:57 AM	VLT	$ 0.125	B	125,000	Layering
121.	31/03/2020	10:23:16 AM	XF1	$ 0.110	B	75,000	N/A
122.	31/03/2020	11:00:14 AM	XF1	$ 0.135	B	2,000	Trade Through
123.	31/03/2020	11:31:26 AM	XF1	$ 0.115	B	175,000	Layering
124.	31/03/2020	11:57:13 AM	VLT	$ 0.150	B	10,000	Layering
125.	31/03/2020	11:57:56 AM	VLT	$ 0.155	B	5,000	Layering
126.	31/03/2020	1:23:59 PM	XF1	$ 0.115	B	150,000	Layering
127.	31/03/2020	2:09:37 PM	XF1	$ 0.125	B	750	Trade Through
128.	31/03/2020	2:29:37 PM	VLT	$ 0.160	B	1,100	N/A
129.	01/04/2020	10:33:10 AM	XF1	$ 0.115	B	55,000	N/A
130.	01/04/2020	1:55:08 PM	XF1	$ 0.125	B	1,000	Trade Through
131.	01/04/2020	2:34:09 PM	XF1	$ 0.120	B	110,000	Layering
132.	01/04/2020	3:01:36 PM	XF1	$ 0.130	B	2,200	Trade Through
133.	01/04/2020	3:29:27 PM	XF1	$ 0.120	B	55,000	Layering
134.	01/04/2020	3:37:21 PM	XF1	$ 0.130	B	500	Trade Through
135.	01/04/2020	3:47:06 PM	VLT	$ 0.160	B	1,000	Marking the Close

No	Date	Time	Security	Price	Bid (B) / Offer (O)	Volume	Reason
136.	02/04/2020	9:41:02 AM	XF1	$ 0.120	B	3,000	N/A
137.	02/04/2020	4:01:05 PM	XF1	$ 0.110	B	4,000	Marking the Close
138.	03/04/2020	2:03:45 PM	XF1	$ 0.110	B	500	N/A
139.	03/04/2020	3:56:07 PM	VLT	$ 0.155	B	1,000	Marking the Close
140.	03/04/2020	3:56:33 PM	XF1	$ 0.110	B	1,000	Trade Through; Marking the Close
141.	06/04/2020	10:42:30 AM	VLT	$ 0.160	B	1,000	N/A
142.	06/04/2020	12:31:16 PM	XF1	$ 0.095	B	110,000	Layering
143.	06/04/2020	1:39:56 PM	XF1	$ 0.100	B	55,000	Layering
144.	06/04/2020	3:27:14 PM	XF1	$ 0.110	B	1,500	Trade Through
145.	07/04/2020	10:12:31 AM	VLT	$ 0.150	B	120,000	Layering
146.	07/04/2020	10:50:52 AM	VLT	$ 0.165	B	750	N/A
147.	07/04/2020	11:44:03 AM	XF1	$ 0.105	B	500	Trade Through
148.	07/04/2020	12:05:08 PM	VLT	$ 0.145	B	55,000	N/A
149.	07/04/2020	12:06:13 PM	VLT	$ 0.160	B	1,000	N/A
150.	07/04/2020	1:51:44 PM	XF1	$ 0.095	B	150,000	N/A
151.	07/04/2020	4:06:29 PM	VLT	$ 0.160	B	500	Trade Through; Marking the Close
152.	09/04/2020	11:19:58 AM	XF1	$ 0.089	B	90,000	N/A
153.	09/04/2020	12:26:08 PM	XF1	$ 0.090	B	75,000	Layering
154.	09/04/2020	1:59:29 PM	VLT	$ 0.160	B	75,000	N/A
155.	09/04/2020	2:05:31 PM	VLT	$ 0.155	B	30,000	Layering
156.	09/04/2020	2:09:25 PM	XF1	$ 0.094	B	40,000	Layering
157.	09/04/2020	2:17:50 PM	VLT	$ 0.155	B	6,489	N/A
158.	09/04/2020	2:20:10 PM	VLT	$ 0.165	B	1,000	Layering
159.	09/04/2020	2:22:58 PM	VLT	$ 0.170	B	500	Trade Through
160.	09/04/2020	2:49:23 PM	XF1	$ 0.095	B	22,000	Layering
161.	14/04/2020	8:35:17 AM	XF1	$ 0.091	B	60,000	N/A
162.	14/04/2020	11:46:29 AM	XF1	$ 0.097	B	50,000	N/A
163.	14/04/2020	1:54:24 PM	VLT	$ 0.160	B	75,000	Layering

No	Date	Time	Security	Price	Bid (B) / Offer (O)	Volume	Reason
164.	14/04/2020	2:08:50 PM	XF1	$ 0.096	B	220,000	Layering
165.	14/04/2020	2:24:08 PM	XF1	$ 0.097	B	125,000	Layering
166.	14/04/2020	4:09:41 PM	VLT	$ 0.175	B	2,000	Trade Through; Marking the Close
167.	15/04/2020	12:59:49 PM	XF1	$ 0.097	B	55,000	Layering
168.	15/04/2020	3:41:29 PM	XF1	$ 0.097	B	2,000	N/A
169.	15/04/2020	3:46:02 PM	XF1	$ 0.099	B	1,100	N/A
170.	15/04/2020	3:50:58 PM	XF1	$ 0.095	B	4,000	N/A
171.	15/04/2020	3:51:09 PM	XF1	$ 0.097	B	2,200	N/A
172.	15/04/2020	3:51:57 PM	XF1	$ 0.099	B	1,000	N/A
173.	16/04/2020	10:04:55 AM	VLT	$ 0.165	B	55,000	Layering
174.	16/04/2020	10:10:22 AM	VLT	$ 0.180	B	1,000	Trade Through
175.	16/04/2020	12:03:21 PM	VLT	$ 0.165	B	75,000	Layering
176.	16/04/2020	1:11:57 PM	VLT	$ 0.180	B	1,600	N/A
177.	16/04/2020	1:15:24 PM	XF1	$ 0.095	B	1,000	N/A
178.	16/04/2020	3:11:59 PM	XF1	$ 0.092	B	750	Layering
179.	16/04/2020	3:22:29 PM	XF1	$ 0.095	B	500	Layering; Trade Through; Marking the Close
180.	17/04/2020	12:05:07 PM	VLT	$ 0.170	B	40,000	N/A
181.	17/04/2020	12:57:07 PM	VLT	$ 0.175	B	3,000	Trade Through
182.	17/04/2020	2:25:06 PM	VLT	$ 0.180	B	1,000	Trade Through
183.	17/04/2020	4:00:06 PM	VLT	$ 0.180	B	2,000	Trade Through; Marking the Close
184.	20/04/2020	11:34:12 AM	XF1	$ 0.089	B	220,000	N/A
185.	20/04/2020	1:03:33 PM	VLT	$ 0.165	B	75,000	Layering
186.	20/04/2020	1:10:45 PM	VLT	$ 0.170	B	65,000	Layering
187.	21/04/2020	10:56:35 AM	XF1	$ 0.086	B	500	N/A
188.	21/04/2020	11:20:41 AM	XF1	$ 0.089	B	300	N/A
189.	24/04/2020	2:11:32 PM	VLT	$ 0.170	B	2,000	N/A
190.	24/04/2020	2:24:23 PM	XF1	$ 0.096	B	1,000	N/A
191.	24/04/2020	2:26:04 PM	XF1	$ 0.098	B	500	N/A

No	Date	Time	Security	Price	Bid (B) / Offer (O)	Volume	Reason
192.	27/04/2020	10:25:25 AM	XF1	$ 0.082	B	125,000	Layering
193.	27/04/2020	10:46:39 AM	XF1	$ 0.087	B	150,000	Layering
194.	27/04/2020	11:14:10 AM	XF1	$ 0.085	B	275,000	Layering
195.	27/04/2020	11:17:06 AM	XF1	$ 0.086	B	150,000	Layering
196.	27/04/2020	11:49:26 AM	XF1	$ 0.087	B	150,000	Layering
197.	27/04/2020	11:55:06 AM	XF1	$ 0.092	B	3,999	N/A
198.	27/04/2020	1:03:39 PM	XF1	$ 0.089	B	125,000	Layering
199.	27/04/2020	3:11:00 PM	XF1	$ 0.089	B	120,000	Layering
200.	28/04/2020	11:52:04 AM	VLT	$ 0.170	B	5,000	N/A
201.	28/04/2020	12:09:47 PM	VLT	$ 0.165	B	55,000	N/A
202.	28/04/2020	1:57:24 PM	XF1	$ 0.089	B	1,200	Trade Through; Marking the Close
203.	28/04/2020	4:05:48 PM	VLT	$ 0.180	B	12,000	Trade Through; Marking the Close
204.	29/04/2020	11:03:44 AM	XF1	$ 0.090	B	5,000	Trade Through
205.	29/04/2020	11:49:22 AM	XF1	$ 0.086	B	500,000	N/A
206.	29/04/2020	12:34:15 PM	XF1	$ 0.090	B	1,000	Trade Through
207.	29/04/2020	4:07:40 PM	XF1	$ 0.088	B	1,100	Marking the Close
208.	30/04/2020	10:33:46 AM	VLT	$ 0.190	B	90,000	N/A
209.	30/04/2020	10:36:37 AM	XF1	$ 0.090	B	375,000	Layering
210.	30/04/2020	10:40:41 AM	XF1	$ 0.093	B	180,000	Layering
211.	30/04/2020	11:41:17 AM	XF1	$ 0.090	B	375,000	Layering
212.	30/04/2020	12:36:39 PM	VLT	$ 0.180	B	150,000	N/A
213.	30/04/2020	12:47:18 PM	XF1	$ 0.096	B	150,000	N/A
214.	30/04/2020	1:36:04 PM	XF1	$ 0.095	B	220,000	N/A
215.	30/04/2020	2:00:17 PM	VLT	$ 0.185	B	150,000	N/A
216.	30/04/2020	3:03:23 PM	XF1	$ 0.095	B	90,000	Layering
217.	30/04/2020	4:04:23 PM	XF1	$ 0.092	B	2,000	N/A
218.	01/05/2020	8:13:28 AM	VLT	$ 0.180	B	80,000	N/A
219.	01/05/2020	8:22:26 AM	XF1	$ 0.088	B	150,000	N/A

No	Date	Time	Security	Price	Bid (B) / Offer (O)	Volume	Reason
220.	01/05/2020	9:13:14 AM	XF1	$ 0.090	B	125,000	N/A
221.	01/05/2020	10:18:14 AM	XF1	$ 0.094	B	1,500	Trade Through
222.	01/05/2020	11:46:10 AM	XF1	$ 0.091	B	220,000	Layering
223.	01/05/2020	12:45:53 PM	VLT	$ 0.190	B	1,250	Trade Through
224.	01/05/2020	12:46:49 PM	XF1	$ 0.093	B	275,000	Layering
225.	01/05/2020	2:55:26 PM	VLT	$ 0.190	B	759	Trade Through
226.	01/05/2020	4:01:02 PM	VLT	$ 0.195	B	1,500	Marking the Close
227.	01/05/2020	4:01:21 PM	XF1	$ 0.097	B	2,300	Marking the Close
228.	04/05/2020	7:46:07 AM	XF1	$ 0.092	B	75,000	N/A
229.	04/05/2020	9:37:53 AM	XF1	$ 0.099	B	125,000	Layering
230.	04/05/2020	10:50:16 AM	XF1	$ 0.095	B	150,000	Layering
231.	04/05/2020	11:17:45 AM	XF1	$ 0.100	B	175,000	N/A
232.	04/05/2020	11:38:50 AM	XF1	$ 0.100	B	275,000	N/A
233.	04/05/2020	12:17:12 PM	XF1	$ 0.098	B	300,000	N/A
234.	04/05/2020	12:22:04 PM	XF1	$ 0.099	B	190,000	Layering
235.	04/05/2020	12:39:07 PM	VLT	$ 0.190	B	1,000	Trade Through
236.	04/05/2020	3:22:54 PM	VLT	$ 0.190	B	1,200	Trade Through; Marking the Close
237.	04/05/2020	4:09:33 PM	XF1	$ 0.098	B	2,000	Marking the Close
238.	05/05/2020	7:06:19 AM	XF1	$ 0.098	B	110,000	N/A
239.	05/05/2020	8:46:15 AM	XF1	$ 0.098	B	190,000	Layering
240.	05/05/2020	9:03:00 AM	XF1	$ 0.099	B	120,000	Layering
241.	05/05/2020	12:48:44 PM	XF1	$ 0.097	B	750	Trade Through
242.	05/05/2020	2:34:39 PM	XF1	$ 0.091	B	99,000	Layering
243.	05/05/2020	4:03:56 PM	XF1	$ 0.092	B	1,100	Marking the Close
244.	05/05/2020	4:04:52 PM	VLT	$ 0.190	B	750	Marking the Close
245.	06/05/2020	10:00:27 AM	XF1	$ 0.091	B	90,000	N/A
246.	06/05/2020	10:39:40 AM	XF1	$ 0.095	B	280,000	Layering
247.	06/05/2020	1:06:29 PM	VLT	$ 0.190	B	5,000	N/A

No	Date	Time	Security	Price	Bid (B) / Offer (O)	Volume	Reason
248.	06/05/2020	1:11:58 PM	XF1	$ 0.105	B	200,000	N/A
249.	06/05/2020	1:38:50 PM	XF1	$ 0.110	B	220,000	N/A
250.	06/05/2020	1:45:10 PM	XF1	$ 0.115	B	220,000	Layering
251.	06/05/2020	2:33:55 PM	XF1	$ 0.120	B	2,000	N/A
252.	06/05/2020	3:33:35 PM	VLT	$ 0.205	B	5,000	N/A
253.	07/05/2020	7:30:01 AM	XF1	$ 0.120	B	175,000	N/A
254.	07/05/2020	10:09:27 AM	XF1	$ 0.125	B	175,000	N/A
255.	07/05/2020	10:13:00 AM	XF1	$ 0.140	B	12,500	N/A
256.	07/05/2020	11:15:27 AM	XF1	$ 0.140	B	200,000	Layering
257.	07/05/2020	11:41:24 AM	XF1	$ 0.145	B	220,000	Layering
258.	07/05/2020	11:48:06 AM	XF1	$ 0.150	B	90,000	Layering
259.	07/05/2020	11:50:21 AM	XF1	$ 0.155	B	75,000	Layering
260.	07/05/2020	12:27:05 PM	XF1	$ 0.150	B	150,000	Layering
261.	07/05/2020	12:59:45 PM	VLT	$ 0.200	B	55,000	N/A
262.	07/05/2020	2:25:59 PM	XF1	$ 0.135	B	75,000	N/A
263.	07/05/2020	3:40:27 PM	VLT	$ 0.200	B	1,100	Trade Through
264.	07/05/2020	4:02:10 PM	VLT	$ 0.210	B	15,000	Marking the Close
265.	07/05/2020	4:03:05 PM	XF1	$ 0.140	B	12,000	Marking the Close
266.	08/05/2020	10:11:22 AM	XF1	$ 0.130	B	50,000	N/A
267.	08/05/2020	10:11:38 AM	XF1	$ 0.140	B	12,500	N/A
268.	08/05/2020	10:20:00 AM	XF1	$ 0.140	B	75,000	Layering
269.	08/05/2020	10:37:54 AM	XF1	$ 0.150	B	1,500	Trade Through
270.	08/05/2020	11:00:21 AM	VLT	$ 0.205	B	60,000	Layering
271.	08/05/2020	11:57:31 AM	VLT	$ 0.220	B	1,000	Trade Through
272.	08/05/2020	12:18:38 PM	XF1	$ 0.145	B	200,000	Layering
273.	08/05/2020	12:41:03 PM	VLT	$ 0.200	B	90,000	Layering
274.	08/05/2020	1:41:55 PM	VLT	$ 0.210	B	750	N/A
275.	08/05/2020	3:31:22 PM	XF1	$ 0.145	B	2,000	N/A

No	Date	Time	Security	Price	Bid (B) / Offer (O)	Volume	Reason
276.	08/05/2020	4:01:57 PM	XF1	$ 0.165	B	4,000	Layering
277.	08/05/2020	4:02:31 PM	XF1	$ 0.170	B	4,000	Layering; Marking the Close
278.	11/05/2020	11:35:56 AM	VLT	$ 0.210	B	90,000	Layering
279.	11/05/2020	12:12:29 PM	VLT	$ 0.215	B	126,000	Layering
280.	11/05/2020	12:47:09 PM	VLT	$ 0.215	B	120,000	Layering
281.	11/05/2020	1:46:09 PM	VLT	$ 0.210	B	90,000	Layering
282.	11/05/2020	2:30:02 PM	VLT	$ 0.215	B	150,000	Layering
283.	11/05/2020	2:51:31 PM	VLT	$ 0.225	B	16,000	Trade Through
284.	11/05/2020	2:55:59 PM	VLT	$ 0.220	B	90,000	Layering
285.	11/05/2020	3:10:03 PM	VLT	$ 0.220	B	120,000	Layering
286.	11/05/2020	3:34:28 PM	XF1	$ 0.210	B	75,000	Layering
287.	11/05/2020	3:50:10 PM	XF1	$ 0.215	B	50,000	Layering
288.	12/05/2020	10:35:50 AM	XF1	$ 0.200	B	55,000	Layering
289.	12/05/2020	1:06:34 PM	XF1	$ 0.200	B	150,000	Layering; Marking the Close
290.	12/05/2020	2:06:23 PM	VLT	$ 0.230	B	3,000	Trade Through
291.	12/05/2020	3:01:41 PM	VLT	$ 0.220	B	33,000	Layering
292.	12/05/2020	3:14:57 PM	XF1	$ 0.210	B	1,000	Trade Through
293.	12/05/2020	4:07:12 PM	VLT	$ 0.230	B	15,000	Marking the Close
294.	13/05/2020	10:26:37 AM	XF1	$ 0.185	B	25,000	Layering
295.	13/05/2020	10:38:51 AM	XF1	$ 0.200	B	1,000	Trade Through
296.	13/05/2020	10:39:08 AM	XF1	$ 0.190	B	55,000	Layering
297.	13/05/2020	10:39:55 AM	XF1	$ 0.200	B	5,000	Trade Through
298.	13/05/2020	10:40:12 AM	XF1	$ 0.205	B	500	Trade Through
299.	13/05/2020	10:41:56 AM	XF1	$ 0.195	B	2,000	N/A
300.	13/05/2020	10:42:14 AM	XF1	$ 0.200	B	300	Trade Through
301.	13/05/2020	10:49:41 AM	XF1	$ 0.195	B	5,000	N/A
302.	13/05/2020	10:52:17 AM	XF1	$ 0.200	B	2,000	Layering
303.	13/05/2020	10:52:30 AM	XF1	$ 0.205	B	500	Trade Through

No	Date	Time	Security	Price	Bid (B) / Offer (O)	Volume	Reason
304.	13/05/2020	10:59:14 AM	VLT	$ 0.230	B	2,000	Trade Through
305.	13/05/2020	11:16:01 AM	XF1	$ 0.180	B	300,000	Layering
306.	13/05/2020	11:18:10 AM	VLT	$ 0.210	B	90,000	Layering
307.	13/05/2020	11:27:40 AM	VLT	$ 0.230	B	800	Trade Through
308.	13/05/2020	11:48:05 AM	XF1	$ 0.190	B	33,000	N/A
309.	13/05/2020	12:34:33 PM	XF1	$ 0.185	B	55,000	N/A
310.	13/05/2020	1:20:50 PM	VLT	$ 0.220	B	500	Trade Through
311.	13/05/2020	1:21:10 PM	XF1	$ 0.190	B	1,000	Trade Through
312.	13/05/2020	2:01:14 PM	XF1	$ 0.190	B	125,000	N/A
313.	13/05/2020	2:11:06 PM	XF1	$ 0.180	B	160,000	Layering
314.	13/05/2020	2:17:55 PM	XF1	$ 0.185	B	44,000	Layering
315.	13/05/2020	2:26:01 PM	XF1	$ 0.195	B	800	Trade Through
316.	13/05/2020	2:33:28 PM	VLT	$ 0.220	B	500	Trade Through
317.	13/05/2020	2:38:22 PM	XF1	$ 0.185	B	90,000	Layering
318.	13/05/2020	2:40:40 PM	XF1	$ 0.190	B	55,000	Layering
319.	13/05/2020	2:40:55 PM	XF1	$ 0.195	B	1,000	Trade Through
320.	13/05/2020	2:46:41 PM	XF1	$ 0.190	B	90,000	Layering
321.	13/05/2020	2:54:28 PM	XF1	$ 0.195	B	2,000	Trade Through
322.	13/05/2020	3:35:52 PM	XF1	$ 0.195	B	2,000	N/A
323.	14/05/2020	10:23:41 AM	VLT	$ 0.210	B	125,000	Layering
324.	14/05/2020	10:35:11 AM	VLT	$ 0.215	B	120,000	Layering
325.	14/05/2020	11:21:42 AM	VLT	$ 0.215	B	55,000	Layering
326.	14/05/2020	11:49:21 AM	VLT	$ 0.215	B	55,000	Layering
327.	14/05/2020	12:14:22 PM	VLT	$ 0.215	B	90,000	Layering
328.	14/05/2020	12:53:20 PM	VLT	$ 0.210	B	90,000	Layering
329.	14/05/2020	1:05:32 PM	XF1	$ 0.175	B	75,000	Layering
330.	14/05/2020	1:42:57 PM	XF1	$ 0.180	B	65,000	N/A
331.	14/05/2020	2:30:16 PM	XF1	$ 0.185	B	500	Trade Through

No	Date	Time	Security	Price	Bid (B) / Offer (O)	Volume	Reason
332.	14/05/2020	2:42:07 PM	VLT	$ 0.215	B	55,000	Layering
333.	14/05/2020	3:24:26 PM	XF1	$ 0.185	B	1,000	Trade Through; Marking the Close
334.	14/05/2020	4:01:42 PM	VLT	$ 0.220	B	800	Trade Through; Marking the Close
335.	15/05/2020	10:24:03 AM	XF1	$ 0.180	B	500	Trade Through
336.	15/05/2020	11:24:59 AM	XF1	$ 0.175	B	500	Trade Through
337.	15/05/2020	3:56:04 PM	XF1	$ 0.180	B	1,100	Marking the Close
338.	18/05/2020	10:23:28 AM	VLT	$ 0.220	B	2,000	Trade Through
339.	18/05/2020	2:38:52 PM	VLT	$ 0.210	B	1,100	Trade Through
340.	18/05/2020	3:00:16 PM	VLT	$ 0.200	B	55,000	Layering
341.	18/05/2020	3:01:43 PM	XF1	$ 0.175	B	65,000	Layering
342.	18/05/2020	4:04:23 PM	VLT	$ 0.220	B	1,100	Marking the Close
343.	19/05/2020	4:03:47 PM	VLT	$ 0.220	B	2,200	Trade Through; Marking the Close
344.	19/05/2020	4:04:29 PM	XF1	$ 0.170	B	2,951	N/A
345.	20/05/2020	12:22:15 PM	VLT	$ 0.205	B	150,000	Layering
346.	20/05/2020	12:45:38 PM	XF1	$ 0.165	B	75,000	Layering
347.	20/05/2020	1:22:41 PM	XF1	$ 0.165	B	175,000	N/A
348.	20/05/2020	2:49:54 PM	XF1	$ 0.170	B	110,000	N/A
349.	20/05/2020	3:00:27 PM	XF1	$ 0.175	B	55,000	Layering
350.	21/05/2020	2:39:20 PM	XF1	$ 0.175	B	375,000	Layering
351.	21/05/2020	3:37:50 PM	VLT	$ 0.230	B	6,000	N/A
352.	22/05/2020	11:15:51 AM	VLT	$ 0.215	B	90,000	Layering
353.	22/05/2020	4:05:10 PM	XF1	$ 0.180	B	2,000	Marking the Close
354.	22/05/2020	4:10:42 PM	VLT	$ 0.220	B	3,000	Trade Through; Marking the Close
355.	25/05/2020	10:10:59 AM	VLT	$ 0.215	B	75,000	Layering
356.	25/05/2020	11:50:29 AM	VLT	$ 0.230	B	1,100	Trade Through
357.	25/05/2020	2:02:52 PM	VLT	$ 0.230	B	600	Trade Through
358.	25/05/2020	4:06:31 PM	VLT	$ 0.220	B	17,000	Trade Through; Marking the Close
359.	25/05/2020	4:07:16 PM	XF1	$ 0.180	B	3,000	Trade Through; Marking the Close

No	Date	Time	Security	Price	Bid (B) / Offer (O)	Volume	Reason
360.	26/05/2020	10:19:23 AM	VLT	$ 0.215	B	80,000	Layering
361.	26/05/2020	11:55:19 AM	VLT	$ 0.210	B	75,000	Layering
362.	26/05/2020	2:09:23 PM	XF1	$ 0.170	B	44,000	N/A
363.	26/05/2020	2:12:15 PM	VLT	$ 0.225	B	900	Trade Through
364.	27/05/2020	10:08:01 AM	VLT	$ 0.215	B	65,000	Layering
365.	27/05/2020	12:38:31 PM	XF1	$ 0.165	B	25,000	N/A
366.	27/05/2020	1:06:22 PM	XF1	$ 0.165	B	90,000	Layering
367.	27/05/2020	1:49:21 PM	XF1	$ 0.165	B	120,000	Layering
368.	27/05/2020	2:27:11 PM	VLT	$ 0.210	B	30,000	Layering
369.	27/05/2020	2:31:23 PM	XF1	$ 0.165	B	500	Trade Through
370.	27/05/2020	2:43:21 PM	XF1	$ 0.155	B	2,000	N/A
371.	27/05/2020	2:47:20 PM	XF1	$ 0.155	B	22,000	Layering
372.	27/05/2020	3:27:53 PM	VLT	$ 0.210	B	500	Trade Through
373.	27/05/2020	3:47:43 PM	VLT	$ 0.215	B	1,000	Trade Through
374.	27/05/2020	4:05:14 PM	XF1	$ 0.165	B	2,000	Trade Through; Marking the Close
375.	27/05/2020	4:05:36 PM	VLT	$ 0.215	B	3,000	Marking the Close
376.	28/05/2020	9:56:51 AM	VLT	$ 0.200	B	50,000	N/A
377.	28/05/2020	9:57:18 AM	VLT	$ 0.225	B	1,100	N/A
378.	28/05/2020	11:06:54 AM	VLT	$ 0.220	B	300	Trade Through
379.	28/05/2020	12:22:03 PM	XF1	$ 0.160	B	125,000	Layering
380.	28/05/2020	2:04:05 PM	VLT	$ 0.210	B	1,500	N/A
381.	28/05/2020	3:28:41 PM	VLT	$ 0.220	B	900	Trade Through
382.	28/05/2020	3:29:35 PM	VLT	$ 0.210	B	90,000	Layering
383.	28/05/2020	3:45:49 PM	VLT	$ 0.215	B	5,000	N/A
384.	28/05/2020	3:48:07 PM	VLT	$ 0.220	B	2,000	N/A
385.	28/05/2020	4:08:44 PM	VLT	$ 0.220	B	12,000	Marking the Close
386.	29/05/2020	12:01:49 PM	VLT	$ 0.215	B	55,000	Layering
387.	29/05/2020	1:34:55 PM	VLT	$ 0.225	B	1,500	N/A

No	Date	Time	Security	Price	Bid (B) / Offer (O)	Volume	Reason
388.	29/05/2020	4:06:58 PM	XF1	$ 0.165	B	3,000	Trade Through; Marking the Close
389.	29/05/2020	4:07:40 PM	VLT	$ 0.225	B	4,000	Marking the Close
390.	01/06/2020	10:32:29 AM	VLT	$ 0.230	B	5,000	N/A
391.	01/06/2020	11:45:38 AM	VLT	$ 0.230	B	44,000	Layering
392.	01/06/2020	12:26:32 PM	VLT	$ 0.240	B	5,000	Trade Through
393.	01/06/2020	1:03:11 PM	XF1	$ 0.165	B	80,000	N/A
394.	01/06/2020	1:34:55 PM	XF1	$ 0.170	B	2,200	Trade Through
395.	01/06/2020	3:45:05 PM	XF1	$ 0.160	B	3,000	Trade Through
396.	01/06/2020	3:54:11 PM	VLT	$ 0.245	B	3,000	Trade Through
397.	02/06/2020	10:20:30 AM	VLT	$ 0.265	B	7,500	N/A
398.	02/06/2020	10:42:23 AM	VLT	$ 0.270	B	11,000	N/A
399.	02/06/2020	12:36:14 PM	VLT	$ 0.255	B	3,000	N/A
400.	02/06/2020	12:45:41 PM	VLT	$ 0.260	B	2,000	Trade Through
401.	02/06/2020	2:30:19 PM	VLT	$ 0.260	B	2,000	N/A

Appendix 3 to Infringement Notice

MDP 0408/22

Orders on 7 May 2020 in XF1

Client's orders of 7 May 2020 in XF1 transmitted by Ascot to ASX at:

- **7:29:49** Client bids for 200,000 shares at 11.5c, being 3 price steps away from the priority bid price. At this time the Client's bids for XF1 through Ascot totalled 20% of the total volume of bids for XF1 on ASX and 69% of all the volume bid on ASX at the highest 4 price steps (**Order 1**).
- **7:30:01** Client bids for 175,000 shares at 12.0c, being 2 price steps away from the priority bid price. At this time the Client's bids for XF1 through Ascot totalled 32% of the total volume of bids for XF1 on ASX and 80% of all the volume bid on ASX at the highest 4 price steps (**Order 2**).
- **9:22:58** Client bids for 40,000 shares at 13.5c being at the priority bid price. At this time the Client's bids for XF1 through Ascot totalled 33% of the total volume of bids for XF1 on ASX (**Order 3**).
- **9:23:10** Client cancels Order 1.
- **9:23:46** Client amends Order 3 from a bid of 40,000 shares to 75,000 shares (This order was subsequently lowered in volume to 50,000 at 13.5c at 9:25:39 and was subsequently filled on the open at 12.5c).
- **9:24:09** Client amends Order 2 by reducing the volume bid by 75,000 shares to 100,000 shares.
- **10:09:27** Client bids for 175,000 shares at 12.5c, at the priority bid price behind 3 other bids entered earlier totalling 90,206 shares. At this time the Client's bids for XF1 through Ascot totalled 26% of the total volume of bids for XF1 on ASX and 72% of all the volume bid on ASX at the highest 2 price steps (**Order 4**).
- **10:09:43** Client bids for 7,500 shares at 13.0c, trading through the spread, *creating a new intraday high*, being 4% above the open, purchasing 2.7% of Client's total demand resting in the market at lower prices. The trade through is a purchase of 3.10% of the total volume on offer at 13.0c being 245,000 shares available (**Order 5**).
- **10:10:04** Client bids for 10,000 shares at 14.0c crossing the spread, *creating a further new intraday high*, being 12% higher than the open, for less than 20% of the volume on offer at that price, to acquire 3.6% of Client's total demand resting in the market at lower prices (**Order 6**).
- **10:13:00** Client bids for 12,500 shares at 14.0c, at the priority bid price behind a single order of 2,900 shares entered earlier by a third party (**Order 7**).
- **10:13:44** Client bids over Order 7 currently resting at the priority bid price, for 3,000 shares at 14.5c crossing the spread, *creating another new intraday high*, being 16% higher than the open, to acquire 1.10% of the Client's total volume bid, resting in the market at lower prices, despite Order 6 at 14.0c having been

partially filled seconds earlier. The trade through is a purchase of 12.0% of the total volume on offer at 14.5c being 25,000 shares available (**Order 8**).

- **10:21:50** Client bids for 20,000 shares at 15.0c crossing the spread, *creating another new intraday high*, being 20% higher than the open, to acquire 7% of Clients total demand resting in the market at lower prices (**Order 9**).
- **10:22:19** Clients bids for 7,500 shares at 15.5c crossing the spread, *creating another new intraday high*, being 24% higher than the open and 17% above the then volume weighted average price (VWAP) for shares in XF1 at that time, being 13.23c, to acquire 2.7% of Clients total demand resting in the market at lower prices (**Order 10**).
- **10:25:59** Client bids for 10,000 shares at 16.0c crossing the spread, *creating another new intraday high*, being 28% higher than the open and 20% above the VWAP at that time being 13.31c to acquire 3.6% of the Clients total demand resting in the market at lower prices (**Order 11**).
- **11:09:00** Client's Order 7 at 14.0c is passively filled.
- **11:15:27** Client bids for 200,000 shares at 14.0c, behind the priority bid at 14.5c and all other bids at 14.0c totalling 306,654 shares ahead in price or time priority. At this time the Client's bids for XF1 through Ascot totalled 32% of the total volume of bids for XF1 on ASX (**Order 12**).
- **11:23:37** Client enters an ask for 20,000 shares at 15.5c, which immediately partially trades with no price impact, the balance of 16,500 shares rests at priority and is filled by 11:25am (**Ask 1**). The client's sale is undertaken at a price step or 3% lower than Order 11 and at the same price point as Order 10 with the residual a price step above Order 9.
- **11:38:05** Client enters an ask for 30,000 shares at 15.5c which immediately partially trades causing price to fall from 16.0c the balance of 29,192 shares rests at priority and is filled by 11:41:49 (**Ask 2**).
- **11:41:24** Client bids for 220,000 shares at 14.5c, with 14 other bids totalling 239,941 shares ahead. At this time the Client's bids for XF1 through Ascot totalled 40% of the total volume of bids for XF1 on ASX (**Order 13**).
- **11:41:35** Client cancels Order 4.
- **11:41:36** Client cancels Order 2.
- **11:41:50** Client amends Order 12 by reducing the volume by 125,000 shares to 75,000 shares.
- **11:42:24** Client enters an ask for 30,000 shares at 15.5c, which immediately partially trades with no price impact, the balance of 22,676 shares rests at priority and is filled by 11:48:47 (**Ask 3**).
- **11:48:06** Client bids for 90,000 shares at 15.0c at the bottom of the priority, with 6 other bids totalling 50,791 shares ahead in time priority (**Order 14**). At the time of entry of this bid the Client's bids for XF1 through Ascot totalled 27% of the total volume of bids for XF1 on ASX.
- **11:48:10** Client cancels Order 12.

- **11:48:42** Client enters an ask for 29,000 shares at 15.5c which rests at priority behind the unfilled balance of Client's Ask 3 (376 at 15.5c) and is filled by 11:49:42 (**Ask 4**). At the time of entry of this ask the Client's asks for XF1 through Ascot totalled 9% of the total volume of asks for XF1 on ASX.
- **11:49:10** Client enters an ask for 22,000 shares at 15.5c which rests at priority behind the unfilled balance of Client's Ask 4 (376 at 15.5c) and is filled by 11:49:49 (**Ask 5**)
- **11:50:08** Client enters an ask for 25,000 shares at 16.0c which rests at priority and is filled at 11:50:25 (**Ask 6**).
- **11:50:21** Client bids for 75,000 shares at 15.5c being at price priority in time order behind 12,664 shares, this bid is filled at 12:03:01 (**Order 15**)
- **11:50:25** Client cancels Order 13.
- **11:51:08** Client enters an ask for 33,000 shares at 16.0c which rests at priority and is filled by 11:53:06m (**Ask 7**).
- **11:53:06** Client enters an ask for 27,500 shares at 16.5c which initially rests in priority behind orders at the same price (**Ask 8**).
- **11:55:40** Client amends Order 14 from 15.0c up to 16c, to be at the bid price priority behind 4 other earlier bids totalling 73,422, only to cancel the order at 12:00:06 when it was resting behind only 13,422 shares ahead.
- **12:00:18** Client amends price for Ask 8 down to 16c, causing it to partially fill with no price impact and after a further partial fill of 11,000 shares at 12:01:27 it is amended in volume to 44,000 but subsequently cancelled at 12:11:22.
- **12:07:00** Client bids for 125,000 shares at 15.0c being a price step away from priority, with 7 other bids totalling 64,710 shares ahead (**Order 16**).
- **12:26:37** Client enters an ask for 50,000 shares at 15.5c, which immediately partially trades with no price impact with the balance of 18,794 resting at priority to be subsequently filled by 12:28:04 (**Ask 9**).
- **12:27:05** Client bids for 150,000 shares at 15.0c being at the bottom of priority, with 3 other bids totalling 31,821 ahead. At this time the Client's bids for XF1 through Ascot totalled 25% of the total volume of bids for XF1 on ASX (**Order 17**).
- **12:32:19** Client enters an ask for 22,200 shares at 15.5c which rests at priority behind an earlier ask at the same price, with the Client's ask being subsequently filled by 12:32:47. At the time of entry of this ask the Client's asks for XF1 through Ascot totalled 8% of the total volume of asks for XF1 on ASX (**Ask 10**)
- **12:33:24** Client enters an ask for 20,000 shares at 15.5c which rests at priority behind another order but does not trade and is subsequently cancelled at 12:40pm. At the time of entry of this ask the Client's asks for XF1 through Ascot totalled 8% of the total volume of asks for XF1 on ASX (**Ask 11**).
- **12:33:00** Client amends Order 17 bidding an additional 40,000 shares for a total order volume of 190,000 losing priority so instead of having bids totalling 31,821 shares ahead it now has bids totalling 70,821 shares ahead.

- **12:36:59** Client's Order 17 is partially filled for 49,179 shares and for a further 1,500 shares at 12:37:08.
- **12:42:09** Client amends Order 17, lowering the price bid from 15.0c to 14.0c consequently falling in priority to have 303,482 shares ahead.
- **13:36:58** Client amends Order 16 bidding an additional 150,000 shares for a total order volume of loss, thereby losing priority from a bid of 34,500 ahead to 5 bids totalling 89,060 shares ahead. At the time of entry of this amendment the Client's bids for XF1 through Ascot totalled 33% of the total volume of bids for XF1 on ASX.
- **14:08:00** Client further amends Order 16 in price from 15.0c to 13.0c which causes it to fall in priority again from 3 bids totalling 51,500 away from the top of the bid to 14 bids and a total of 372,495 shares away.
- **14:25:00** Client cancels Order 17 being the residual bid of 92,471 shares at 14.0c, less than a minute after it has been partially filled.
- **14:25:59** Client bids for 75,000 shares at 13.5c being at the bottom of the priority, with 6 other bids totalling 61,437 shares ahead of it (**Order 18**). At the time of entry of this bid the Client's bids for XF1 through Ascot totalled 30% of the total volume of bids for XF1 on ASX.
- **14:33:29** Client bids for 750 shares at 14.5c which trade immediately lifting the price from last traded of 14.0c, so 3% higher, to acquire 0.02% of the Clients total demand resting in the market at lower prices, including Order 18 that was 100 times larger entered 8 minutes earlier and Order 16 that was 366 times larger amended lower in price 25 minutes earlier (**Order 19**).
- **16:03:05** Client bids for 12,000 at 14.0c in the match impacting the *indicative* closing price from 13.5c to 14.0c, which if executed at that time would be consistent with last traded price (**Order 20**).
- **16:04:03** Client amends Order 20 increasing the volume bid from 12,000 to 20,000. The *Indicative* closing price had fallen to 13.5c following the removal of a third party bid for 11,729 shares at 14.0c. The Client's increase in volume was sufficient to acquire all 19,815 shares offered at 13.0c and 185 shares of a total of 7,000 shares offered at 14.0c in the match, thereby causing the price to close at 14.0c. If not for Order 20, the Client's resting Order 18 would have been partially filled for 18,453 shares at 13.0c. Order 18 was the next bid behind the priority bid of 1,362, also at 13.5c.
- Order 16 and Order 18 did not trade and being good for day only were cancelled after close.

Appendix 4 to Infringement Notice

MDP 0408/22

Details of alleged failure to report – Rule 5.11.1(1)(b)

15 January 2018

Date	Security	Time	Price	Volume	Description
15/1/2018 (1)	NEA	10:26:27	$ 0.690	400	Trade Through
15/1/2018 (2)	NEA	10:27:56	$ 0.680	20,000	Layering Bid
15/1/2018 (3)	NEA	11:14:19	$ 0.685	200	Trade Through
15/1/2018 (4)	NEA	12:26:58	$ 0.680	500	Layering Bid
15/1/2018 (5)	NEA	14:13:54	$ 0.680	500	Trade Through
15/1/2018 (6)	NEA	14:19:57	$ 0.680	390	Trade Through
15/1/2018 (7)	NEA	14:34:22	$ 0.680	75,000	Layering Bid
15/1/2018 (8)	NEA	15:03:31	$ 0.685	2,000	Trade Through
15/1/2018 (9)	NEA	15:27:29	$ 0.680	3,000	Layering Bid
15/1/2018 (10)	NEA	15:55:43	$ 0.675	86,000	Layering Bid

24 January 2018

Date	Security	Time	Price	Volume	Description
24/1/2018 (11)	NEA	10:10:09	$0.705	500	Trade Through
24/1/2018 (12)	NEA	10:49:54	$0.700	110,000	Layering Bid
24/1/2018 (13)	NEA	13:34:14	$0.695	125,000	Layering Bid
24/1/2018 (14)	NEA	14:07:31	$0.695	50,000	Layering Bid

Date	Security	Time	Price	Volume	Description
24/1/2018 (15)	NEA	15:52:43	$0.695	100,000	Layering Bid

2 February 2018

Date	Security	Time	Price	Volume	Description
2/2/2018 (16)	NEA	9:48:59	$0.750	12,500	Layering Bid
2/2/2018 (17)	NEA	9:56:06	$0.745	55,000	Layering Bid
2/2/2018 (18)	NEA	10:11:28	$0.745	40,000	Layering Bid
2/2/2018 (19)	NEA	10:18:40	$0.750	75,000	Layering Bid
2/2/2018 (20)	NEA	10:21:18	$0.750	150,000	Layering Bid
2/2/2018 (21)	NEA	10:43:57	$0.745	50,000	Layering Bid
2/2/2018 (22)	NEA	12:11:04	$0.735	55,000	Layering Bid
2/2/2018 (23)	NEA	12:52:48	$0.735	75,000	Layering Bid
2/2/2018 (24)	NEA	13:10:51	$0.740	75,000	Layering Bid
2/2/2018 (25)	NEA	14:31:30	$0.735	55,000	Layering Bid
2/2/2018 (26)	NEA	14:54:53	$0.740	75,000	Layering Bid
2/2/2018 (27)	NEA	15:22:02	$0.740	20,000	Layering Bid

5 February 2018

Date	Security	Time	Price	Volume	Description
5/2/2018 (28)	RSG	10:19:09	$1.100	220,000	Layering Bid
5/2/2018 (29)	RSG	10:19:33	$1.11	100	Trade Through
5/2/2018 (30)	RSG	10:29:31	$1.095	175,000	Layering Bid

Date	Security	Time	Price	Volume	Description
5/2/2018 (31)	RSG	10:30:33	$1.095	300,000	Layering Bid
5/2/2018 (32)	RSG	10:31:00	$1.100	220,000	Layering Bid
5/2/2018 (33)	RSG	10:33:12	$1.100	110,000	Layering Bid
5/2/2018 (34)	RSG	10:46:26	$1.095	100,000	Layering Bid
5/2/2018 (35)	RSG	11:05:34	$1.105	40,000	Layering Bid
5/2/2018 (36)	RSG	11:49:02	$1.090	200,000	Layering Bid
5/2/2018 (37)	RSG	11:49:34	$1.095	150,000	Layering Bid
5/2/2018 (38)	RSG	12:30:48	$1.085	220,000	Layering Bid
5/2/2018 (39)	RSG	13:09:17	$1.055	300,000	Layering Bid
5/2/2018 (40)	RSG	13:10:11	$1.060	300,000	Layering Bid
5/2/2018 (41)	RSG	13:11:22	$1.060	300,000	Layering Bid
5/2/2018 (42)	RSG	13:42:21	$1.055	200,000	Layering Bid
5/2/2018 (43)	RSG	13:55:42	$1.055	220,000	Layering Bid
5/2/2018 (44)	RSG	14:02:38	$1.060	220,000	Layering Bid
5/2/2018 (45)	RSG	14:11:34	$1.060	220,000	Layering Bid
5/2/2018 (46)	RSG	14:24:45	$1.065	330,000	Layering Bid
5/2/2018 (47)	RSG	15:32:54	$1.060	110,000	Layering Bid
5/2/2018 (48)	RSG	15:48:50	$1.055	300,000	Layering Bid
5/2/2018 (49)	RSG	15:59:14	$1.050	175,000	Layering Bid

6 February 2018

Date	Security	Time	Price	Volume	Description
6/2/2018 (50)	RSG	10:10:07	$1.020	200,000	Layering Bid
6/2/2018 (51)	RSG	10:11:10	$1.015	400,000	Layering Bid
6/2/2018 (52)	RSG	10:12:01	$1.020	110,000	Layering Bid
6/2/2018 (53)	RSG	10:39:56	$1.025	125,000	Layering Bid
6/2/2018 (54)	RSG	10:45:58	$1.030	400,000	Layering Bid
6/2/2018 (55)	RSG	10:48:17	$1.035	220,000	Layering Bid
6/2/2018 (56)	RSG	10:55:58	$1.045	200	Trade Through
6/2/2018 (57)	RSG	10:57:26	$1.040	275,000	Layering Bid
6/2/2018 (58)	RSG	11:03:36	$1.045	220,000	Layering Bid
6/2/2018 (59)	RSG	11:04:27	$1.045	300,000	Layering Bid
6/2/2018 (60)	RSG	11:26:14	$1.050	275,000	Layering Bid
6/2/2018 (61)	RSG	11:26:57	$1.050	300,000	Layering Bid
6/2/2018 (62)	RSG	11:30:51	$1.055	4,000	Trade Through
6/2/2018 (63)	RSG	11:40:02	$1.055	1,000	Trade Through
6/2/2018 (64)	RSG	11:48:41	$1.050	400,000	Layering Bid
6/2/2018 (65)	RSG	11:51:15	$1.055	300	Layering Bid
6/2/2018 (66)	RSG	11:51:17	$1.055	375,000	Layering Bid
6/2/2018 (67)	RSG	11:52:27	$1.060	200,000	Layering Bid
6/2/2018 (68)	RSG	12:07:18	$1.055	275,000	Layering Bid

Date	Security	Time	Price	Volume	Description
6/2/2018 (69)	RSG	12:08:25	$1.060	275,000	Layering Bid
6/2/2018 (70)	RSG	12:08:58	$1.060	150,000	Layering Bid
6/2/2018 (71)	RSG	12:32:07	$1.045	220,000	Layering Bid
6/2/2018 (72)	RSG	12:33:44	$1.050	200,000	Layering Bid
6/2/2018 (73)	RSG	13:37:48	$1.055	375,000	Layering Bid
6/2/2018 (74)	RSG	13:59:15	$1.060	200,000	Layering Bid
6/2/2018 (75)	RSG	14:38:58	$1.050	330,000	Layering Bid
6/2/2018 (76)	RSG	14:51:20	$1.050	200,000	Layering Bid
6/2/2018 (77)	RSG	15:28:45	$1.045	300,000	Layering Bid

26 March 2018

Date	Security	Time	Price	Volume	Description
26/3/2018 (78)	NEA	10:14:57	$0.970	40,000	Layering Bid
26/3/2018 (79)	NEA	10:19:07	$0.985	2,000	Layering Bid
26/3/2018 (80)	NEA	10:19:39	$0.975	30,000	Layering Bid
26/3/2018 (81)	NEA	10:25:09	$0.985	20,000	Layering Bid
26/3/2018 (82)	NEA	11:02:40	$0.990	30,000	Layering Bid
26/3/2018 (83)	NEA	11:04:07	$0.995	9,000	Layering Bid
26/3/2018 (84)	NEA	12:26:54	$1.005	5,500	Layering Bid
26/3/2018 (85)	NEA	12:28:15	$0.995	90,000	Layering Bid
26/3/2018 (86)	NEA	12:30:32	$1.000	22,000	Layering Bid

Date	Security	Time	Price	Volume	Description
26/3/2018 (87)	NEA	15:29:56	$0.990	33,000	Layering Bid

11 October 2018

Date	Security	Time	Price	Volume	Description
11/10/2018 (88)	RSG	10:14:18	$1.010	200,000	Layering Bid
11/10/2018 (89)	RSG	10:18:59	$1.015	200,000	Layering Bid
11/10/2018 (90)	RSG	10:34:46	$1.015	300,000	Layering Bid
11/10/2018 (91)	RSG	10:37:57	$1.020	2,000	Layering Bid
11/10/2018 (92)	RSG	10:44:04	$1.020	1,000	Layering Bid
11/10/2018 (93)	RSG	11:02:16	$1.020	150,000	Layering Bid
11/10/2018 (94)	RSG	12:01:24	$1.025	110,000	Layering Bid
11/10/2018 (95)	RSG	12:31:22	$1.025	150,000	Layering Bid
11/10/2018 (96)	RSG	12:59:18	$1.035	3,000	Trade Through
11/10/2018 (97)	RSG	13:01:24	$1.035	3,000	Trade Through
11/10/2018 (98)	RSG	13:04:35	$1.035	3,000	Trade Through
11/10/2018 (99)	RSG	13:38:09	$1.025	330,000	Layering Bid
11/10/2018 (100)	RSG	14:15:55	$1.015	22,000	Layering Bid
11/10/2018 (101)	RSG	14:36:52	$1.015	400,000	Layering Bid
11/10/2018 (102)	RSG	14:53:41	$1.015	400,000	Layering Bid
11/10/2018 (103)	RSG	15:21:02	$1.020	2,000	Layering Bid
11/10/2018 (104)	RSG	15:30:12	$1.015	300,000	Layering Bid

20 January 2020

Date	Security	Time	Price	Volume	Description
20/1/2020 (105)	360	15:34:53	$3.07	750	Disproportionate impact on price

31 January 2020

Date	Security	Time	Price	Volume	Description
31/1/2020 (106)	NEA	10:10:13	$1.750	120,000	Layering Bid
31/1/2020 (107)	NEA	10:18:32	$1.750	150,000	Layering Bid
31/1/2020 (108)	NEA	10:19:10	$1.765	120,000	Layering Bid
31/1/2020 (109)	NEA	10:38:47	$1.750	90,000	Layering Bid
31/1/2020 (110)	NEA	11:02:59	$1.795	90,000	Layering Bid
31/1/2020 (111)	NEA	11:44:34	$1.730	90,000	Layering Bid
31/1/2020 (112)	NEA	12:04:43	$1.750	90,000	Layering Bid
31/1/2020 (113)	NEA	12:09:53	$1.755	150,000	Layering Bid
31/1/2020 (114)	NEA	13:57:47	$1.720	90,000	Layering Bid
31/1/2020 (115)	NEA	15:14:22	$1.710	55,000	Layering Bid

Appendix 5 to Infringement Notice

MDP 0408/22

Form of undertaking

Enforceable Undertaking

Corporations Act 2001 (Cth)

Regulation 7.2A.01

The commitments in this undertaking are offered to the Australian Securities and Investments Commission (**ASIC**) by:

Ascot Securities Pty Ltd

ACN 075 902 206

Hall Chadwick L 40 2-26 Park St Sydney NSW 2000

(**Ascot**)

Definitions

In addition to terms defined elsewhere in this undertaking, the following definitions are used:

ASX means Australian Securities Exchange Limited (ACN 000 943 377).

Books has the meaning given by s5(1) of the *Australian Securities and Investments Commission Act 2001* (Cth).

Corporations Act means the *Corporations Act 2001* (Cth).

Deficiency means a gap, risk, weakness and/or defect and **Deficiencies** means two or more.

Final Report means the written report prepared by the independent expert as required under clause 17.

Organisational and Technical Resources means the arrangements Ascot is required to have under Securities MIR 5.5.2.

Securities MIRs means:

a. in relation to conduct occurring on or before 6 May 2018—the *ASIC Market Integrity Rules (ASX Market) 2010*; and

b. otherwise—the *ASIC Market Integrity Rules (Securities Markets) 2017.*

Summary Report means a written summary of the content of the Final Report prepared by the independent expert as required under clause 17.

Supervisory Policies and Procedures means the supervisory policies and procedures Ascot is required to have under Securities MIR 2.1.3.

Background

1. Under section 1 of the ASIC Act, ASIC is charged with a statutory responsibility to perform its functions and to exercise its powers so as to promote the confident and informed participation of investors and consumers in the financial system.

2. Ascot holds Australian financial services (AFS) licence number 246718 and is authorised to provide financial product advice and deal in financial products to retail and wholesale clients. Ascot principally trades in non-complex products (Australian Equities) on the ASX on behalf of mostly wholesale clients and a small portion of retail clients.

3. Ascot became an ASX Market Participant on 19 November 2014. As an ASX Market Participant, Ascot is authorised to submit messages, such as orders, the amendment or cancellation of orders and the reporting or cancellation of transactions in the ASX (Trading Messages) into ASX's trading platform, ASX Trade.

4. Subsection 798H(1) of the Corporations Act requires participants in licensed markets to comply with the market integrity rules.

5. The ASX market is a licensed market and the Securities MIRs are market integrity rules made by ASIC under section 798G of the Corporations Act.

6. As a Market Participant in the ASX market, Ascot is required to comply with the Securities MIRs.

ASIC's concerns

7. ASIC has investigated Ascot's compliance with the Securities MIRs. As a result of its investigation, ASIC is concerned that from 19 November 2014 until at least 1 April 2021 (**Relevant Period**):

    a. Ascot's supervisory policies and procedures relating to the detection and prevention of market manipulation, and the reporting of suspicious trading to ASIC, fell short of the minimum standard to be expected of a business of its nature, size and complexity. In addition, the written policies and procedures were not implemented, monitored or regularly reviewed and updated to ensure effectiveness.

    b. Instead, the procedure in place to identify suspicious trading during the Relevant Period was that each order was required to be authorised by a DTR. The DTRs reviewed orders in an ad-hoc, real-time manner, with the orders reviewed in isolation before being submitted to the market. The DTRs did not use any pre-trade filters to assist them in reviewing orders and without any post-trade analysis being conducted. Even when DTRs did identify patterns of

manipulative trading, the concerns were not treated with the seriousness they deserved.

c. Ascot's lack of appropriate policies, procedures and organisational and technical resources led to Ascot submitting orders to the ASX on behalf of a client where Ascot ought to have reasonably suspected that those orders were likely to have the effect of creating a false or misleading appearance with respect to the market for or price of trading in the relevant security on the ASX. Ascot failed to report those suspicious orders to ASIC. Further, Ascot submitted orders to the ASX on behalf of a client where Ascot ought to have reasonably suspected that the Client placed those Orders with the intention of creating a false or misleading appearance with respect to the market for or price of trading in the relevant security on the ASX. Ascot also failed to report these suspicious orders to ASIC.

8. Accordingly, ASIC is concerned that Ascot may not have complied with the following obligations during the Relevant Period:

a. Securities MIR 2.1.3 which requires Market Participants to have appropriate supervisory policies and procedures to ensure compliance with the Securities MIRs and the Corporations Act;

b. Securities MIR 5.5.2 which requires Market Participants to have and maintain the necessary organisational and technical resources to ensure compliance with the Securities MIRs;

c. Securities MIR 5.7.1(b)(iii) which requires Market Participants to refrain from transmitting orders to the market on account of any other person where, taking into account the circumstances of the order, the Market Participant ought reasonably suspect that the person has placed the order with the intention of creating a false or misleading appearance of active trading in any financial product or with respect to the market for, or the price of, any financial product;

d. Securities MIR 5.11.1, which requires Market Participants to notify ASIC in writing of reportable matters, including suspicious transactions or orders transmitted to a trading platform; and

e. Section 798H(1) of the Corporations Act which requires Market Participants to comply with the Securities MIRs.

9. On 24 November 2023, the Markets Disciplinary Panel decided that it had reasonable grounds to believe that Ascot had contravened Rules 2.1.3, 5.5.2, 5.7.1(b)(iii) and 5.11.1(1)(b) of the Securities MIRs.

10. On 24 November 2023, ASIC issued an infringement notice to Ascot under regulation 7.2A.04 of the Corporations Regulations (**Infringement Notice**).

11. The Infringement Notice required Ascot to give an undertaking to ASIC under regulation 7.2.A.01 of the Corporations Regulations on the terms set out below.

12. Ascot has offered, and ASIC has agreed to, the undertakings set out below.

Undertakings

13. Ascot undertakes to request ASIC to approve, within 15 business days of the date that ASIC accepts the enforceable undertaking (or within such longer period as may be agreed by ASIC and Ascot):

    a. the appointment of an independent expert that meets the criteria in paragraph 16; and

    b. draft terms of engagement for that independent expert that meet the requirements of paragraph 17.

14. If ASIC approves the draft terms of engagement and the independent expert following a request by Ascot under paragraph 13, Ascot undertakes to appoint the approved independent expert on the terms approved by ASIC, within 10 business days of receiving ASIC's approval (or within such longer period as may be agreed by ASIC and Ascot);

15. If ASIC does not approve the independent expert and/or the draft terms of engagement following a request by Ascot under paragraph 13, Ascot undertakes to submit a revised request within 10 business days of being notified that ASIC does not approve.

16. Ascot undertakes to nominate, under subparagraph 13a, an independent expert who, in Ascot's opinion:

    a. has the necessary expertise, experience and operational capacity to perform the role contemplated by the enforceable undertaking;

    b. is independent of Ascot, its related bodies corporate and its officers at the time of appointment; and

    c. will, at all material times, be capable of exercising objective and impartial judgement in connection with the roles contemplated by paragraph 17.

17. Ascot undertakes to ensure the terms of the independent expert's engagement provided to ASIC for approval under subparagraph 13b:

    a. require the independent expert to:

        i. conduct a review of Ascot's current Organisational and Technical Resources and Supervisory Policies and Procedures as they relate to ensuring compliance with Securities MIRs 5.7.1 and 5.11.1, including

assessing and testing the adequacy, and operational effectiveness of, Ascot's controls, systems and processes (**Review**);

ii. identify Deficiencies (if any) in Ascot's Organisational and Technical Resources and Supervisory Policies and Procedures referred to in subparagraph 17ai; and

iii. where Deficiencies are identified in Ascot's Organisational and Technical Resources and Supervisory Policies and Procedures referred to in subparagraph 17ai, make recommendations for how to remedy those Deficiencies (**Recommendations**).

b. require the independent expert to, within 90 days following their appointment, or such later date agreed in writing by ASIC and Ascot, provide to ASIC a written Final Report and a Summary Report on the Review, any Deficiencies identified and the Recommendations.

c. require that the independent expert's Final Report must set out:

i. a description of how the independent expert conducted its assessments;

ii. a list of the title and position of representatives of Ascot and any third-party service providers that the independent expert interviewed in conducting its assessments;

iii. a list of the Books, or extracts from those Books, which were most relevant in the view of the independent expert to its assessments;

iv. if any sample-based testing was conducted by the independent expert, a description of the sampling approach used by the independent expert and the sample size;

v. each of the factual findings or assumptions on which an opinion of the independent expert is based;

vi. particulars of the relevant training, study or experience by which the independent expert has acquired specialised knowledge to conduct their assessments;

vii. each of the independent expert's opinions regarding the adequacy of Ascot's Organisational and Technical Resources and Supervisory Policies and Procedures relating to the detection and prevention of suspicious trading and reporting suspicious trading (set out separately from the factual findings or assumptions);

viii. the reasons for each of the independent expert's opinions;

ix. an explanation of any limitations on or qualifications to the opinions expressed in the report, and the reasons for those limitations or qualifications;

x. a declaration as to whether the independent expert has made all inquiries in connection with its assessments which the independent expert believes are desirable and appropriate; and

xi. whether, to the independent expert's knowledge, any material information which the independent expert regards as relevant to its assessments has been withheld from the independent expert.

d. include a statement to the effect that the work of the independent expert is being carried out for Ascot and ASIC and acknowledging that ASIC is relying on the work of the independent expert;

e. include a statement that upon request by ASIC, ASIC is to be copied into all or some communications between Ascot and the independent expert in relation to the Review;

f. require the independent expert to notify ASIC where a conflict of interest arises during the engagement or when the independent expert becomes aware of information that adversely affects its ability to exercise objective and impartial judgment; and

g. include an acknowledgement that, in relation to the written Final Report and Summary Report to be given to ASIC and Ascot, ASIC may from time to time publicly refer to the content of the report, and may make the Summary Report or a statement that refers to the content of the report public.

18. If the Final Report sets out one or more Recommendations, Ascot undertakes to decide within 15 business days of the Final Report being provided (or such later date as may be agreed by ASIC and Ascot) to advise ASIC in writing:

a. Which of the Recommendations it proposes not to implement and why; and

b. Which of the Recommendations in the Final Report it proposes to implement, and:

i. the specific actions it proposes to take to implement the Recommendation;

ii. a timetable for the implementation of each Recommendation that specifies the date by which each Recommendation will be implemented; and

iii. identifying the allocation of sufficiently qualified and skilled staff to implement each Recommendation and specifying who will ultimately be responsible for each Recommendation.

(**Remediation Plan**)

19. Ascot undertakes that it will not unreasonably decide not to implement any Recommendation made by the independent expert.

20. Ascot undertakes to:

    a. implement all Recommendations that it decides to implement within the timeframes notified to ASIC; and

    b. provide monthly reports to ASIC, due on the last business day of the month, until such time as Ascot reasonably believes that the Remediation Plan has been completed, setting out Ascot's reasonable belief as to:

        i. the progress of the implementation of the Recommendations; and

        ii. if there are any issues which preclude or materially impact the implementation of any Recommendations, a summary of those issues and what action Ascot will take to address these.

21. Ascot undertakes to permit the independent expert to have reasonable access to Ascot's systems and records, and to interview persons involved in its business, for the purposes of enabling the expert to carry out the review and prepare the report.

22. Ascot undertakes to give the independent expert any information or explanation reasonably requested by the expert of any matter connected with the review and report.

23. Ascot undertakes to pay the costs of its compliance with this enforceable undertaking.

24. Ascot acknowledges that ASIC can make publicly available the following information:

    a. a copy of this enforceable undertaking;

    b. a copy of the Summary Report; and

    c. a summary of which Recommendations Ascot decided to implement, or not implement (and reasons);

    excluding information which ASIC is satisfied would be unreasonable to make publicly available because it would unreasonably affect the business, commercial or financial affairs of Ascot otherwise than in a way that arises from the outcomes of the undertaking.

25. Ascot also acknowledges that:

    a. ASIC may from time to time publicly report about compliance with the enforceable undertaking; and

b. the enforceable undertaking has no operative force until accepted by ASIC.

26. Ascot and ASIC acknowledge that the date of the enforceable undertaking is the date on which it is accepted by ASIC.

EXECUTED by **ASCOT SECURITIES PTY LTD** in accordance with s 127(1) of the *Corporations Act 2001*

Signature of director	Signature of director/company secretary
Name	Name of director/company secretary
Date	Date

Accepted by the Australian Securities and Investments Commission under reg 7.2A.01 of the Corporations Regulations 2001 by its duly authorised delegate:

……..
Delegate of Australian Securities and Investments Commission
Date accepted by ASIC: