

23 October 2025

Senior Manager, Markets Regulation
Markets Group
Australian Securities and Investments Commission
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Sent via email: markets.consultation@asic.gov.au

Dear Sir/Madam

Submission – ASIC Market Integrity Rules

We note the proposals to amend the trading system and automated trading obligations in the ASIC Market Integrity Rules (Securities Markets) 2017 ('MIRs'). Your recent consultation paper (CP) 386 regarding these proposals states that as well as responding to the specific proposals and questions, that you are also keen to hear about any other issues considered important.

As we can see from the mark-up contained in Attachment 2 to CP 386, specifically updating references to Chi X Australia along with other minor or technical amendments, we take it that you are open to taking the opportunity to make some other improvements to the MIRs.

Certain obligations in the MIRs could be updated and modernised to better suit the implementation of market bids under Chapter 6 of the Corporations Act (defined in the MIRs as a 'Takeover Market Bid'). We have three suggestions as indicated below.

Suggestion 1 – Rule 5.10.2- dealing exceptions

We suggest that an additional paragraph should be added as an additional exception in Rule 5.10.2, perhaps as a paragraph (ca) after paragraph (c), that provides:

'where the Trading Participant is acting on behalf of a Bidder in relation to a Takeover Market Bid and the Bidder is required to offer to buy all the Cash Market Products in the Bid Class that currently exist;'

This addition would better align the dealing prohibition in Rule 5.10.1 and the corresponding

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exceptions in Rule 5.10.2 with the very specific statutory requirement to make ‘full coverage offers’ as set out in sections 617(3) and 618(3) of the Corporations Act, requiring offers to be for all the securities in the bid class, including newly issued securities.

The legal obligation on the bidder to make full coverage offers should prevail over the dealing restrictions in the MIRs or relevant Market operating rules. Current legal commentaries are inconsistent on whether the Market Participant should wait until the new shares (or other Cash Market Products) have been granted Official Quotation by the listing market.

Suggestion 2 – Rule 5.12.1(2)(a) – number of securities in the bid class

We suggest that a bid announcement made under Rule 5.12.1 would better serve the relevant Markets if the words ‘latest known’ were inserted before the words ‘total number’ in paragraph 5.12.1(2)(a). This would reinforce the principle that the number of Cash Market Products in the Bid Class may well increase during the bid period (as contemplated by Corporations Act section 617(3)(b)) and the takeover bid must make full coverage offers as mentioned above. If these additional words are not inserted, the bid announcement as driven by the Rule’s current wording leaves the impression that the total amount will not change. In our view, the statement required by Rule 5.12.1(2)(e)(ii) does not do enough to qualify the ‘total number’ disclosure driven by the earlier paragraph.

Suggestion 3 – Rule 5.12.1 – more than one Market

We suggest that an additional paragraph should be added to prompt additional important information to be included in the bid announcement made under Rule 5.12.1(2), perhaps as a paragraph (ca) after paragraph (c). This paragraph would read:

‘the Market where Cash Market Products in the Bid Class have been granted Official Quotation, whether as Equity Market Products they are able to be traded on more than one Market, and the Order Books to which the Market Participant may transmit Client Orders;’

As ASIC is aware, most would-be bid class securities are quoted on ASX as well as on Cboe (both are ‘declared financial markets’) and are therefore able to be traded on both Markets. While the expression ‘Official Quotation’ (as defined in the MIRs) primarily applies to the listing market ASX at present (until Cboe Australia starts having target companies bound by its new listing rules), the Market Participant, in our experience, will offer to buy bid class securities on the Cboe Market as well. Of course, not all Market Participants acting on behalf of a Bidder are Cboe participants as well as ASX participants.

This additional disclosure would make it clear that trading messages might be submitted in relation to the Takeover Market Bid to the Cboe Market as well as the ASX Market (being the ‘relevant financial market’). The expressions we have suggested are consistent with terminology already used in Rules 3.4A.1 and 3.9.1. If this additional paragraph is not inserted, the bid announcement as driven by the Rule’s current wording leaves the impression that the buying on behalf of the Bidder will only be on the ASX Market.

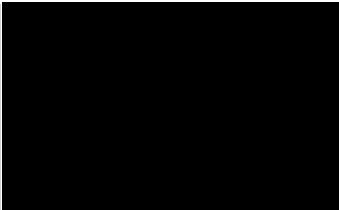
We thought it better to make these suggestions by way of separate letter, rather than by

making what might have been a non-conforming submission commenting on CP 386, which we appreciate relates to rules for trading systems and automated trading.

If you have any questions regarding this letter, please do not hesitate to contact us.

Yours faithfully

New England Corporate Services Pty Ltd



Sebastian Hempel
Legal Practitioner Director

