



**ASIC**

Australian Securities & Investments Commission

# ASIC Market Integrity Rules (ASX Market) 2010

## Volume 4

This compilation was prepared on 12 September 2013 taking into account amendments up to *ASIC Market Integrity Rules (ASX Market) Amendment 2013 (No.2)*, which commenced on 10 August 2013. See the Notes at the end of these Rules. The text of any of those amendments not in force on that date is appended in the Notes section.

Volume 1 contains Chapters 1 to 10, Schedules 1A, 1B and the Annexures to Schedule 1A.

Volume 2 contains:

- Schedule 1C Form 1 Part 1;
- Schedule 1C Form 2 Parts 1 and 2;
- Schedule 1C Form 3A Parts 1 and 2;
- Schedule 1C Form 3B Parts 1 and 2;

Volume 3 contains:

- Schedule 1C Form 4A Parts 1 and 2;
- Schedule 1C Form 4B Parts 1 and 2;
- Schedule 1C Form 5;
- Schedule 1C Form 6;
- Schedule 1C Form 7;
- Schedule 1C Form 8 Parts 1 and 2;

- Schedule 1C Form 9 Parts 1 and 2;
- Schedule 1C Form 10 Parts 1 and 2;
- Schedule 1C Form 11 Parts 1 and 2;

Volume 4 contains:

- the Notes

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# Notes to ASIC Market Integrity Rules (ASX Market) 2010

## Note 1

*ASIC Market Integrity Rules (ASX Market) 2010* (in force under s798G(1) of the *Corporations Act 2001*) as shown in this compilation comprises those Rules amended as indicated in the tables below.

### Table of Instruments

Instrument name	Date of FRLI registration	Date of commencement	Application, saving or transitional provisions
<i>ASIC Market Integrity Rules (ASX Market) 2010</i> (F2010L02211)	01/08/2010	01/08/2010	-
<i>ASIC Market Integrity Rules (ASX Market) Amendment 2011 (No. 1)</i> (F2011L00217)	10/02/2011	11/02/2011	-
<i>ASIC Market Integrity Rules (ASX Market) Amendment 2011 (No. 2)</i> (F2011L01573)	29/07/2011	01/08/2011	-
<i>ASIC Market Integrity Rules (ASX Market) Amendment 2011 (No. 3)</i> (F2011L02145)	28/10/2011	31/10/2011	-
<i>ASIC Market Integrity Rules (ASX Market) Amendment 2012 (No. 1)</i> (F2012L01562)	17/07/2012	18/07/2012	-
<i>ASIC Market Integrity Rules (ASX Market) Amendment 2012 (No. 2)</i> (F2012L01573)	18/07/2012	19/07/2012	-
<i>ASIC Market Integrity Rules (ASX Market) Amendment 2012 (No. 3)</i> (F2012L02248)	26/11/2012	Items [30] to [34] of Schedule 1: 27/11/2012  All Items other than Items [30] to [34] of Schedule 1: see Note 2 (to commence on 26/05/2014)	-
<b>as amended by</b>			

Instrument name	Date of FRLI registration	Date of commencement	Application, saving or transitional provisions
<i>ASIC Market Integrity Rules (ASX Market) Amendment 2013 (No.2)</i> (F2013L01555)	09/08/2013	Items [1] – [3] of Schedule 2: 10/08/13	
<i>ASIC Market Integrity Rules (ASX Market) Amendment 2013 (No.1)</i> (F2013L00561)	27/03/2013	28/03/2013	
<i>ASIC Market Integrity Rules (ASX Market) Amendment 2013 (No.2)</i> (F2013L01555)	09/08/2013	Items [1], [7] – [10] of Schedule 1: 10/08/13 Items [2] and [3] of Schedule 1: 9/11/13 Items [5], [6] and [11] to [13] of Schedule 1: 9/02/14 Item [4] of Schedule 1: 9/05/14	

## Table of Amendments

ad. = added or inserted   am. = amended   rep. = repealed   rs. = repealed and substituted

Provision affected	How affected
Rule 1.4.3	am. F2011L02145, Schedule 1, items [1] to [12], am. F2012L01573, paragraph 4, items [1] and [2], am. F2013L00561, Schedule 1, items [1] to [3], am. F2013L01555, Schedule 1, item [1]
Rule 2.1.4(2)(b)(i)	am. F2011L00217, paragraph 4
Part 2.6	ad. F2011L02145, Schedule 1, item [13]
Rule 3.3.1(a)	am. F2011L02145, Schedule 1, item [14]
Rule 3.3.1(d)	am. F2011L02145, Schedule 1, item [15]
Rule 5.6.1	am. F2013L01555, Schedule 1, item [7]
Rule 5.6.1(b)(i)	am. F2013L01555, Schedule 1, item [8]
Rule 5.6.1(b)(ii)	am. F2013L01555, Schedule 1, item [9]
Rule 5.6.1(b)(iii)	ad. F2013L01555, Schedule 1, item [10]
Rule 5.6.1(2)	ad. F2013L01555, Schedule 1, item [10]

Provision affected	How affected
Rule 5.10.4	am. F2011L02145, Schedule 1, item [16]
Part 5.11	ad. F2012L01562, paragraph 4, item [1]
Part 5.12	ad. F2012L01573, paragraph 4, item [3]
Part 6.4, heading	am. F2011L02145, Schedule 1, item [17]
Rule 6.4.1, heading	am. F2011L02145, Schedule 1, item [18]
Rule 6.4.1	am. F2012L02248, Schedule 1, item [30]
Subrule 6.4.1(2)	am. F2011L02145, Schedule 1, item [19]
Rule 6.4.3, heading	am. F2011L02145, Schedule 1, item [20]
Rule 6.4.3	am. F2012L02248, Schedule 1, item [31]
Subrule 6.4.3(2)	am. F2011L02145, Schedule 1, item [21]
Rule 7.1.1(2)(g)(vi)	am. F2012L02248, Schedule 1, item [32]
Rule 7.1.1(2)(g)	ad. F2012L02248, Schedule 1, item [33]
Rule 7.1.2, Note	ad. F2012L02248, Schedule 1, item [34]
Chapter 8	ad. F2011L01573, paragraph 4
Chapter 9	ad. F2011L01573, paragraph 4
Chapter 10	ad. F2011L01573, paragraph 4
Schedule 1A and Annexures	ad. F2011L01573, paragraph 4
Schedule 1B	ad. F2011L01573, paragraph 4
Schedule 1C	ad. F2011L01573, paragraph 4

## Note 2

The following amendments commence on 26 May 2014:

### ***ASIC Market Integrity Rules (ASX Market) Amendment 2012 (No. 3)***

#### **Schedule 1 Amendments**

##### **[1] Rule 1.4.3, after the definition of “AFSL”**

*insert*

“**AOP Annual Notification**” has the meaning given by subrule 5.6.8B(1).

“**AOP Annual Review**” has the meaning given by Rule 5.6.8A.

“**AOP Annual Review Date**” means 1 November each calendar year.

“**AOP Initial Certification**” has the meaning given by Rule 5.6.6.

“**AOP Material Change Review**” has the meaning given by subrule 5.6.8(1).

**[2] Rule 1.4.3, definition of “Authorised Person”, subparagraph (a)(i)**

*omit*

or

**[3] Rule 1.4.3, definition of “Authorised Person”, subparagraph (a)(ii)**

*omit*

and

*substitute*

or

**[4] Rule 1.4.3, definition of “Authorised Person”, after subparagraph (a)(ii)**

*insert*

a Representative of a Trading Participant; and

**[5] Rule 5.6.3**

*before “A Trading Participant”, insert*

(1)

**[6] Rule 5.6.3(b)**

*after “;”, omit*

and

**[7] Rule 5.6.3(c)**

*omit*

markets provided by the Market Participant

*insert*

the Market

**[8] Rule 5.6.3(c)**

*omit*

.

*substitute*

;

**[9] Rule 5.6.3, after paragraph (c)**

*insert*

(d) controls, including automated controls, that enable immediate suspension, limitation or prohibition of the conduct of all Automated Order Processing or Automated Order Processing in respect of:

- (i) one or more Authorised Persons or clients;
- (ii) Automated Client Order Processing; or
- (iii) one or more Products; and

(e) controls that enable immediate:

- (i) suspension of, limitation of, or prohibition on, the entry into the Market of Trading Messages in a series of related Trading Messages where the Trading Participant has identified that Trading Messages in the series have entered the Market and have interfered with or are likely to interfere with the efficiency or integrity of the Market;
- (ii) cancellation of Trading Messages in a series that have already entered the Market where the entry of further messages in the series has been suspended, limited or prohibited under subparagraph (i);
- (iii) suspension of, limitation of, or prohibition on, the entry into any Crossing System operated by the Trading Participant of Orders in a series of related Orders where the Trading Participant has identified that Orders in the series have entered the Crossing System operated by the Trading Participant and have interfered with or are likely to interfere with the efficiency or integrity of the Crossing System; and
- (iv) cancellation of Orders in a series that have already entered a Crossing System operated by the Trading Participant where the



entry of further Orders in the series has been suspended, limited or prohibited under subparagraph (iii).

**[10] Rule 5.6.3**

*add, before "Maximum penalty: \$1,000,000"*

(2) A Trading Participant that uses its system for Automated Order Processing must have direct control over all automated filters and the filter parameters for those filters.

**[11] Subrule 5.6.5(1)**

*omit*

their Automated Order Processing system meets the requirements of each of paragraphs 5.6.3(a), (b) and (c)

*substitute*

the Trading Participant has in place organisational and technical resources, arrangements and controls in relation to the system for Automated Order Processing that meet the requirements of Rule 5.6.3

**[12] Subrule 5.6.5(2)**

*after "subrule (1)" insert*

must

**[13] Paragraph 5.6.5(2)(a)**

*omit*

must

**[14] Paragraph 5.6.5(2)(a)**

*after "the" (first occurring), insert*

organisational and technical resources, arrangements and

**[15] Paragraph 5.6.5(2)(c)**

*after " ; ", insert*

and

**[16] Paragraph 5.6.6(1)(a)**

*after “certification”, insert  
 (“AOP Initial Certification”).*

**[17] Paragraphs 5.6.6(1)(b)**

*omit  
 certification  
 substitute  
 AOP Initial Certification*

**[18] Subrule 5.6.6(2)**

*omit  
 written certification  
 substitute  
 AOP Initial Certification*

**[19] Subparagraph 5.6.6(2)(d)(iii)**

*after “the” (third occurring), insert  
 organisational and technical resources, arrangements and*

**[20] Rule 5.6.7**

*omit the rule*

**[21] Rule 5.6.8 (heading)**

*omit  
 Material change review  
 substitute  
 AOP Material Change Review*

**[22] Rule 5.6.8**

*before “Before”, insert  
 (1)*

**[23] Rule 5.6.8**

*after “resources”, insert*

, arrangements or controls

**[24] Rule 5.6.8**

*omit*

, for the purposes of providing the confirmation referred to in Rule 5.6.9 or the further certification referred to in Rule 5.6.10,

**[25] Rule 5.6.8**

*after “review”, insert*

(“**AOP Material Change Review**”)

**[26] Rule 5.6.8**

*after “these Rules.”, insert*

(2) Before implementing a material change the subject of an AOP Material Change Review the Trading Participant must, for the purposes of providing the AOP Annual Notification, obtain written representations from the person who performed the AOP Material Change Review that nothing came to the attention of the person during the course of the AOP Material Change Review that would indicate that the Trading Participant is unable to comply with Part 5.6 of these Rules.

(3) The representations referred to in subrule (2) must:

- (a) include the name of the person making the representation; and
- (b) be signed and dated by the person making the representation.

**[27] After Rule 5.6.8**

*insert*

**5.6.8A AOP Annual Review**

(1) Where a Trading Participant has not performed an AOP Material Change Review in relation to an Automated Order Processing system in the 12 months before the AOP Annual Review Date, the Trading Participant must, for the purposes of providing the AOP Annual Notification in relation to that Automated Order Processing system, ensure that an appropriately qualified person performs a review (“**AOP Annual Review**”) of the Automated Order Processing system, the Trading Participant’s policies, procedures, system design documentation, including the Trading Participant’s procedures for implementation of

changes to the Automated Order Processing software, filters and filter parameters and other relevant documentation concerning the Trading Participant's compliance with Part 5.6 of these Rules.

(2) The Trading Participant must, for the purposes of providing the AOP Annual Notification in relation to an Automated Order Processing system, obtain written representations from the person who performed the AOP Annual Review in relation to the Automated Order Processing system, that nothing came to the attention of the person during the course of the AOP Annual Review that would indicate that the Trading Participant is unable to comply with Part 5.6 of these Rules.

(3) The representations referred to in subrule (2) must:

- (a) include the name of the person making the representation; and
- (b) be signed and dated by the person making the representation.

Maximum penalty: \$100,000

#### **5.6.8B AOP Annual Notification**

(1) A Trading Participant must, within 10 Business Days of each AOP Annual Review Date, given a written notice (“**AOP Annual Notification**”) to ASIC that includes:

the name of the Trading Participant; and

- (a) the version number and name of the Trading Participant's Automated Order Processing system; and
- (b) a confirmation by the Trading Participant that nothing came to the attention of the Trading Participant during the 12 months before the AOP Annual Review date that would indicate that the Trading Participant is unable to comply with Part 5.6 of these Rules; and
- (c) the name of the directors of the Trading Participant referred to in subrule (2).

(2) At least two directors of the Trading Participant must sign and date the AOP Annual Notification.

Maximum penalty: \$100,000

#### **[28] Rule 5.6.9**

*omit the rule*

#### **[29] Rule 5.6.10**

*omit the rule*

### Note 3

The following amendments commence on 9 November 2013:

#### ***ASIC Market Integrity Rules (ASX Market) Amendment 2013 (No. 2)***

##### **Schedule 1 Amendments**

**[2] Subrule 3.2.4(1)**

*omit*

on its own behalf

**[3] Paragraph 3.2.5(1)(e)**

*after “any Related Body Corporate of the Market Participant” insert*

, except where that Related Body Corporate is dealing as a trustee of a trust in which it, or the Market Participant, has no direct or indirect beneficial interest

### Note 4

The following amendments commence on 9 February 2014:

#### ***ASIC Market Integrity Rules (ASX Market) Amendment 2013 (No. 2)***

##### **Schedule 1 Amendments**

**[5] Paragraph 5.1.4(1)(g)**

*omit*

.

*substitute*

; and

**[6] Subrule 5.1.4(1), after paragraph (g)**

*insert*

(h) a Market Participant’s orders on its Own Account are not knowingly interposed between Orders of its clients that would otherwise have Crossed.

**[11] Paragraph 5.7.2(g)**

*omit*

and

**[12] Paragraph 5.7.2(h)**

*omit*

.

*insert*

;

**[13] Rule 5.7.2, after paragraph (h)**

*insert*

- (i) the frequency with which Orders are placed by a person;
- (j) the volume of 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 Product relative to the number of transactions executed for that person.

## **Note 5**

The following amendments commence on 9 May 2014:

### ***ASIC Market Integrity Rules (ASX Market) Amendment 2013 (No. 2)***

#### **Schedule 1 Amendments**

**[4] Rule 3.4.3**

*omit the Rule, substitute*

#### **3.4.3 Confirmations—clients other than Retail Clients**

(1) A Market Participant is not required to comply with Rule 3.4.1 in respect of a client that is not a Retail Client, provided the Market Participant:

- (a) has notified the client before entering a Trading Message on the client's behalf that Market Transactions effected for the client are subject to:

- (i) the directions, decisions and requirements of the Market Operator, these Rules, the Market Operating Rules, the Clearing Rules and where relevant, the Settlement Rules;
  - (ii) the customs and usages of the Market; and
  - (iii) the correction of errors and omissions; and
- (b) subject to subrule (2), notifies the client as soon as practicable:
- (i) if the Market Participant entered into the client's Market Transaction as Principal; that the Market Participant entered into the Market Transaction as Principal; and
  - (ii) if the client's Market Transaction was executed as a Crossing, the execution code of the execution venue for the Crossing.

(2) A Market Participant does not have to give the notifications in paragraph (1)(b) to a client who has agreed not to receive such notifications.

(3) A Market Participant must keep a record of the notification referred to in paragraph (1)(a).

(4) ASIC may determine and publish on its website a notification of the execution venue codes referred to in subparagraph (1)(b)(ii).

Maximum penalty: \$100,000