



ASIC

Australian Securities & Investments Commission

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

This compilation was prepared on 12 May 2014 taking into account amendments up to *ASIC Market Integrity Rules (ASX Market) Amendment 2014 (No.2)*. See the Notes at the end of these Rules.

Australian Securities and Investments Commission

Corporations Act 2001 — Subsection 798G(1) — Amendment

1. Enabling legislation

I, Greg Yanco, with the written consent of the Minister, make the following instrument under subsection 798G(1) of the *Corporations Act 2001*.

Dated this 5th day of August 2013.

Signed by Greg Yanco

as a delegate of the Australian Securities and Investments Commission.

2. Title

This instrument is *ASIC Market Integrity Rules (ASX Market) Amendment 2013 (No.2)*.

3. Commencement

Each provision of this instrument specified in column 1 of the table commences in accordance with column 2 of the table.

Commencement information

Items of Schedule 1	Commencement
Items [1], [7] to [10]	The day after the day on which this instrument is registered under the <i>Legislative Instruments Act 2003</i> .
Items [2] and [3]	The day after the end of the period of 3 months beginning on the day on which this instrument is registered under the <i>Legislative Instruments Act 2003</i> .
Items [5] and [6] and [11] to [13]	The day after the end of the period of 6 months beginning on the day on which this instrument is registered under the <i>Legislative Instruments Act 2003</i> .
Item [4]	26 May 2014

Items of Schedule 2	Commencement
Items [1] to [3]	The day after the day on which this instrument is registered under the <i>Legislative Instruments Act 2003</i>

Note: An instrument is registered when it is recorded on the Federal Register of Legislative Instruments (FRLI) in electronic form: see *Legislative Instruments Act 2003*, s 4 (definition of register). The FRLI may be accessed at <http://www.frli.gov.au/>.

4. Amendments

(1) Schedule 1 amends the *ASIC Market Integrity Rules (ASX Market) 2010*.

(2) Schedule 2 amends the *ASIC Market Integrity Rules (ASX Market) Amendment 2012 (No 3)*.

Schedule 1 Amendments to the *ASIC Market Integrity Rules (ASX Market) 2010*

[1] Rule 1.4.3, after definition of “Cross”

insert

“**Crossing System**” means any automated service provided by a Market Participant which matches or executes client Orders with Orders of:

- (a) the Market Participant;
- (b) other clients of the Market Participant; or
- (c) any other person whose Orders access the automated service;

otherwise than on an Order Book.

[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

[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).

(5) A Market Participant is not required to comply with paragraph (1)(b) until 28 October 2014.

Maximum penalty: \$100,000

[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.

[7] Rule 5.6.1

before "A Trading Participant", insert

(1)

[8] Subparagraph 5.6.1(b)(i)

omit

or

[9] Subparagraph 5.6.1(b)(ii)

omit

.

substitute

; or

[10] Rule 5.6.1, after subparagraph (b)(ii)

insert

(iii) the efficiency and integrity of any Crossing System operated by the Trading Participant.

(2) A Trading Participant does not have to ensure its system used for Automated Order Processing does not interfere with the efficiency and integrity of any Crossing System operated by the Trading Participant under subparagraph (1)(b)(iii) until six months have passed from the commencement of subparagraph (1)(b)(iii).

[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.

Schedule 2 Amendments to Schedule 1 of the ASIC Market Integrity Rules (ASX Market) Amendment 2012 (No. 3)

[1] Schedule 1, item [9], inserted subparagraph (e)(i)

after “likely to interfere with the efficiency or integrity of the Market;”, omit

and

[2] Schedule 1, item [9], inserted subparagraph (e)(ii)

after “prohibited under subparagraph (i)” omit

.

substitute

;

[3] Schedule 1, item [9]

at the end of inserted subparagraph (e)(ii), insert

- (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).

Notes to ASIC Market Integrity Rules (ASX Market) Amendment 2013 (No. 2)

Note 1

ASIC Market Integrity Rules (ASX Market) Amendment 2013 (No. 2) (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) 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: 26/05/2014 Items [1] – [3] of Schedule 2: 10/08/13	-
<i>ASIC Market Integrity Rules (ASX Market) Amendment 2014 (No. 2)</i> (F2014L00514)	08/05/2014	09/05/2014	-

Table of Amendments

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

Provision affected	How affected
Paragraph 3	am. F2014L00514, Schedule 1, item [1]
Schedule 1, item [4]	am. F2014L00514, Schedule 1, item [2]