



ASIC

Australian Securities & Investments Commission

REPORT 327

ASIC supervision of markets and participants: July to December 2012

February 2013

About this report

This report summarises key operational statistics and outcomes of ASIC's market and participant supervisory functions in relation to ASX, ASX 24 and other market licensees for the period 1 July to 31 December 2012.

A summary of ASIC's markets-related enforcement outcomes, for the period 1 July to 31 December 2012, is provided in Section C of the report.

About ASIC regulatory documents

In administering legislation ASIC issues the following types of regulatory documents.

Consultation papers: seek feedback from stakeholders on matters ASIC is considering, such as proposed relief or proposed regulatory guidance.

Regulatory guides: give guidance to regulated entities by:

- explaining when and how ASIC will exercise specific powers under legislation (primarily the Corporations Act)
- explaining how ASIC interprets the law
- describing the principles underlying ASIC's approach
- giving practical guidance (e.g. describing the steps of a process such as applying for a licence or giving practical examples of how regulated entities may decide to meet their obligations).

Information sheets: provide concise guidance on a specific process or compliance issue or an overview of detailed guidance.

Reports: describe ASIC compliance or relief activity or the results of a research project.

Previous reports on ASIC supervision of markets and participants

Report number	Report date
REP 296	August 2012
REP 277	February 2012
REP 243	July 2011
REP 227	January 2011

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Overview

ASIC supervision of markets and participants

ASIC is responsible for the supervision of holders of Australian market licences (market licensees). We conduct real-time surveillance of equities trading on the ASX and (since 31 October 2011) Chi-X markets, and we supervise compliance in those markets with the *Corporations Act 2001* (Corporations Act) and ASIC market integrity rules. We also seek to ensure that Australian financial services (AFS) licence conditions are met by market participants.

Our core objective, in the supervision of market licensees, is the promotion of investor confidence through fair and efficient markets. This requires a market infrastructure that is robust, where the trading, clearing and settlement of transactions is orderly and efficient, and where market misconduct is minimised. We do this through ongoing engagement with stakeholders, the surveillance of markets and market participants, education and guidance, and our enforcement activities.

We are committed to reducing instances of market misconduct by:

- ensuring that market participants have controls or filters on the orders placed into the market in accordance with required standards;
- supervising markets and market participants to detect market misconduct quickly; and
- conducting timely investigations of market and market participant misconduct, resulting in significant penalties where warranted.

This report summarises key operational statistics and outcomes of our market and market participant supervisory functions in relation to ASX, ASX 24 (previously the Sydney Futures Exchange) and Chi-X for the reporting period 1 July to 31 December 2012.

During the reporting period, ASIC established taskforces to consider the areas of dark liquidity and high-frequency trading, which in recent years have grown considerably in equity markets. The findings and any recommendations to emerge from this work will be reported on in the coming months.

In December 2012, ASIC announced the result of its tender for a new surveillance system to operate on expiry of the current contract with SMARTS. The new system allows ASIC to plan for a future that will include new technologies and greatly increased message traffic, competition between trading venues and globalisation of markets. It will also provide real-time

supervision capabilities for ASX 24, to enable monitoring of trading across markets and products.

Key outcomes

ASIC achieved key regulatory and enforcement outcomes during the period, building on the results already achieved in the first 23 months of market supervision.

A total of 27 matters were referred to ASIC's Enforcement team for formal investigation, ten of these were referred within 30 days of detection, and another nine within the first 60. This continues the reduction in time taken to commence investigations: of the 138 matters referred to Enforcement since ASIC took over supervision, 42 have been within 30 days, included in a total of 93 within 60 days. Detailed statistics are contained in Section A.

There were also six instances of alleged breaches of the market integrity rules referred to Enforcement. The key market integrity rule issues during the period were the late lodgement of annual and monthly capital returns and the provision of inappropriate advice. Further details are contained in Section A.

Our surveillance and policy work was buttressed by the dark liquidity and high-frequency trading taskforces, whose establishment was foreshadowed in Report 296 *ASIC supervision of markets and participants: January to June 2012* (REP 296). A total of five high-frequency trading matters were referred to Enforcement for formal investigation, and since the end of the reporting period, the dark liquidity taskforce has also referred a dark pool related matter to Enforcement for formal investigation.

As in previous reporting periods, problematic algorithms and the effect of high-frequency trading algorithms continue to be of concern. In particular, wash trades (which occur when one account executes both sides of the trade) are a significant obstacle in maintaining fair and orderly markets. The existence of the high-frequency trading taskforce allowed ASIC to actively and candidly engage with market participants on this topic and, in some cases, get swift corrective action.

In addition to supervising market participants, we continue to closely monitor the conduct of securities dealers—AFS licensees who are not market participants but sell their securities products through a market participant. We continue to find securities dealers who are failing to adequately supervise their representatives, and have entered into enforceable undertakings where appropriate. There have also been several instances of new procedures being put in place to deal with ASIC's concerns.

A continuing area of concern is that of misleading statements in advertising, some of which were required to be removed. Further details are found in Section B.

On enforcement outcomes, the most notable were four individuals being handed sentences for insider trading, and the Markets Disciplinary Panel (MDP) issuing seven infringement notices with penalties of up to \$80,000. Further details can be found in Section C.

A Market surveillance and supervision

This section provides details of our real-time market surveillance and supervision activity, preliminary and formal enquiries, and pre-emptive supervision action for the period 1 July to 31 December 2012.

Real-time surveillance of Australia's licensed financial markets

ASIC's Market Surveillance team uses the SMARTS trade surveillance system, internally developed market monitoring tools and information provided by the market and other ASIC stakeholder groups to identify possible market misconduct matters.

Trade surveillance alerts are indicators of unusual trading activity. During the reporting period, there were 19,430 alerts compared to 22,225 alerts generated during the previous reporting period: see Table 1. The drop in alerts is partially the result of the continued calibration of alerts. Calibration is crucial to reducing the instances of false positives of suspicious conduct. The number of alerts is also affected by factors including general market volatility, the level of corporate transactions and trading conditions generally. ASIC expects that its new enhanced market surveillance system will, in time, provide for the further refinement and calibration of alerts, and lead to greater efficiencies.

Table 1: Trade surveillance alerts, preliminary enquiries and referrals to Enforcement team

Surveillance activity	Previous periods		Current period
	1 July–31 Dec 2011	1 Jan-30 June 2012	1 July–31 Dec 2012
Total number of alerts	20,029	22,225	19,430
Markets enquiries conducted	131	114	86
Referrals to Enforcement team	23	36	27

Markets enquiries

Enquiries are conducted where our market surveillance analysts are not able to explain an alert or a series of alerts by reference to available market information, including media, internet chat sites, broker research and dialogue with brokers. During such enquiries, the Market Surveillance team will call participants and investors. On occasions, it will use the compulsory powers available to ASIC to obtain evidence of possible market misconduct.

In the course of our market enquiries, we may use ASIC's powers to obtain information from participants, clients, listed entities, and corporate and other advisers. There were 86 such enquiries undertaken during this reporting period, compared with 114 markets enquiries in the previous period: see Table 2. While the number of enquiries has fallen, the number of referrals to Enforcement is broadly in line with previous periods, reflecting the team's focus on serious market misconduct matters that warrant a referral to Enforcement.

We continue to work closely with ASX in identifying and investigating possible breaches of the continuous disclosure requirements. The number of continuous disclosure related enquiries fell in the period, perhaps reflecting the reduced level of corporate activity.

Table 2: Markets enquiries

Alleged offence	Previous periods		Current period
	Number of enquiries (1 July–31 Dec 2011)	Number of enquiries (1 Jan–30 June 2012)	Number of enquiries (1 July–31 Dec 2012)
Insider trading	74	63	40
Market manipulation	25	28	29
Continuous disclosure	10*	9	5
Breach of market integrity rules	22	14	12
Total	131	114	86

* Five enquiries were commenced during the period as a result of continuous disclosure referrals from ASX.

We have referred six matters relating to possible market manipulation breaches to Enforcement for investigation in this reporting period, and a total of 12 matters relating to breaches of market integrity rules: see Table 3.

Table 3: Market matters referred to Enforcement for investigation

Alleged offence	Previous periods		Current period
	1 July–31 Dec 2011	1 Jan–30 June 2012	1 July–31 Dec 2012
Insider trading	6	13	6
Market manipulation	5	5	6
Continuous disclosure	3	3	3
Breach of market integrity rules	9	15	12
Total	23	36	27

Pre-emptive supervision action

ASIC also proactively seeks to change behaviour by providing guidance before misconduct occurs. This often occurs through active dialogue with market participants. Table 4 summarises instances where discussions with participants have led to the amendment of order execution methods and the review of trading algorithms.

Automated trading continues to be a key area of focus for ASIC. Following questioning by ASIC, several market participants have agreed to put in place new filters and processes to ensure that such orders are reviewed by a designated trading representative (DTR) before being released to the market.

Table 4: Pre-emptive supervision action

Pre-emptive action relating to:	Previous periods		Current period
	1 July–31 Dec 2011	1 Jan–30 June 2012	1 July–31 Dec 2012
Execution strategy	10	10	12
Algorithmic trading and filter issues*	7	5	6
Other	4	1	5
Total	21	16	23

* We amended this category in the period 1 July–31 December 2011 to include filter issues associated with algorithmic trading.

We have noticed a drop in issues relating to exchange-traded funds, namely those trading at a price significantly above or below the underlying indices, as identified in REP 296.

We encourage market participants to raise any trading issues or concerns at an early stage. The Market Surveillance team may be contacted via the hotline and the markets email address:

Hotline: 1300 029 454

Email: markets@asic.gov.au

B Supervision of market participants and securities dealers

This section summarises our supervision activity of market participants and securities dealers from 1 July to 31 December 2012. Table 5 details market participant compliance activity.

Compliance activity

Market participants

We have made a number of referrals to Enforcement in relation to market participants. Four of these were for possible disciplinary action by the MDP due to late lodgement of annual or monthly capital returns. ASIC has taken a zero-tolerance approach to the late lodgement of these returns, to highlight the importance of participants providing ASIC with evidence—on a timely basis—that they are complying with capital and minimum liquidity provisions.

We have also found from our reviews of market participants instances of inadequate monitoring of manipulative trading by clients. Three participants have agreed to additional controls and measures to help detect clients engaging in manipulative trading such as ‘marking the close’. We have also found market participants incorrectly issuing Statements of Advice, suggesting that the personal circumstances of the client were being considered when the advice was, in fact, only of a general nature. This behaviour is not permitted under the Corporations Act.

Table 6 notes that 28 automated order processing (AOP) certifications were received between 1 July and 31 December 2012, up three from 25 in the previous reporting period. Applications and notifications to ASIC for the period included the renewal of accredited derivatives advisers (ADAs) and the updating of management structures. In accordance with the market integrity rules, market participants must submit details of their management structures when there has been a material change.

Securities dealers

ASIC continues to find securities dealers who fail to adequately supervise their representatives. Some of these representatives were found to have issued marketing material that may be misleading, including for one securities dealer, share price targets in most of its advice recommendations that were unlikely to be reached. Coupled with unreasonable claims that this would lead to substantial profits to clients, these price targets were based

purely on the participant's opinion, and there was no evidence to suggest they would be attained. These statements were all reviewed by the securities dealer, and a new process put in place to review price targets, as well as increased disclosure in its research reports.

We have also conducted a number of proactive reviews of securities dealers relating to adequacy of record-keeping procedures and processes, advertising, and general compliance processes. Several of these reviews resulted in outcomes, including warning letters, referrals to Enforcement and referrals to the ASIC's Participant Compliance team, often due to concerns about adequacy of supervision.

Reviews have identified securities dealers that have:

- not maintained adequate records to show that clients are wholesale clients;
- incorrectly provided Statements of Advice when giving only general advice; and
- not adequately monitored client trading for manipulative and insider trading.

In each of these instances, new procedures are being, or have been, put in place to deal with ASIC's concerns.

Table 5: Participant compliance—Key activity summary

Compliance activity	Previous periods						Current period			
	1 July–31 Dec 2011			1 Jan–30 June 2012			1 July–31 Dec 2012			
	Outstanding at 1 July 2011	New	Completed	Outstanding at 1 Jan 2012	New	Completed	Outstanding at 30 June 2012	New	Completed	Outstanding at 31 Dec 2012*
Surveillance (includes business-as-usual equities and futures participants, reactive, proactive and targeted)	64	72	77	59	78	64	73	63	66	70
Monitoring and remediation	14	5	14	5	5	5	5	4	2	7
Risk-based assessment visits	20	41	61	0	31	22	9	17	19	7
Industry presentations	–	5	5	–	21	21	–	8	8	–

* Matters 'Outstanding at 31 Dec 2012' represent the opening balance at the beginning of the reporting period (i.e. matters 'outstanding at 30 June 2012') plus 'new' matters less 'completed' matters.

Table 6: Participant compliance applications, waivers, notifications and exemptions

Applications, waivers, notifications and exemptions	Previous periods						Current period			
	1 Jan–30 June 2011			1 July–31 Dec 2011			1 July–31 Dec 2012			
	Outstanding at 1 July 2011	New	Completed	Outstanding at 1 Jan 2012	New	Completed	Outstanding at 30 June 2012	New	Completed**	Outstanding at 31 Dec 2012*
Applications†	2	245	243	4	162	166	0	188	187	1
Waivers requested (ASX)‡	1	3	4	0	3	2	1	1	2	0
Waivers requested (ASX 24)‡	1	7	6	2	3	3	2	0	1	1
Waivers requested (Chi-X)#	0	1	1	0	0	0	0	1	1	0
Waivers requested (Competition)	0	0	0	0	0	0	0	6	6	0
Relief applications†	6	14	15	5	15	11	9	8	13	4
AOP certifications received (includes significant changes)	1	59	57	3	25	24	4	28	26	6
Notifications (includes professional indemnity insurance, responsible executive changes and ADA withdrawals)	8	385	385	8	156	154	10	285	285	10

* Applications, waivers, notifications and exemptions 'outstanding at 31 Dec 2012' represent the opening balance at the beginning of the reporting period (i.e. 'outstanding at 1 July 2012') plus 'new' applications, waivers, notifications and exemptions matters less 'completed' applications, waivers, notifications and exemptions.

** 'Completed' includes applications, waivers, and relief applications where an in-principle decision has been made, but is yet to be finalised. This is consistent with the ASIC Service Charter.

† This includes ADA accreditation, reaccreditation, exemptions and business connections consents.

‡ Waivers relate to ASIC market integrity rules and relief applications relate to the Corporations Act.

The Chi-X Australia market commenced operations on 31 October 2011.

Referrals and complaints about participants

The teams also reviews referrals from ASIC's Misconduct and Breach Reporting division, which receives complaints or questions from the public. The following specific referrals were reviewed between 1 July and 31 December 2012:

- three complaints made by the public about securities dealers and market participants;
- eight Corporations Act breaches that were self-reported by market participants;
- three Corporations Act breaches that were reported by the auditors of market participants relating to the actions of the market participants; and
- three market integrity rule breaches that were self-reported by market participants.

Between 1 July and 31 December 2012, the Market Participants teams reviewed no referrals from ASX, and eight notifications that were made in respect of trust account deficiencies.

Market participants: Enforcement referrals

Table 7 lists the market participant matters referred to Enforcement. Six matters were referred in total, with a zero-tolerance approach to late lodgement of capital returns, consistent with the importance of participants providing ASIC with evidence—on a timely basis—that they are complying with capital and minimum liquidity provisions.

Table 7: Market participant matters referred to Enforcement for investigation

Alleged offence	Previous periods		Current period
	1 July–31 Dec 2011	1 Jan-30 June 2012	1 July–31 Dec 2012
Adviser: unauthorised trading	–	–	–
Breach of market integrity rule:			
• order records	1	–	–
• trust account obligations	–	–	1
• clients' segregated accounts	–	1	–
• no responsible executive	1	–	–
Supervision of representatives	–	–	–

Alleged offence	Previous periods		Current period
	1 July–31 Dec 2011	1 Jan-30 June 2012	1 July–31 Dec 2012
Participant: Corporations Act misconduct	–	–	–
Misleading and deceptive conduct	1	–	–
Inappropriate advice	1	–	1
Capital	–	–	4
Total	4	1	6

The Market Participants teams may be contacted via the hotline and the Market Participants email address:

Hotline: 1300 029 454

Email: market.participants@asic.gov.au

C Markets-related enforcement outcomes

This section provides a summary of ASIC's markets-related enforcement outcomes from 1 July to 31 December 2012 and provides a comparison against the two staggered (by six months) two-year periods to 31 December 2012. Given the time taken to identify and investigate cases, the two-year reporting period provides a better trend indication of our enforcement outcomes.

Investigation and enforcement outcomes

Table 8 details significant market integrity related outcomes for the period 1 January 2011–31 December 2012, compared to the preceding two-year period ending 30 June 2012. It includes a 'snapshot' of the outcomes for the current six-month period ending 31 December 2012.

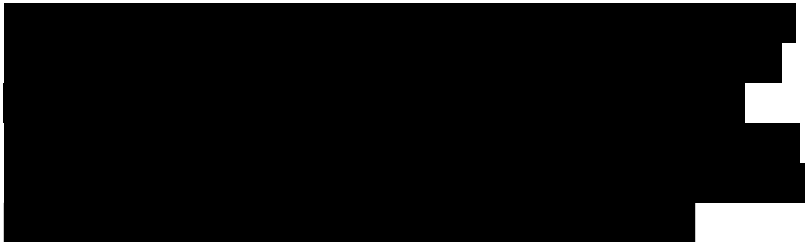
Table 8: Investigation and enforcement outcomes

Significant market integrity related outcomes	Previous two-year period	Current two-year period	
	1 July 2010–30 June 2012 (Two years)	1 Jan 2011–31 Dec 2012 (Two years)	1 July–31 Dec 2012 (Six months)
Bannings	2	–	–
Insider trading pleas, verdicts and judgements	7	9	5
Continuous disclosure infringement notices	7	6	1
Other sanctions (enforceable undertakings and pecuniary penalties)	6	13	8
Market manipulation pleas, verdicts and judgements	3	1	–
Total	25	29	14

Enforcement outcomes

Insider trading

For the six-month period 1 July–31 December 2012, the following enforcement outcomes were reached for insider trading charges:

- 
- [Media release withdrawn in accordance with ASIC policy - see [INFO 152 Public comment on ASIC's regulatory activities](#)]
- [Media release withdrawn in accordance with ASIC policy - see [INFO 152 Public comment on ASIC's regulatory activities](#)]
- Dr Stuart Fysh, a former executive vice president of BG Group PLC, a large international gas company, was sentenced to two years imprisonment and ordered to spend at least 12 months in prison before being eligible for parole for insider trading (see [12-325 MR](#)).

Continuous disclosure breaches

Northern Iron Limited paid a \$66,000 penalty after ASIC served an infringement notice alleging the company had failed to comply with the continuous disclosure provisions of the Corporations Act and relevant provisions of the ASX Listing Rules in relation to its failure to immediately disclose information to the ASX when that information ceased to be confidential (see [12-324 MR](#)).

Markets Disciplinary Panel


For the six-month period 1 July–31 December 2012, the following infringement notices were issued by the MDP:

- Citigroup paid a \$30,000 penalty after the MDP served an infringement notice alleging the company had contravened s798H(1) of the Corporations Act by contravening Rule 5.9.1 of the ASIC Market Integrity Rules (ASX Market) 2010 (see [12-204 MR](#));

Note: In this document, 'Rule 5.9.1 (ASX)' (for example) refers to a particular rule of the ASIC Market Integrity Rules (ASX Market) 2010.

- Commonwealth Securities Ltd paid a \$50,000 penalty after the MDP served an infringement notice alleging the company contravened

s798H(1) of the Corporations Act by contravening Rule 5.5.2 (ASX) (see [12-234 MR](#));

- Credit Suisse Equities (Australia) Limited paid a \$52,000 penalty after the MDP served an infringement notice alleging the company had contravened s798H(1) of the Corporations Act by contravening Rule 5.6.1 (ASX) (see [12-239 MR](#));
- 
- J.P. Morgan Securities Australia Limited paid a penalty of \$30,000 to comply with an infringement notice given to it by the MDP, for effecting on two occasions an off-market special crossing in securities of an issuer, NIB Holdings Limited, on behalf of NIB during the term of an on-market buy-back offer being conducted by NIB (see [12-287 MR](#));
- BGC Partners (Australia) Pty Limited paid a penalty of \$45,000 to comply with an infringement notice given to it by the MDP for intentionally withholding the entry of buy and sell orders on the ASX 24 market to enable them to transact with one another, which potentially precluded other participants from participating as counterparty to the orders (see [12-303 MR](#)); and
- Euroz Securities Limited paid a penalty of \$20,000 to comply with an infringement notice given to it by the MDP for effecting an off-market special crossing in the shares of an issuer, iiNet Limited, on behalf of that issuer during the term of an on-market buy-back offer being conducted by that issuer (see [12-310 MR](#)).

Under reg 7.2A.15(4)(b)(ii) of the Corporations Regulations 2001, compliance with an infringement notice is not an admission of guilt or liability and neither entity is taken to have contravened s798H(1) of the Corporations Act.

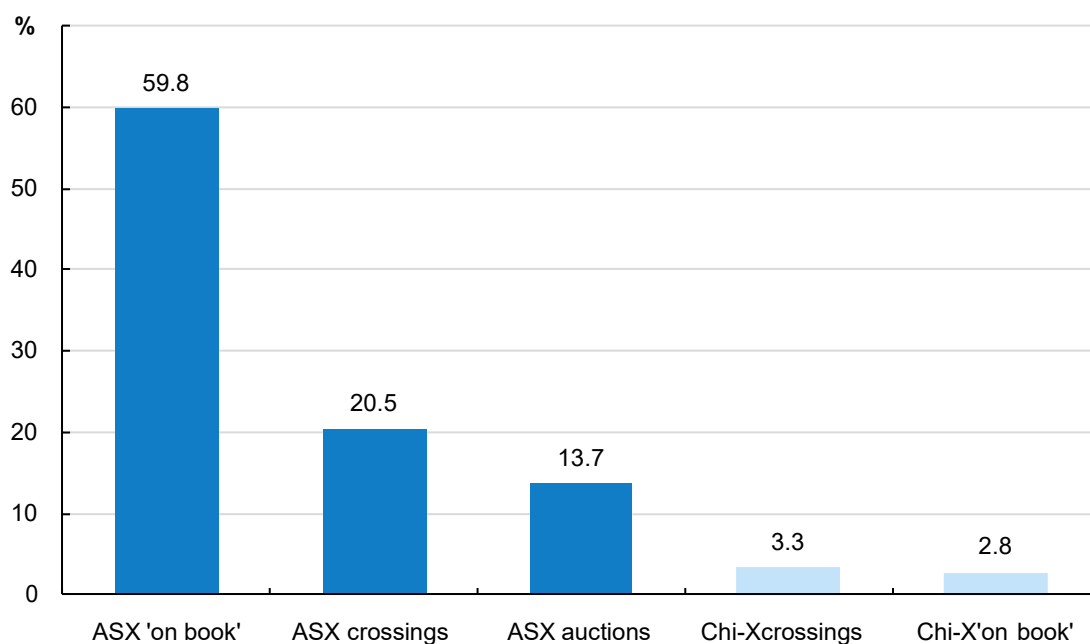
D Markets statistics

This section, new to this report, provides some of the key market metrics for the six-month period ending 31 December 2012. In some instances, the data provided extends beyond the last six month period for the purposes of providing a fuller picture and to more readily identify trends.

Market share

Figure 1 details execution venue by turnover in Australian equity market products, as defined in the ASIC Market Integrity Rules (Competition in Exchange Markets) 2011.

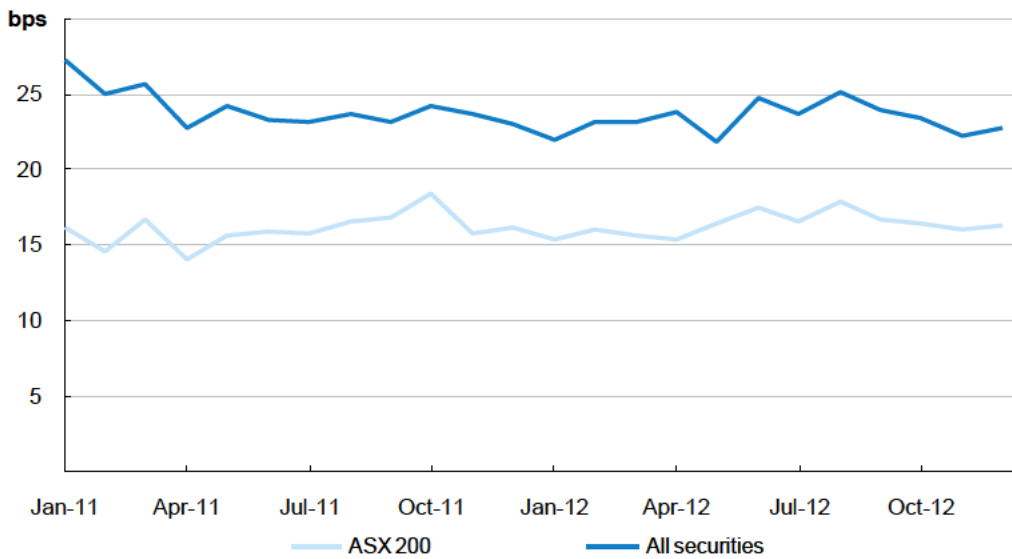
Figure 1: Execution venue by dollar turnover—Six months to December 2012



Market spreads

Figure 2 provides the average quote spread (weighted by turnover) for equity market products since January 2011. The average quoted spread for the ASX 200 was 16 basis points (bps) in December 2012, and has remained broadly stable over the past 18 months.

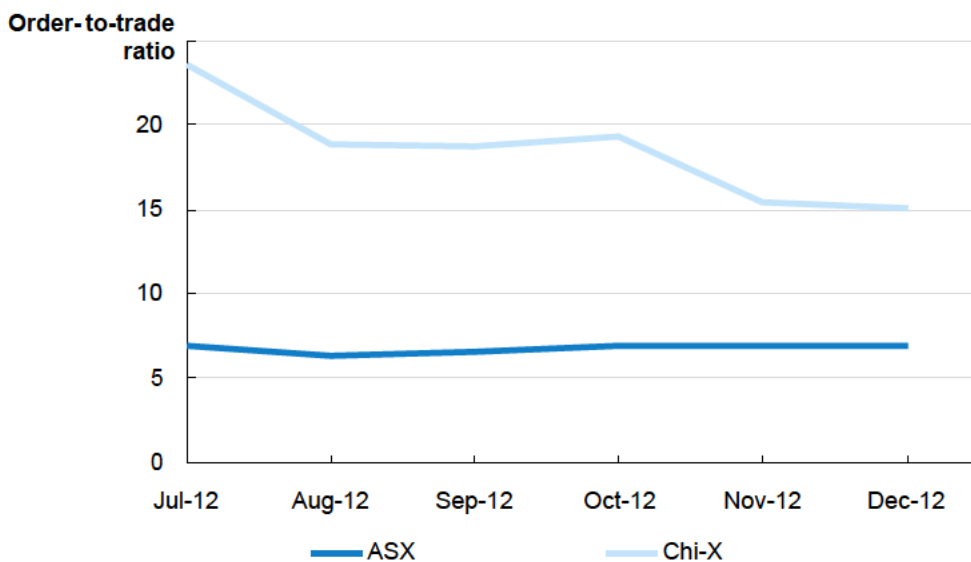
Figure 2: Average quoted spread weighted by turnover



Order-to-trade ratio

The ASX order-to-trade ratio¹ has remained steady, at just under 7:1, between July and December 2012. Chi-X has experienced a decline in the order-to-trade ratio, from 23:1 to 15:1, over the same period.

Figure 3: Order-to-trade ratio by venue

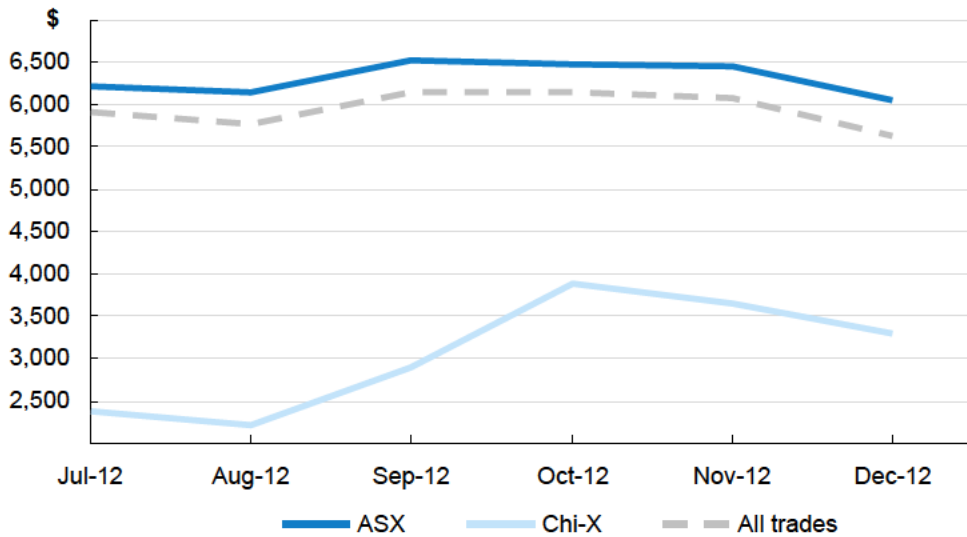


¹ The order-to-trade ratio represents the total number of entered orders, amended orders and deleted orders divided by the number of trades.

Average trade size

The average trade size on Chi-X has increased during the six months to December 2012, from \$2,400 to \$3,300. The average trade size on the ASX has remained more consistent, fluctuating between \$6,000 and \$6,500.

Figure 4: Average trade size



Key terms

Term	Meaning in this document
ADA	Accredited derivatives adviser
AFS licence	An Australian financial services licence under s913B of the Corporations Act that authorises a person who carries out a financial services business to provide financial services Note: This is a definition contained in s761A of the Corporations Act.
AFS licensee	A person who holds an AFS licence under s913B of the Corporations Act Note: This is a definition contained in s761A of the Corporations Act.
algorithm/algorithmic trading	Electronic trading activity where specific execution outcomes are delivered by predetermined parameters, rules and conditions
AOP (automated order processing)	The process by which orders are registered in a market participant's system, which connects it to a market. Client or principal orders are submitted to an order book without being manually keyed in by an individual (referred to in the rules as a DTR). It is through AOP systems that algorithmic programs access our markets
ASIC	Australian Securities and Investments Commission
ASIC Market Integrity Rules (ASX Market) 2010	Rules made by ASIC under s798G of the Corporations Act for trading on ASX
ASIC Market Integrity Rules (Competition in Exchange Markets) 2011	Rules made by ASIC under s798G of the Corporations Act that are common to markets dealing in equity market products quote on ASX
ASX	ASX Limited (ACN 008 624 691) or the exchange market operated by ASX Limited
ASX 24	The exchange market formerly known as Sydney Futures Exchange, operated by Australian Securities Exchange Limited
Australian market licence	Australian market licence under s795B of the Corporations Act that authorises a person to operate a financial market
bps	Basis points
Chi-X	Chi-X Australia Pty Ltd (ACN 129 584 667) or the exchange market operated by Chi-X

Term	Meaning in this document
Corporations Act	<i>Corporations Act 2001</i> , including regulations made for the purposes of that Act
DTR (designated trading representative)	A representative of the market participant that has been authorised by the participant to submit trading messages to the trading platform on behalf of the participant
enforceable undertaking	An enforceable undertaking that may be accepted by ASIC under reg 7.2A.01 of the Corporations Regulations 2001
equity market products	Shares, managed investment schemes, the right to acquire by way of issue shares and managed investment schemes, and CHESS Depository Interests admitted to quotation on ASX
financial market	As defined in s767A of the Corporations Act. It encompasses facilities through which offers to acquire or dispose of financial products are regularly made or accepted
high-frequency trading	While there is not a commonly agreed definition of high-frequency trading, we characterise it as: <ul style="list-style-type: none"> • the use of high-speed computer programs to generate, transmit and execute orders; • the generation of large numbers of orders, many of which are cancelled rapidly; and • typically holding positions for very short time horizons and ending the day with a zero position
infringement notice	An infringement notice issued under reg 7.2A.04 of the Corporations Regulations 2001
market integrity rules	Rules made by ASIC, under s798G of the Corporations Act, for trading on domestic licensed markets
market licensee	Holder of an Australian market licence
market manipulation	As defined in Pt 7.10 of the Corporations Act
market participant	An entity that is a participant of a financial market on which equity market products are quoted
MDP (Markets Disciplinary Panel)	ASIC's Markets Disciplinary Panel, through which ASIC exercises its power to issue infringement notices and to accept enforceable undertakings in relation to breaches of the market integrity rules
securities dealer	AFS licensee who is not a market participant but sells securities products through a market participant

Term	Meaning in this document
surveillance	Refers to the process of gathering and analysing particular information on a particular market participant or other relevant entity. ASIC conducts surveillance to assess and enforce compliance with financial services laws and ASIC market integrity rules to produce constructive change by all market participants and to promote public confidence in Australia's financial markets and its participants