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Market Rules

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ASX MARKET RULES

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SECTION 1 INTRODUCTION AND GENERAL RULES

Section 1 deals with:

- (a) the purpose of, and services provided by, ASX;
- (b) the application and binding effect of these Rules on Market Participants and suitably qualified affiliates;
- (c) the limitation of ASX's liability;
- (d) the circumstances in which ASX may grant waivers or exercise its discretionary powers;
- (e) the delegation of powers by ASX;
- (f) the disclosure of information to others; and
- (g) a number of miscellaneous matters including, the governing law of agreements, agreement to submit to jurisdiction, the notification and service of documents and the power of ASX to levy fees and charges payable by Market Participants for the provision of services and facilities.

1.1 THE MARKET OPERATOR

1.1.1 Operation by ASX

ASX is the holder of an Australian market licence granted under the Corporations Act under which it operates the Market and provides other services in accordance with these Rules.

Introduced 11/03/04

1.1.2 Services provided by ASX

ASX provides or makes available to Market Participants services and facilities, including, without limitation:

- (a) to enter into Market Transactions;
- (b) to provide other services connected with the entry into Market Transactions;
- (c) other services and facilities as specified from time to time in accordance with these Rules.

Introduced 11/03/04

1.1.3 No limit on services or facilities to be provided

The description of purpose in Rule 1.1 and the description of services in Rule 1.1.2 is not to be taken to limit in any way the services or facilities that are or may be provided or made available by ASX, or the powers of ASX.

Introduced 11/03/04

1.2 APPLICATION AND EFFECT OF THESE RULES

1.2.1 Operating Rules of ASX

These Rules form part of the operating rules of ASX for the purposes of the Corporations Act 2001. These Rules should be read in conjunction with:

- (a) the Procedures; and
- (b) the Corporations Act.

To the extent of any inconsistency between these Rules and the Procedures, these Rules will prevail.

Introduced 11/03/04

1.2.2 Binding effect of rules

These Rules are binding on ASX, Market Participants and suitably qualified affiliates in the manner set out in:

- (a) section 793B of the Corporations Act; and
- (b) Rule 1.2.3.

Introduced 11/03/04

1.2.3 Covenants to observe rules

These Rules have the effect of a contract under seal between ASX, Market Participants and suitably qualified affiliates under which:

- (a) each Market Participant and each suitably qualified affiliate covenants with ASX and each other Market Participant and suitably qualified affiliate to observe the Rules and to perform the obligations which the Rules purport to impose on the Market Participant and the suitably qualified affiliate, in the manner provided by the Rules; or
- (b) ASX covenants with each Market Participant and suitably qualified affiliate to observe the Rules and to perform the obligations which the Rules purport to impose on ASX, in the manner provided by the Rules.

Introduced 11/03/04

1.3 PROCEDURES

1.3.1 ASX may approve Procedures

ASX may from time to time approve written Procedures relating to the operations of ASX and the Market, the conduct of Regulated Persons and the structure and operation of electronic communications between ASX and Regulated Persons.

Introduced 11/03/04

1.3.2 Procedures are not part of the Rules

The Procedures do not form part of these Rules. However, if a Rule requires a person to comply with any part of the Procedures, failure by the person to comply with that part of the Procedures is a contravention of the Rule.

Introduced 11/03/04

1.3.3 Changes to Procedures

ASX may approve changes to the Procedures from time to time and must give such notice as is reasonable in the circumstances to Regulated Persons of any changes to the Procedures before those changes take effect.

Introduced 11/03/04

1.4 DEFECTS, IRREGULARITIES AND DEFICIENCIES

1.4.1 Notices or Time

A decision, resolution, proceeding or act of ASX under these Rules is not invalidated by any:

- (a) defect;
- (b) irregularity; or
- (c) deficiency,

of notice or time unless:

- (d) a Market Participant concerned by the defect, irregularity or deficiency requests ASX to resolve that the decision, resolution, proceeding or act is invalid;
- (e) ASX reasonably believes that the defect, irregularity or deficiency has caused or may cause substantial injustice which cannot reasonably be avoided; and
- (f) ASX accordingly resolves that the decision, resolution, proceeding or act is invalid.

Introduced 11/03/04 Origin ASX11.9, ASXF 20.9

1.4.2 Validity of actions

An action or inaction by ASX under the Rules may not be challenged on the ground that a Rule, Procedure, direction, decision or requirement of ASX, or any agreement made by ASX, is ultra vires ASX or otherwise invalid.

Introduced 11/03/04 Origin ASX 11.9.2, ASXF 20.9.2

1.4.3 Partial invalidity of Rules

If any of the provisions of the Rules or the Procedures becomes at any time illegal, invalid or unenforceable in any respect under the law of any jurisdiction, the legality, validity or enforceability of the remaining provisions of the Rules and the Procedures, and the legality,

validity or enforceability of the provision under the law of any other jurisdiction is not affected or impaired in any way.

Introduced 11/03/04 Origin ASX 11.9.1, ASXF 20.9.1

1.5 WAIVER

1.5.1 Waiver of rules and procedures

Subject to Rules 1.5.3 and 1.5.4, ASX may relieve any person or class of person from the obligation to comply with a provision of these Rules, either generally or in a particular case or category, and either unconditionally or subject to such conditions as ASX thinks fit. If any conditions on a waiver are imposed, all of the conditions must be complied with for the waiver to be effective. ASX may withdraw a waiver at any time. Any request by a Market Participant for a waiver under this Rule 1.5 must be in writing.

Introduced 11/03/04 Origin ASX 1A.3.4, 5A.3, 5B.10, ASXF 20.8

1.5.2 Compliance with conditions

Failure to comply with a condition imposed under Rule 1.5.1 is a contravention of that Rule.

Introduced 11/03/04

1.5.3 No relief from certain provisions

ASX must not relieve any person or class of persons under Rule 1.5.1 from any obligation to comply with an indemnity or disclaimer provision of these Rules.

Introduced 11/03/04

1.5.4 Period during which relief applies

ASX may specify the period or specific event during which any relief from an obligation to comply with a provision of these Rules may apply.

Introduced 11/03/04

1.5.5 Register of relief

ASX must establish and maintain a register for recording details of relief granted under Rule 1.5.1 and must enter the following details in the register maintained under this Rule 1.5.5:

- (a) the date that the relief takes effect;
- (b) the person or class of person relieved from the obligation;
- (c) the provision to which the relief applies;
- (d) brief reasons for the relief; and
- (e) any conditions that applies to the relief.

Introduced 11/03/04 Amended 24/05/04

1.5.6 Inspection of register

A copy of the register maintained under Rules 1.5.5 must be kept at the principal place of business of ASX and must be open for inspection by any person during business hours.

Introduced 11/03/04

1.5.7 Waiver generally

A failure by ASX to exercise, or any delay in exercising, any of its rights, powers or remedies (in whole or in part) under the Rules does not operate as a waiver of those rights, powers or remedies upon that or any subsequent occasion, nor does any single or partial exercise of any right, power or remedy prevent any further exercise of that or any other right, power or remedy.

Introduced 11/03/04 Origin ASX 11.6, ASXF 20.5

1.6 NOTICE, NOTIFICATION AND SERVICE OF DOCUMENTS

1.6.1 Notice must be in writing

If any Rule requires or permits the giving of notice of any matters to any person, the Rule requires or permits the giving to that person of a written document containing those matters.

Introduced 11/03/04 Origin ASX5D.4.1, ASXF 20.6.2

1.6.2 Methods of giving notice in writing

Without limiting any other provision of this Rule 1.6, any notice to be given by a Market Participant to ASX must be given to the person holding the position notified by ASX to Market Participants and may be given in the manner set out in the Procedures.

Introduced 11/03/04 Origin ASX5D.4.2, ASXF 20.6.3(a)

1.6.3 Delivery of notice

For the purposes of any Rule that requires or permits a document to be given to a person, whether the expression 'serve', 'give' or 'send' or any other expression is used, the document may be given, and will be taken to have been received, at the time and in the manner set out in the Procedures.

Nothing in this Rule 1.6.3 or the Procedures prevents documents being sent or given to, or served on, a person in any other manner required or permitted by law.

Introduced 11/03/04 Origin ASX5D.4.3, 5D.4.4, ASXF 20.6.3(b), 20.6.4

1.6.4 Market Participant to have e-mail

A Market Participant must acquire and maintain an operating e-mail system for the purposes of receiving notices under Rule 1.6.3.

Introduced 11/03/04 Origin ASX4.5, ASXF 20.6.7

1.6.5 Failure to notify

If under these Rules ASX is to give notice to some or all Market Participants, accidental omission by ASX to give notice to one or more Market Participants does not affect the validity or enforceability of any resolution, decision, proceeding or act in connection with which the notice was to be given.

Introduced 11/03/04

1.7 DISCLOSURE OF INFORMATION

1.7.1 Disclosure of information regarding Market Participants

ASX may, where it considers it appropriate in accordance with Rule 1.13, disclose information regarding Market Participants and their activities that are relevant to ASX to:

- (a) the Commission;
- (b) the Reserve Bank of Australia;
- (c) an Approved Clearing Facility; or
- (d) an Approved Settlement Facility.

Introduced 11/03/04 Origin ASX 11.10.

1.7.2 ASX may disclose information

ASX will take all reasonable measures to protect from unauthorised use or disclosure information provided to it in confidence by or on behalf of a Market Participant pursuant to the Rules. For the purposes of this Rule the disclosure of information in the following circumstances does not constitute unauthorised use or disclosure:

- (a) pursuant to a Reciprocal Arrangement;
- (b) required to be disclosed by ASX under any law or any order of any court or tribunal, authority or regulatory body;
- (c) which at the time of disclosure to or by ASX, was generally available to and known by the public;
- (d) for the purposes of monitoring compliance with, or the enforcement of, the Rules or the adjudication of those matters (including, without limitation, to the Disciplinary Tribunal or the Appeal Tribunal);
- (e) to a Related Body Corporate of ASX, for the purpose of enabling that Related Body Corporate to assess whether the Market Participant is complying with, will comply with or has complied with the operating rules of, or any contractual arrangement with, that Related Body Corporate;
- (f) to an Approved Clearing Facility, for the purpose of enabling the Approved Clearing Facility to assess whether the Market Participant (or Clearing Participants which clear

Market Transactions of the Market Participant) is complying with, will comply with or has complied with the Approved Clearing Facility's operating rules or procedures;

- (g) to the Approved Settlement Facility, for the purpose of enabling the Approved Settlement Facility to assess whether the Market Participant (or a Settlement Participant which settles Market Transactions of the Market Participant (or its Clearing Participants) is complying with, will comply with or has complied with the Approved Settlement Facility's operating rules or procedures;
- (h) to any governmental agency or regulatory authority including, without limitation, another market operator, clearing house or clearing and settlement facility (in Australia or elsewhere) which requests ASX to provide the information to it, in the proper exercise of its powers relating to:
 - (i) the order and good government of Market Participants; or
 - (ii) the efficient, honest, fair, competitive and informed trading, clearing and settlement of financial products (in Australia or elsewhere); and
- (i) any entity which provides financial backing or insurance to ASX for the purpose of enabling that entity to assess the risk to ASX or that entity from trading activities generally or to assess any claim made in connection with the Market Participant's activities.

Introduced 11/03/04 Origin ASX 3.15(1), ASXF 20.10.2 Amended 09/12/04

1.7.3 Information provided by scheme operator

ASX will take all reasonable measures to protect from unauthorised use or disclosure information provided to it in confidence by or on behalf of an operator of a disputes or complaints resolution scheme or similar scheme to which a Market Participant is a party. For the purposes of this Rule the disclosure of information by ASX, or a Related Party of ASX, to any of the entities or in any of the circumstances set out in Rule 1.7.1, will not be an unauthorised use or disclosure.

Introduced 11/03/04 Origin ASX 3.17(1)

1.7.4 Disclosure of information to scheme operator

ASX may disclose to the operator of a disputes or complaints resolution scheme, or similar scheme to which a Market Participant is a party, such information relating to the Market Participant as ASX has and which it considers relevant to a request for information from the operator or to some other aspect of a complaint involving the Market Participant.

Introduced 11/03/04 Origin ASX 3.17(2)

1.7.5 Use of information by scheme operator

ASX may only disclose information under Rule 1.7.4 on condition that the operator of the disputes or complaints resolution scheme agrees to maintain the confidentiality of the information except that the operator may disclose the information:

- (a) if required by law or in court proceedings;
- (b) if required for the purpose for which ASX has given it the information;

- (c) if a government authority or agency has requested the information; or
- (d) if the information is already generally available at the time the operator discloses the information.

Introduced 11/03/04 Origin ASX 3.17(3)

1.8 DISCLAIMERS

1.8.1 Exclusion of liability of ASX

Subject to Rule 1.8.2, and without limiting Rules 10.5.4, 14.2.7, 15.7 or 28.4.7, ASX is not liable to any Market Participant or any Market Participant's clients, Warrant-Issuer, Guarantor or Warrant-Holder for any direct, indirect or consequential loss, damage or expense (including legal costs) arising in any way out of:

- (a) the supply (or the failure to supply or any delay in supplying) of trading services in respect of Market Transactions including, without limitation, generation of trading information and production of documentation relating to a Market Participant or its clients ("**Trading Services**");
- (b) the supply of any other services relating to the Market or any Trading Platform or Product ("**Other Services**");
- (c) any negligent conduct or omission of ASX including, without limitation, any systems malfunctions, systems failure, error in programming or error in input data in relation to any computer used or otherwise in connection with the supply of Trading Services or Other Services;
- (d) the National Voiceline System;
- (e) any implied warranties in relation to the supply of Trading Services or Other Services by ASX; or
- (f) the exercise by ASX of a decision making power under the Rules or by an Approved Clearing Facility or an Approved Settlement Facility of a decision making power under the Clearing Rules or Settlement Rules.

Introduced 11/03/04 Origin ASX 11.11.1, ASXF 20.11.1

1.8.2 Certain liability not excluded

ASX excludes under this Rule 1.8, conditions and warranties implied by statute, general law or custom except any implied condition or warranty the exclusion or limitation of which would contravene any statute (including the Trade Practices Act 1974) or cause any part of this Rule 1.8 to be void ("**Non-Excludable Condition**").

Introduced 11/03/04 Origin ASX 11.11.2, ASXF 20.11.2

1.8.3 Limitation of liability

The liability of ASX under any Non-Excludable Condition may be limited in the discretion of ASX respectively to:

- (a) in the case of services, the supply of the relevant services again or payment of the costs of having the relevant services supplied again; and
- (b) in the case of goods, the repair or replacement of those goods or the payment of the cost of having the goods repaired or replaced.

Introduced 11/03/04 Origin ASX 11.11.5, ASXF 20.11.3

1.9 EXTENSION OF INDEMNITIES AND DISCLAIMERS

1.9.1 Benefits extend to others

Where a Rule excludes or limits the liability of ASX, releases ASX from liability, or provides for an indemnity in favour of ASX, then to the extent permitted by law, that exclusion, limitation, release or indemnity (as applicable) extends to:

- (a) every officer, employee, agent, delegate, person acting for or on behalf of ASX or contractor of ASX; and
- (b) every Related Body Corporate of ASX and every officer, employee, agent, delegate, person acting for or on behalf of that Related Body Corporate or contractor of that Related Body Corporate,

as if a reference in that Rule to ASX included a reference to each of them.

Introduced 11/03/04 Origin ASX 11.11.6, ASXF 20.12.1

1.9.2 Benefit held by ASX on behalf of those persons

The benefit of any limitation, exclusion, release or indemnity in favour of any person other than ASX under Rule 1.9 is held by ASX for the benefit of those other persons and ASX may enforce that benefit on their behalf.

Introduced 11/03/04 Origin ASX 11.11.6, ASXF 20.12.2

1.10 EXERCISE AND DELEGATION OF FUNCTIONS AND POWERS

1.10.1 Exercise of powers

Unless the contrary intention appears, powers conferred on ASX by or under these Rules may be exercised by resolution of the board of ASX or by any authorised delegate of ASX.

Introduced 11/03/04 Origin ASX 14.1(1), ASXF 20.14(1)

1.10.2 Delegation to officers and other representatives

Unless the contrary intention appears, ASX may delegate, either generally or as otherwise provided by the terms of delegation, any of the powers and functions of ASX to any officer or employee of a person carrying out functions for or on behalf of ASX.

Introduced 11/03/04 Origin ASX 14.1(2)

1.10.3 Sub-delegation permitted

Where ASX delegates any of its powers or functions to one or more officers or persons in accordance with Rule 1.10.2, those delegates may sub-delegate such of the delegated powers as ASX approves from time to time.

Introduced 11/03/04

1.10.4 Other rules concerning delegation

If any power or function is delegated:

- (a) performance or exercise by the delegate of the power or function is taken to be performance or exercise by ASX, as the case requires;
- (b) the delegation does not prevent the performance or exercise of the power or function by ASX, as the case requires; and
- (c) where the performance or exercise depends upon the opinion, belief or state of mind of ASX, as the case requires, the power or function may be performed or exercised by the delegate upon the opinion, belief or state of mind of the delegate.

Introduced 11/03/04.

1.11 GOVERNING LAW

1.11.1 Governing law of contracts and agreements

All contracts or agreements between ASX or a Related Body Corporate of ASX and a Regulated Person which are constituted by the Rules or entered into under the Rules or as contemplated by the Rules are governed by the laws of New South Wales or as applicable the laws of Australia.

Introduced 11/03/04 Origin ASX 5D.7, ASXF 20.16.1

1.12 SUBMISSION TO JURISDICTION

1.12.1 Submission to jurisdiction by parties

ASX, each Related Body Corporate of ASX and each party to a contract or agreement referred to in Rule 1.11 irrevocably and unconditionally:

- (a) submit to the non-exclusive jurisdiction of the courts of New South Wales and courts of appeal from them;
- (b) waive any immunity from any action in the courts exercising any jurisdiction in New South Wales; and
- (c) waive any right they have to object to any action being brought in those courts, including, without limitation, by claiming that the action has been brought in an inconvenient forum or that the courts in New South Wales do not have jurisdiction.

Introduced 11/03/04 Origin ASX 5D.8, ASXF 10.16.2

1.13 REFERENCES TO ASX EXERCISING DISCRETION WHERE IT CONSIDERS IT "APPROPRIATE"

1.13.1 Matters ASX will have regard to

Where a Rule provides that ASX may act in a manner which it considers "appropriate", when deciding whether or not to act, and how to act, ASX will have regard to:

- (a) the obligations, duties, powers and discretions which ASX has as the holder of, or in connection with, the holding of an Australian market licence under Part 7.2 of the Corporations Act;
- (b) the obligations, duties, powers and discretions which an Approved Clearing Facility has as the holder of, or in connection with the holding of, an Australian CS facility licence under Part 7.3 of the Corporations Act;
- (c) the obligations, duties, powers and discretions which an Approved Settlement Facility has as the holder of, or in connection with the holding of, an Australian CS facility licence under Part 7.3 of the Corporations Act; and
- (d) the obligations, duties, powers and discretions which an operator of any Underlying Market has as the holder of, or in connection with the holding of, an Australian market licence under Part 7.2 of the Corporations Act.

Introduced 11/03/04

1.14 MULTIPLE ACTION

1.14.1 Taking action does not restrict ASX from taking any other action

Any action taken by ASX under any Rule does not restrict ASX or prohibit ASX from taking any other action under, or enforcing:

- (a) any other Rule; or
- (b) the same Rule in respect of more than one person,

even if that action or enforcement relates to the same or substantially the same facts or conduct.

Introduced 11/03/04

1.15 FEES AND OTHER CHARGES

1.15.1 ASX fees

ASX may determine fees to be paid by Market Participants in connection with the admission of Market Participants, including the recognition of its Responsible Executives, access to and use of trading facilities, ASX's regulatory functions, its facilities and any other services operated or provided by ASX or a Related Body Corporate of ASX in connection with these Rules. ASX may also determine fees to be paid by Responsible Executives in connection with exams and accreditation.

The fees, and any change to those fees, will take effect from the time notified by ASX to Market Participants or Responsible Executives (as applicable).

Introduced 11/03/04 Origin ASX 5D.5.1, 11.3.1, 11.3.4, ASXF 20.2.1

1.15.2 Late fees

ASX may impose additional fees where a Market Participant or Responsible Executive has failed to pay a fee determined under Rule 1.15.1 by the time specified or to perform an obligation under these Rules by the time required under these Rules.

Introduced 11/03/04 Origin ASX 5D.5.2, 11.3, ASXF 20.2.1 (end)

1.15.3 Payment of fees

A Market Participant or Responsible Executive must pay the fees determined under Rule 1.15.1 (and any late fees imposed under Rule 1.15.2) by the times and in the manner determined by ASX and notified to Market Participants or Responsible Executives (as applicable).

Introduced 11/03/04 Origin ASX 5D.5.3, 11.3.3, ASXF 20.2.2

1.16 DUTIES AND TAXES

1.16.1 Market Participant liability

A Market Participant is liable for all stamp duty, transaction taxes, goods and services taxes and other duties or taxes which may be payable in respect of any:

- (a) Market Transaction;
- (b) transaction between the Market Participant and ASX or any Related Body Corporate of ASX;
- (c) services provided by ASX or any Related Body Corporate of ASX to the Market Participant; or
- (d) documents lodged by it with, or issued to it by, ASX or any Related Body Corporate of ASX in connection with the conduct of the Market Participant's business with ASX, an Approved Clearing Facility or an Approved Settlement Facility.

Each Market Participant indemnifies ASX against all liability for payment of those duties or taxes. ASX and any Related Body Corporate of ASX may debit any account of the Market Participant with it by the amount of any duties or taxes payable by the Market Participant or the Market Participant's Clearing Participants.

Introduced 11/03/04 Amended 09/12/04

SECTION 2 DEFINITIONS AND INTERPRETATION

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SECTION 2 DEFINITIONS AND INTERPRETATION

Section 2 contains the definitions and sets out a number of general principles by which these Rules are to be interpreted.

2.1 GENERAL PRINCIPLES OF INTERPRETATION

In these Rules unless the context otherwise requires:

- (a) a reference to any legislation or legislative provision includes any statutory modification or re-enactment of, or any legislative provision substituted for, and any regulation or statutory instrument issued under, that legislation or legislative provision;
- (b) a reference to the operating rules of an Approved Clearing Facility, the operating Rules of an Approved Settlement Facility, these Rules or the Procedures is a reference to those operating rules, the Rules or the Procedures as modified or amended from time to time;
- (c) the singular includes the plural and vice-versa;
- (d) a reference to a person, body, corporation, trust, partnership, unincorporated body, firm, association, authority or government includes any of them;
- (e) a word denoting any gender includes all genders;
- (f) if a word or expression is given a particular meaning, another part of speech or grammatical form of that word or expression has a corresponding meaning;
- (g) a reference to power includes a reference to authority and discretion;
- (h) a reference to a Rule (eg Rule 2.4) includes a reference to all sub-Rules included under that Rule (eg Rule 2.4.3);
- (i) a reference to a Section (eg Section 2) includes a reference to all Rules and sub-Rules within that Section;
- (j) a reference to any Rule or Procedure is a reference to that Rule or Procedure as amended from time to time;
- (k) a reference to time is to the time in Sydney, Australia;
- (l) a reference to currency is a reference to Australian currency;
- (m) a reference to writing includes typing, printing, lithography, photography, telex, facsimile or any other mode of representing or reproducing words in a visible form;
- (n) where there is a reference to the power of ASX to make, demand or impose a requirement there is a corresponding obligation of the relevant Market Participant to comply with that demand or requirement in all respects; and
- (o) a reference to ASX notifying or giving notice to a Market Participant or vice-versa is a reference to notifying or giving notice in accordance with Rule 1.6.

2.2 WORDS AND EXPRESSIONS DEFINED IN THE CORPORATIONS ACT

2.2.1 Words and expressions defined have the same meaning in these Rules

Words and expressions defined in the Corporations Act will unless otherwise defined or specified in these Rules or the contrary intention appears, have the same meaning in these Rules.

Introduced 11/03/04 Origin ASXF 21.2.3 Amended 30/06/04

2.3 HEADINGS AND INTRODUCTORY REVIEW

2.3.1 Headings and introductory overview for convenience of reference only

Headings and the introductory overview at the beginning of each Section are for convenience of reference only and do not affect the interpretation of the Rules or the Procedures.

Introduced 11/03/04 Origin ASXF 21.2.2

2.4 CONDUCT, ACTS AND OMISSIONS

2.4.1 References to conduct or doing any act or thing

In these Rules:

- (a) a reference to conduct or engaging in conduct includes a reference to doing, refusing to do or omitting to do, any act, including the making of, or the giving effect to a provision of, an agreement; and
- (b) unless the contrary intention appears, a reference to doing, refusing or omitting to do any act or thing includes a reference to causing, permitting or authorising:
 - (i) the act or thing to be done; or
 - (ii) the refusal or omission to occur.

Introduced 11/03/04

2.4.2 Conduct by officers, employees or agents

In these Rules, conduct engaged in on behalf of a person:

- (a) by an officer, Employee, or other agent of the person within the scope of the actual or apparent authority of the officer, Employee, or other agent; or
- (b) by any other person at the direction or with the consent or agreement (whether express or implied) of an officer, Employee, or other agent of the person, where the giving of the direction, consent or agreement is within the scope of the actual or apparent authority of the officer, Employee, or other agent, is taken to have been engaged in also by the person.

2.4.3 State of mind of a person

If for the purposes of these Rules in respect of conduct engaged in by a person, it is necessary to establish the state of mind of the person, it is sufficient to show that an officer, Employee, or other agent of the person, being an officer, Employee, or other agent by whom the conduct was engaged in within the scope of the actual or apparent authority of that officer, Employee, or other agent, had that state of mind.

In this Rule 2.4.3, a reference to the state of mind of a person includes a reference to the knowledge, intention, opinion, belief or purpose of the person and the person's reasons for the person's intention, opinion, belief or purpose.

Introduced 11/03/04

2.5 REGARD TO BE HAD TO PURPOSE OR OBJECT OF RULE

2.5.1 Construction to promote purpose of Rules

In the interpretation of a Rule, a construction that would promote the purpose or object underlying the Rules (whether that purpose or object is expressly stated in the Rules or not) is to be preferred to a construction which would not promote that purpose or object.

Introduced 11/03/04 Origin ASXF 1.3

2.6 EXAMPLES AND NOTES

2.6.1 Use of examples and notes

If these Rules include an example of, or a note about, the operation of a Rule:

- (a) the example or note is not to be taken to be exhaustive; and
- (b) if the example or note is inconsistent with the Rule, the Rule prevails.

Introduced 11/03/04

2.7 CHANGE OF NAME

2.7.1 Reference to a body or office under a former name

If:

- (a) the name of a body is changed in accordance with the law (whether or not the body is incorporated); or
- (b) the name of an office is changed by law,

then a reference in these Rules to the body or office under any former name, except in relation to matters that occurred before the change took effect, is taken as a reference to the body or office under the new name.

2.8 EFFECT OF AMENDMENT TO RULES AND PROCEDURES

2.8.1 Where amendments to Rules and Procedures are made

Unless expressly stated otherwise, where a Rule or Procedure is:

- (a) amended;
- (b) deleted; or
- (c) lapses or otherwise ceases to have effect,

that circumstance does not:

- (d) revive anything not in force or existing at the time at which that circumstance takes effect;
- (e) affect the previous operations of that Rule or Procedure or anything done under that Rule or Procedure;
- (f) affect any right, privilege, obligation or liability acquired, accrued or incurred under that Rule or Procedure;
- (g) affect any penalty, forfeiture, suspension, expulsion or disciplinary action taken or incurred in respect of any breach of that Rule or Procedure; or
- (h) affect any investigation, disciplinary proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture, suspension, expulsion or disciplinary action,

and any such investigation, disciplinary proceeding or remedy may be instituted, continued or enforced, and any such penalty, forfeiture, suspension, expulsion or disciplinary action may be imposed as if the circumstance had not taken effect.

Introduced 11/03/04 Origin ASXF 21.2.4

2.9 RULES IN FORCE AT TIME OF CONTRAVENTION

2.9.1 Determining a contravention of the Rules

Unless expressly stated otherwise, in determining whether the act or omission of a party constitutes a contravention of the Rules or constitutes Unprofessional Conduct, the matter will be determined with regard to the Rules in force at the time of the relevant act or omission.

Introduced 11/03/04 Origin ASXF 21.2.5

2.10 DEFINITIONS

In these Rules and in the Procedures, unless the context otherwise requires:

"Account" means an account of a Clearing Participant with an Approved Clearing Facility in which Derivatives Market Contracts cleared by the Clearing Participant are registered.

Introduced 11/03/04 Amended 28/11/05

"Accountant" means a member of the Australian Society of Certified Practising Accountants, the Institute of Chartered Accountants in Australia or other body approved by ASX.

"Accredited Adviser" means a person accredited as a level one accredited derivatives adviser, level two accredited derivatives adviser or an accredited futures adviser under Section 8.

"Adjust Phase" – [Deleted]

Introduced 11/03/04 Deleted 28/11/05

"Adjust Session State" means the Session State of that name described in the Procedures to Rule 31.4.4.

Introduced 28/11/05

"Adjust ON Session State" means the Session State of that name described in the Procedures to Rule 31.4.4.

Introduced 28/11/05

"Admission Requirements" means the requirements for admission as a Market Participant which are set out in Section 3.

"After Hours Adjust Phase" – [Deleted]

Introduced 11/03/04 Deleted 28/11/05

"Alternative Clearing Facility" means a CS Facility which, in the opinion of ASX, has:

- (a) adequate rules or procedures relating to the operation of the facility, including effective risk management procedures;
- (b) adequate arrangements for supervision and regulation of the facility; and
- (c) sufficient resources to conduct the facility and perform its supervisory and regulatory functions, and which is recognised by ASX as an Alternative Clearing Facility

"American-Style" means an Option Series for which an Exercise Notice may be submitted by the Buyer on or before the Expiry Date of the Option Series.

Introduced 11/03/04 Amended 28/11/05

"Appeal Tribunal" means the tribunal established under Rule 28.16.

"Approved Clearing Facility" means a CS Facility approved by ASX as an Approved Clearing Facility and specified in the Procedures.

"Approved Index" means an index approved by ASX in accordance with Rule 18.4.1 and set out in the Procedures.

"Approved Ratings Agency" means a ratings agency included in a list of ratings agencies published by ASX from time to time.

"Approved Settlement Facility" means a CS Facility approved by ASX as an Approved Settlement Facility and specified in the Procedures.

"Approved Short Sale ETF" means an ETF Security which ASX declares under Rule 19.7 to be in a class of financial products to which Section 1020B(4)(e) of the Corporations Act applies.

"Approved Short Sale Product" means a Cash Market Product (excluding ETF Securities) which ASX declares under Rule 19.7 to be in a class of financial products to which Section 1020B(4)(e) of the Corporations Act applies.

Introduced 11/03/04 Amended 28/11/05

"Approved Subordinated Debt" has the meaning it has in Schedule 1A.

"Associated Transaction" – [Deleted]

Deleted 28/11/05

"ASX" means Australian Stock Exchange Limited (ABN 98 008 624 691).

"ASXO" means ASX Operations Pty Limited (ABN 42 004 523 782).

"ASX World Link Agreement" means an agreement so termed between a Portal Dealer and a Market Participant trading in connection with the ASX World Link service.

"ASX World Link™ service" means the access and services developed to facilitate Australian investors' participation in approved financial products markets outside Australia and international investors' participation in approved financial products on the Market.

"Auction" means an auction conducted in a Trading Platform in respect of Qualifying Bids Or Offers pursuant to the following process:

- (a) the Priority Bid is paired with the Priority Offer so that either the Bid or the Offer is fully satisfied;
- (b) a new priority of Bids and Offers is established after deducting the quantity of Products paired under sub-paragraph (a);
- (c) the pairing and re-establishment of priority set out in paragraphs (a) and (b) is repeated until the Priority Bid is below the Priority Offer price;
- (d) all paired Bids and Offers are then matched at the Equilibrium Price;
- (e) where the highest Bid and lowest Offer prices respectively do not match or overlap, such Bids and Offers will not participate in the process outlined in paragraph (b);
- (f) any Bids or Offers which have not been matched at the completion of the process described in paragraph (b) will be carried through to the next Session State.

Introduced 28/11/05

"Auction Price" – [Deleted]

Introduced 11/03/04 Deleted 28/11/05

"Australian ADI" has the meaning it has in the Corporations Act.

"Australian Financial Services Licence" means a licence granted under Section 913B of the Corporations Act.

"Authorised Person" means a person who is either a client or an agent of the client and who is permitted by a Trading Participant to submit orders into the Trading Participant's system.

"Authorised User" means an employee of a Market Participant who is authorised under the terms of the applicable ASX World Link Agreement to place Orders for that Market Participant through the ASX World Link service.

"Automated Client Order Processing" is the Automated Order Processing of an order submitted by an Authorised Person into a Trading Participant's system.

"Automated Order Processing" means the process by which orders are registered in a Trading Participant's system and, if accepted for submission into a Trading Platform by the Trading Participant, submitted as corresponding Trading Messages without being keyed or rekeyed by a DTR.

"Automated Order Processing Requirements" means the requirements of Rules 13.3.1 to 13.3.3.

"Bid" means:

- (a) in relation to a Cash Market Product, a price and quantity of the Cash Market Product to be purchased;
- (b) in relation to a Derivatives Market Contract, an offer to enter into a Cash Market Transaction in respect of the relevant Derivatives Market Contract as Buyer; and
- (c) in relation to a Combination, a price and quantity of the Combination.

Introduced 11/03/04 Amended 28/11/05

"Bid Class" means in relation to a Takeover Bid, the class of Financial Products included in the bid class of Financial Products under the Corporations Act.

"Bid Period":

- (a) for an Off-Market Bid - commences when the Bidder's statement is given to the Target and ends:
 - (i) 1 month later if no offers are made under the bid; or
 - (ii) at the end of the Offer Period;
- (b) for a Market Bid - starts when the bid is announced to ASX by the Trading Participant acting on behalf of the Bidder and ends at the end of the Offer Period; and
- (c) for a Scheme - starts when the announcement of intention to propose a Scheme is first received by ASX until the date on which the Scheme is effected.

"Bidder" means:

- (a) in relation to an Off-Market Bid or Market Bid, a bidder within the meaning of the Corporations Act and, in respect of an Issuer incorporated or established outside Australia, the equivalent entity; and

- (b) in relation to a Scheme, the entity or entities, which in the opinion of ASX, is in a similar position to a bidder.

"Block Special Crossing" means a Special Crossing made in accordance with Rule 18.2.

Introduced 11/03/04 Amended 28/11/05

"Bulletin Board" means the bulletin board which forms part of a Trading Platform which is a facility for:

- (a) advertising interest in trading in Products; and
- (b) trading Derivatives Only Combinations, Cash Only Combinations, Derivatives/Cash Combinations and the component Derivatives Market Contracts and Cash Market Products of Cross-Market Combinations which are not permitted under these Rules to be traded in the Central Orderbook and which comply with the Procedures.

Introduced 11/03/04 Origin old ASXMR 21.1.2 Amended 28/11/05

"Business Day" means a day other than:

- (a) a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day; and
- (b) any other day which ASX notifies Market Participants is not a Business Day.

"Buyer" means, in relation to a Derivatives Market Transaction, the Trading Participant whose purchase, bid or buy instruction, order or other Trading Message has resulted in the Derivatives Market Transaction being entered into in accordance with Rule 21.2.2, whether or not in connection with any Crossing, other Derivatives Market Transaction or any transaction in any Cash Market Product or Non-ASX Contract and includes the taker of an Options Market Contract.

Introduced 11/03/04 Amended 28/11/05

"Capital Requirements" means, in relation to a Market Participant, the Risk Based Capital Requirements or the NTA Requirements (as applicable).

"Cash Market Product" means a Quoted Product, a Warrant admitted to trading status in accordance with Section 10 and any other product that ASX authorises for trading on a Trading Platform and determines to be a Cash Market Product.

Introduced 28/11/05

"Cash Market Transaction" means a transaction between Trading Participants for one or more Cash Market Products.

Introduced 28/11/05

"Cash Only Combination" means a transaction consisting of two or more component Cash Market Transactions, in a specific ratio, in respect of which:

- (a) entry into each component Cash Market Transaction is contingent on entry into each of the other component Cash Market Transactions;
- (b) the combined transaction has a net price; and

(c) each transaction is for the same client.

Introduced 28/11/05

"Cash Settled Warrant" means a Warrant in relation to which the settlement obligations under the Terms of Issue are completed by the payment of a cash amount by the Warrant-Issuer to the Warrant-Holder.

"Central Orderbook" means a part of a Trading Platform known as the "central orderbook" which is a facility for submitting Trading Messages in respect of, and entering into transactions in respect of Derivatives Market Contracts, Cash Market Products, Tailor-Made Combinations and Standard Combinations.

Introduced 11/03/05 Origin old ASXMR 21.1.2 Amended 28/11/05

"Class" means, in relation to Derivatives Market Contracts, all Contract Series with the same Underlying Index, Underlying Commodity, Underlying Financial Product or Underlying Instrument, as applicable.

Introduced 11/03/04 Amended 28/11/05

"Clearing Agreement" is defined in Rule 5.3.1.

"Clearing Obligation" means an obligation imposed on a Clearing Participant under the Clearing Rules.

"Clearing Participant" means a person admitted as a participant under the Clearing Rules.

"Clearing Rules" means the operating rules, procedures, practices, directions, decisions and requirements of an Approved Clearing Facility (and, when used in relation to a particular Approved Clearing Facility or Clearing Participant, refers to such rules of that Approved Clearing Facility or to which that Clearing Participant is subject).

"Client Account" means an account of a Clearing Participant with an Approved Clearing Facility in which Derivatives Market Contracts cleared by the Clearing Participant for one or more clients are registered.

Introduced 11/03/04 Amended 28/11/05

"Client Agreement" means an agreement between the Trading Participant and its client, entered into under Rule 7.1.2

"Close Session State" means the Session State of that name described in the Procedures to Rule 31.4.4.

Introduced 28/11/05

"Closing Phase" – [Deleted]

Introduced 11/03/04 Deleted 28/11/05

"Closing Single Price Auction" – [Deleted]

Introduced 11/03/04 Deleted 28/11/05

"Combination" means a Cash Only Combination or a Derivatives Combination.

Introduced 28/11/05 Origin old ASXMR 21.2.4

"Commission" means the Australian Securities and Investments Commission.

"Completion of Order Special Crossing" means in relation to Cash Market Products, a Special Crossing referred to in Rule 18.7.

Introduced 28/11/05

"Condition" means each of the conditions to which sales on a Conditional Market are subject.

"Conditional Market" means a market declared by ASX to be a conditional market under Rule 16.9.2.

"Conditional Sale" means a sale which is conditional on fulfilment of Conditions and made on a Conditional Market.

"Constitution" means the constitution of ASX.

"Contract Series" means a Futures Series or an Option Series.

"Contract Size", in relation to an Options Market Contract over Underlying Financial Products, means the number of Underlying Financial Products the subject of the Options Market Contract as determined by ASX when the relevant Contract Series is opened for trading under Rule 11.2 (unless adjusted under Rule 11.3).

Amended 28/11/05

"Controlled Trust" means a trust in relation to which an Employee, Immediate Family of an Employee or a company controlled by an Employee:

- (a) is a trustee;
- (b) holds more than 50% of the whole beneficial interest; or
- (c) controls the trust.

"Controller" means:

- (a) a person holding 20% of the total votes attached to voting shares of an applicant or a Market Participant or a person who, together with Related Parties, holds 20% of such votes; or
- (b) a person who has the power to control the Market Participant or applicant Market Participant, whether that power is direct or indirect or is, or can be, exercised as a result of, by means of, in breach of, or by revocation of, trusts, relevant agreements and practices, or any of them, and whether or not they are enforceable,

but for the purposes of Section 1 and Section 4 does not include an entity if the entity, a holding company of the entity, or a subsidiary of the entity through which the entity has an interest in the applicant or Market Participant is an entity listed on ASX or any other Australian market licensee or a Recognised Overseas Stock Exchange.

"Core Trading Rules" means collectively, the Rules that a Market Participant must observe in connection with its dealings in Participating International Financial Products through the ASX World Link service, as set out in Rule 27.4.4 to 27.4.10.

"Cover Arrangement" means, in respect of a Fully Covered Warrant:

- (a) a trust, the trustee of which is either an authorised trustee corporation (as that term is defined in the Corporations Act) or which meets the criteria for approval as a trustee for the purposes of Part 2L.1 of the Corporations Act; or
- (b) a trust, custodial or other similar arrangement not objected to by ASX and not objected to by the Commission,

to which the Underlying Instrument is subject and the terms of which preclude the Warrant-Issuer or any other person from exercising control over the transfer or disposal of the Underlying Instrument other than:

- (c) for the purpose of complying with the Warrant-Issuer's obligations in respect of the Warrant;
- (d) upon fulfilment of the Warrant-Issuer's obligations in respect of the Warrant, for any purpose which the Warrant-Issuer directs; or
- (e) for the purpose of complying with a direction of a court.

"Cross" or "Crossing", means a transaction in respect of which a Trading Participant acts:

- (a) on behalf of both buying and selling clients to that transaction; or
- (b) on behalf of a buying or selling client on one side of that transaction and as Principal on the other side.

"Crossing Dispute" means a matter referred to the Dispute Governors pursuant to Rule 15.2.4(e)(ii).

Introduced 11/03/04 Amended 28/11/05

"Crossing Market" means that the highest Bid price and the lowest Offer price are not more than one Price Step apart.

"Cross-Market Combination" means a transaction consisting of one or more component Market Transactions and one or more transactions in Non-ASX Contracts, in a specific ratio, in respect of which:

- (a) entry into each component Market Transaction and each component transaction in a Non-ASX Contracts is contingent on entry into each of the other component Market Transactions and transactions in Non-ASX Contracts;
- (b) the combined transaction has a net price; and
- (c) each transaction is for the same client.

Introduced 28/11/05 Origin old ASXMR 21.2.4

"Cross-Platform Combination" – [Deleted]

Introduced 11/03/04 Deleted 28/11/05

"Cross Single Series Function" is the function in a Trading Platform described in Rule 22.2.2.

Introduced 11/03/04 Amended 28/11/05

"Cross with Central Orderbook Function" is the function in a Trading Platform described in Rule 22.2.3.

Introduced 11/03/04 Amended 28/11/05

"CS Approved Product" means a Cash Market Product approved for settlement by an Approved Settlement Facility in accordance with its Settlement Rules.

Introduced 11/03/04 Amended 28/11/05

"CSPA Session State" means the Session State of that name described in the Procedures to Rule 31.4.4.

Introduced 28/11/05.

"Dealing Dispute" has the meaning given in Rule 15.3.

"Dealing Rules" means the Rules governing the submission of orders and the execution and reporting of Market Transactions on a Trading Platform and includes:

- (a) in relation to trading in Cash Market Products, Section 12 to Section 20 (inclusive) and Section 31; and
- (b) in relation to trading in Derivatives Market Contracts, Section 12 to Section 15 and Section 21 to Section 25 (inclusive) and Section 31.

Introduced 11/03/04 Amended 28/11/05

"Defined Circumstances" means that:

- (a) it is a Derivative/Cash Combination;
- (b) the transactions are conducted in accordance with Rule 21.4.9 or Rule 31.2.9 (as applicable);
- (c) the transaction in the Cash Market Products is entered into at or within the Bid and Offer as displayed in a Trading Platform when the Derivative/Cash Combination is transacted; and
- (d) the transactions are reported to ASX simultaneously.

Introduced 11/03/04 Amended 28/11/05

"Deliverable Warrant" means a Warrant in relation to which the settlement obligations under the Terms of Issue are in the first instance completed by the transfer of the Underlying Instrument to the Warrant-Holder.

"Derivative", in Section 9, has the same meaning as in Section 761D of the Corporations Act.

"Derivative/Cash Combination" means a transaction consisting of one or more component Cash Market Transactions and one or more component Derivatives Market Transactions, in a specific ratio, in respect of which:

- (a) entry into each component Cash Market Transaction and each component Derivatives Market Transaction is contingent on entry into each other component Cash Market Transaction and Derivatives Market Transaction;

(b) the combined transaction has a net price; and

(c) each transaction is for the same client.

Introduced 28/11/05 Origin old ASXMR 21.2.4

"Derivatives Combination" means a Derivatives Only Combination, a Derivative/Cash Combination or a Cross-Market Combination.

Introduced 28/11/05

"Derivatives Market Contract" means a Futures Market Contract, an Options Market Contract and any other contract that ASX authorises for trading on a Trading Platform and determines to be a Derivatives Market Contract.

Introduced 28/11/05

"Derivatives Market Transaction" means a transaction between Trading Participants for one or more Derivatives Market Contracts.

Introduced 28/11/05

"Derivatives Only Combination" means a transaction which comprises at least two component Derivatives Market Transactions, in a specific ratio, in respect of which:

(d) entry into each component Derivatives Market Transaction is contingent on entry into each of the other component Derivatives Market Transactions;

(e) the combined transaction has a net price; and

(f) each transaction is for the same client.

Introduced 28/11/05

"Derived Order" is defined in Rule 31.2.7.

Introduced 11/03/04 Amended 28/11/05

"Disciplinary Tribunal" means the tribunal established under Rule 28.14.

"Disclosed Portion" means that portion of an Iceberg Order which is disclosed to the Market by a Trading Platform.

Introduced 28/11/05

"Discretionary Account" – [Deleted]

Introduced 11/03/04 Deleted 28/11/05

"Dispute Governor" means a person appointed under Rule 15.4.1.

"Dispute Governors Committee" is defined in Rule 15.4.2.

"DTP" – [Deleted]

Introduced 11/03/04 Deleted 28/11/05

"DTP Combination" – [Deleted]

Introduced 11/03/04 Deleted 28/11/05

"DTP Contract" – [Deleted]

Introduced 11/03/04 Deleted 28/11/05

"DTP Product" – [Deleted]

Introduced 11/03/04 Deleted 28/11/05

"DTP Transaction" – [Deleted]

Introduced 11/03/04 Deleted 28/11/05

"DTR" means a person registered by ASX under Rule 8.2.

"DTR Training Manual" means the document with that title published by ASXO which contains operational and administrative procedures relating to a Trading Platform, as amended from time to time.

Introduced 28/11/05

"Employee" in relation to a Market Participant includes a director, employee, officer, agent, representative, consultant or adviser of that Market Participant, or an independent contractor who acts for or by arrangement with a Participant.

"Enquire Phase" – [Deleted]

Introduced 11/03/04 Deleted 28/11/05

"Enquire Session State" means the Session State of that name described in the Procedures to Rule 31.4.4.

Introduced 28/11/05

"Entitlement" is defined in Rule 5.7.4.

"Entity" is defined in Rule 4.5.2.

"Equilibrium Price" means, in relation to a Product, the price calculated by applying the principles below (to each Product) in the following order until a single price results:

- (a) maximum executable volume - this principle determines the price (or prices) at which the largest possible executable volume is achieved;
- (b) minimum surplus - this principle ascertains the price (or prices) at which the unfilled or unmatched quantity is at a minimum;
- (c) market pressure - this principle ascertains whether the result achieved under the previous principle exists on the buy or sell side of the market; and
- (d) reference price - this principle narrows the potential prices as calculated above and confirms one of the potential prices. Confirmation occurs by using either:
 - (i) the price of the last on-market trade for that day; or

- (ii) if no on-market trades have occurred on the Trading Day, the official closing price from the previous Trading Day.

Where a confirmation cannot be achieved (as no on-market trades have ever occurred) the lowest of the narrowed potential prices will become the relevant price.

Introduced 28/11/05

"Equity Securities" means:

- (a) shares in a body corporate or an unincorporated body other than redeemable preference shares which are Loan Securities in accordance with paragraph (c) of the definition of Loan Securities; or
- (b) interests in a managed investment scheme, except those referred to in paragraph (d) of the definition of Loan Securities; or
- (c) renounceable and non-renounceable rights to subscribe for Securities other than Loan Securities; or
- (d) options over unissued Securities other than Loan Securities; or
- (e) convertible notes; or
- (f) any Securities which are determined by ASX to be Equity Securities,

but does not include option contracts, or Securities determined to be Loan Securities by ASX.

"Error" is defined in Rule 15.1.

"Error Dispute" is defined in Rule 15.2.7.

"Established Market" means in relation to a single Contract Series or a Standard Combination, a bid and an offer in the Central Orderbook for at least the minimum quantity and at or within the maximum spread, provided by a Market Maker.

"ETF" means a registered managed investment scheme:

- (a) listed on ASX;
- (b) with power and approval to continuously issue and have quoted on ASX Equity Securities in the scheme; and
- (c) which provides for the issue of new Equity Securities in return for the subscriber transferring to the scheme a portfolio of Securities.

"ETF Portfolio" means the portfolio of Securities required by an ETF to be transferred to or from the ETF as part of the issue or redemption of ETF Securities.

"ETF Security" means an Equity Security issued by an ETF.

"ETF Special Trade" means a trade in ETF Securities effected under Rule 16.5.1.

"European-Style" means an Option Series for which an Exercise Notice may be submitted by the Buyer on the Expiry Date of the Option Series.

Introduced 11/03/04 Amended 28/11/05

"Exchange Approved Special Crossing" means, in relation to Cash Market Products, a Special Crossing referred to in Rule 18.6.

Introduced 28/11/05

"Exchange for Physical" (EFP) means a transaction of the kind described in Section 24.

"Exercise Limit" means a limit set by ASX under Rule 25.2.1 or Rule 25.3.1 or an exercise limit set by the Approved Clearing Facility under the Clearing Rules.

"Exercise Notice" means a notice given by the Buyer of an Options Market Contract in accordance with these Rules to exercise an Options Market Contract.

Introduced 11/03/04 Amended 28/11/05

"Exercise Price" means the price specified by ASX for the exercise of an Options Market Contract (as adjusted in accordance with the Rules).

Introduced 11/03/04 Amended 28/11/05

"Expiry Date" means, in relation to an Options Market Contract, the date determined by ASX as the date on which the Options Market Contract expires. Unless ASX notifies Market Participants that a different date will apply to an Options Market Contract before ASX opens that Options Market Contract for trading under Rule 11, the Expiry Date will be:

- (a) the third Friday of the month in which the Option Series is expressed to expire; or
- (b) if the Underlying Market on which the relevant Underlying Financial Products are traded (or the Underlying Market for the component stocks in an Underlying Index) does not open for trading on the day referred to in paragraph (a), the immediately preceding trading day of that Underlying Market.

Introduced 11/03/04 Amended 28/11/05

"Facilitated Specified Size Block Special Crossing" means, in relation to Cash Market Products, a special crossing made in accordance with Rule 18.2.2.

Introduced 11/03/04 Amended 28/11/05

"Family Company" means a corporation:

- (a) controlled by the person or the Immediate Family of the person; or
- (b) in respect of which the person is beneficially entitled to more than 50% of the issued capital.

"Family Trust" means a trust in which:

- (a) the person or the Immediate Family of the person is the sole or majority beneficiary; or
- (b) the person has the ability to remove the trustee of the trust and replace that trustee with his or her own nominee.

"FDI" stands for Foreign Depositary Interest and which comprises a beneficial interest or other interest in a Participating International Financial Product held by a depositary nominee.

"Financial Product" has the meaning given in Division 3 of Part 7.1 of the Corporations Act.

"FML Workstation" means a personal computer on which is installed a software product provided by ASXO for use by any Market Participant permitted to access the ASX World Link service for the time being.

"Forward Delivery Transaction" means a Market Transaction for Cash Market Products where the Trading Participants entering into the transaction agree to a time for settlement of the transaction which is later than the third Business Day following the Cash Market Transaction (but does not include a transaction of a type referred to in Rules 5.7.3(a) and 5.7.3(c)).

Introduced 11/03/04 Amended 28/11/05

"Fully Covered Warrant" means a Deliverable Warrant in respect of which the Warrant-Issuer has arranged for a number of the Underlying Instrument sufficient to meet the exercise of all outstanding Warrants to be subject to a Cover Arrangement.

"Funds Manager" means an entity whose primary business is to invest moneys and manage assets and other investments allocated to it by clients for that purpose.

"Futures Market Contract" means a contract on the terms of a Futures Series.

Introduced 11/03/04 Amended 28/11/05

"Futures Option" – [Deleted]

Introduced 11/03/04 Deleted 28/11/05

"Futures Series" means a set of contractual terms which include the terms set out in Schedule 2 and other terms determined by ASX under Section 11.

"Futures Market Transaction" means a Market Transaction for one or more Futures Market Contracts.

Introduced 11/03/04 Amended 28/11/05

"Guarantor" means a third party approved by ASX to provide an unconditional and irrevocable guarantee in favour of the Warrant-Holder in the event of the failure of a Warrant-Issuer to fulfil its obligations in accordance with the Terms of Issue.

"House Account" means an account of a Clearing Participant with an Approved Clearing Facility in which Derivatives Market Contracts cleared by the Clearing Participant for its own account are registered.

Introduced 11/03/04 Amended 28/11/05

"Iceberg Order" means a Bid or Offer entered into on the basis set out in Rule 31.9.

Introduced 28/11/05

"Immediate Family" in relation to a person, means that person's spouse and any non-adult children.

"In Price/Time Priority" means, in respect of Bids and Offers, in accordance with the following order:

- (a) Bids entered into a Trading Platform are ranked from highest to lowest priced and Offers are ranked from lowest to highest priced;
- (b) Bids entered into a Trading Platform are ranked above Bids entered later at the same price and Offers entered into a Trading Platform are ranked above Offers entered later at the same price; and
- (c) an Order withdrawn from a Trading Platform loses its priority under (a) and (b) and, if re-entered, will be treated as a new Order.

Introduced 28/11/05 Origin ASX 2.6.1, 2.6.4(2), MR 16.3.1

"Initial Margin" means, in relation to an Open Contract, an amount of money determined by an Approved Clearing Facility as the initial margin for the Open Contract, in accordance with the Clearing Rules.

"Issuer" means, in relation to a Cash Market Product, the legal entity which issues the Cash Market Product.

Introduced 11/03/04 Amended 28/11/05

"Late Trading Session State" means the Session State of that name described in the Procedures to Rule 31.4.4.

Introduced 28/11/05

"Listed Entity" means an entity admitted to the official list of ASX.

"Listing Rules" means the listing rules of ASX.

"Loan Securities" means:

- (a) debentures, stocks or bonds issued or proposed to be issued by a government; or
- (b) debentures of a body corporate or an unincorporated body; or
- (c) redeemable preference shares which have a fixed and certain date for redemption, other than shares having a participating entitlement to rights or options referred to in paragraphs (c) and (d) of the definition of Equity Securities; or
- (d) interests in a managed investment scheme, relating to a financial or business undertaking or scheme, common enterprise or investment contract, the trustee or representative or responsible entity of which only invests in or acquires one or more of Loan Securities, mortgages and cash; or
- (e) any Securities which are determined by ASX to be Loan Securities,

but does not include option contracts, or Securities determined to be Equity Securities by ASX.

"Make a market" means to enter both a Bid and an Offer which meets the minimum quantity and maximum spread requirements determined by ASX under Section 23.

"Managed Discretionary Account" has the same meaning as given to MDA Service in ASIC Class Order 04/194.

"Managed investment product", in Section 9, means a Financial Product that is within the meaning of Section 764(1)(b) or Section 764(1)(ba) of the Corporations Act.

"Market" means the market for Products operated by ASX.

"Market Bid" means a market bid within the meaning of the Corporations Act and, in respect of an Issuer incorporated or established outside Australia, any similar form of bid.

"Market Control" means the unit of ASX responsible for the administration of the Trading Platform.

"Market Maker" means a Trading Participant registered by ASX under Rule 23.1, which must make a market in assigned Classes.

"Market Participant" means a person admitted as a participant under Section 3.

"Market Transaction" means a transaction for one or more Products, entered into on a Trading Platform or reported to ASX under these Rules.

Introduced 11/03/04 Amended 28/11/05

"Marketable Parcel" means, in relation to any Cash Market Product or right in respect of a Cash Market Product, the number determined in accordance with the Procedures.

Introduced 11/03/04 Amended 28/11/05

"National Voiceline System" means a dedicated communications service supplied to subscribers by ASX which provides access to voice announcements originating from ASX.

"Nominating Trading Participant", means a Trading Participant who enters into a Nominating Trading Participant Agreement with a Principal Trader in accordance with Rule 5.6.2.

Introduced 11/03/04 Amended 28/11/05

"Nominating Trading Participant Agreement" means a binding agreement between a Principal Trader and a Nominating Trading Participant which meets the requirements set out in Rule 5.6.2.

Introduced 11/03/04 Amended 28/11/05

"Non-ASX Contract" means a contract, Underlying Commodity, Underlying Instrument or Underlying Financial Product that is available for trading on a Non-ASX Market.

"Non-ASX Market" means a market operated by a person other than ASX.

"Non-CS Approved Product" means a Cash Market Product which is not a CS Approved Product.

Introduced 11/03/04 Amended 28/11/05

"Non-DTP Contract" – [Deleted]

Introduced 11/03/04 Deleted 28/11/05

"Normal Trading" – [Deleted]

Introduced 11/03/04 Deleted 28/11/05

"NTA Requirements" means the requirements set out in Schedule 1B.

"Offer" means:

- (a) in relation to a Cash Market Product, a price and quantity of the Cash Market Products to be sold; and
- (b) in relation to a Derivatives Market Contract, means an offer to enter into a Derivatives Market Contract in respect of the relevant Contract Series as Seller.

Introduced 11/03/04 Amended 28/11/05

"Offering Circular" means a document, which ASX does not object to, despatched to prospective subscribers to an issue of Warrants and which contains all information required by ASX.

"Offer Period" means:

- (a) in relation to a Takeover Bid, the period for which offers under the bid remain open; or
- (b) in relation to a Scheme, the period from the date an announcement of intention to propose a Scheme is first received by ASX until the date on which the Scheme is effected.

"Official List" has the meaning given to that term in the Listing Rules.

"Official Quotation" means official quotation by ASX.

"Off-Market Bid" means an off-market bid within the meaning of the Corporations Act and in respect of an Issuer incorporated or established outside Australia, any similar form of bid.

"On-market" in relation to a transaction for the purpose of Chapter 6 of the Corporations Act means a transaction by a Trading Participant for the acquisition of Cash Market Products during the period set out in the Procedures which is:

- (a) effected in accordance with Section 31; or
- (b) a Crossing effected during Open Session State in accordance with Rule 17.2 if:
 - (i) the Crossing is arranged solely by a Trading Participant and is not pre-arranged between the principals to the transaction; and
 - (ii) each principal is indifferent as to the identity of the other.

For the purposes of this definition, the expression "principal" includes the principal's associates, advisers and advisers' associates. The expression "adviser" does not include a person only providing services to the principal as a broker.

Note: Under this definition, Special Crossing and Crossings effected under Rules 17.6 and 17.7 are not on-market transactions.

Introduced 11/03/04 Amended 28/11/05

"Open Contract" means a contract, on the terms of a Contract Series which is registered with an Approved Clearing Facility under the Clearing Rules (and any contract which replaces that contract through the transfer, adjustment or settlement to market of that contract under the Clearing Rules).

Introduced 11/03/04 Amended 28/11/05

"Open Interface" means the electronic protocol and message structure used to provide a mechanism for Trading Participants to access a Trading Platform which enables a Trading Participant to submit Trading Messages.

"Open Interface Device" means a logical connection or session with the gateway using the Open Interface, and includes a session maintained by a Trader Workstation.

"Open Night-Trading Session State" means the Session State of that name described in the Procedures to Rule 31.4.4.

Introduced 28/11/05

"Open Session State" means the Session State of that name described in the Procedures to Rule 31.4.4.

Introduced 28/11/05

"Opening Phase" – [Deleted]

Introduced 11/03/04 Deleted 28/11/05

"Operational Requirements" is defined in Rule 13.1.4.

"Options Market Contract" means a contract on the terms of an Option Series.

Introduced 11/03/04 Amended 28/11/05

"Options Market Transaction" means a Market Transaction for one or more Options Market Contracts.

Introduced 11/03/04 Amended 28/11/05

"Option Series" means a set of contractual terms which include the terms set out in Schedule 4 and other terms determined by ASX under Section 11.

"Order" means:

- (a) in relation to Cash Market Products, an instruction to purchase or sell Cash Market Products, or an instruction to amend or cancel a prior instruction to purchase or sell Cash Market Products;
- (b) in relation to Derivatives Market Contracts, an instruction to enter into a Derivatives Market Transaction, or an instruction to amend or cancel a prior instruction to enter into a Derivatives Market Transaction; and
- (c) for the purposes of Section 27, means an order placed by a Market Participant to buy or to sell any Participating International Financial Products using the ASX World Link service.

Introduced 11/03/04 Amended 28/11/05

"Other Capital Regime" is defined in Rule 6.3.1.

"Overseas Activity" is defined in Rule 4.5.1.

"Overseas Portal Dealer" means a Participating Overseas Exchange or an entity affiliated with a Participating Overseas Exchange that acts as an intermediary:

- (a) on behalf of trading participants in a Participating International Financial Products in order to facilitate placing orders, order execution, clearing and settlement of Participating ASX Cash Market Products through the ASX World Link service; or
- (b) on behalf of the Portal Dealer to facilitate placing orders, order execution, clearing and settlement of Participating International Financial Products through the ASX World Link Service.

Introduced 11/03/04 Amended 28/11/05

"own account" is defined in Rule 7.5.1.

"Participating ASX Cash Market Product" means a Cash Market Product that has been approved for trading by members of a Participating Overseas Exchange through the ASX World Link service, by agreement between ASX and the Participating Overseas Exchange.

Introduced 11/03/04 Amended 28/11/05

"Participating International Financial Product" means a security that is quoted on a market of a Participating Overseas Exchange and is eligible to be traded for the time being through the ASX World Link service, as notified to Market Participants by ASX from time to time.

"Participating Overseas Exchange" means a Recognised Stock Exchange located outside Australia that has agreed co-operative arrangements with ASX to enable Australian investors to transact on that Participating Exchange in Participating International Financial Products and investors from that exchange's home jurisdiction to transact on ASX in Participating ASX Cash Market Products.

Introduced 11/03/04 Amended 28/11/05

"Participating Overseas Market" means a stock market administered by a Participating Overseas Exchange to which access is for the time being available through the ASX World Link service.

"Portal Dealer" means:

- (a) ASX or a subsidiary of ASX that ASX determines is to act as an intermediary; or
- (b) another entity which has entered into all necessary agreements and arrangements for use of the ASX World Link service, the protection of investors and the integrity of the market and which has been approved by ASIC to act as an intermediary:
 - (i) for Market Participants in order to facilitate placing Orders, Order execution, clearing and settlement of Participating Overseas Securities through the ASX World Link service; or
 - (ii) for an Overseas Portal Dealer to facilitate placing orders, order execution, clearing and settlement of Participating ASX Cash Market Products through the ASX World Link service.

Introduced 11/03/04 Amended 28/11/05

"Position Limit" means a limit set by ASX under rule 25.1.1 or a position limit set by an Approved Clearing Facility under the Clearing Rules.

"Portfolio Special Crossing" means, in relation to Cash Market Products, a Special Crossing effected pursuant to Rule 18.3.

Introduced 11/03/04 Amended 28/11/05

"Pre-CSPA Session State" means the Session State of that name described in the Procedures to Rule 31.4.4.

Introduced 28/11/05

"Pre-Night Trading Session State" means the Session State of that name described in the Procedures to Rule 31.4.4.

Introduced 28/11/05

"Pre-Notice Received Session State" means the Session State of that name described in the Procedures to Rule 31.4.4.

Introduced 28/11/05

"Pre-Open Session State" means the Session State of that name described in the Procedures to Rule 31.4.4.

Introduced 28/11/05

"Pre-Opening Phase" – [Deleted]

Introduced 11/03/04 Deleted 28/11/05

"Premium" means the consideration paid by the Buyer of an Options Market Contract to the Seller for the Options Market Contract.

Introduced 11/03/04 Amended 28/11/05

"Prescribed Person" means, in relation to a Market Participant:

- (a) an Employee, a director, a partner, an Affiliate or Responsible Executive of the Market Participant;
- (b) a Controller of the Market Participant or a Related Body Corporate of that Controller;
- (c) the Immediate Family of a person referred to in paragraphs (a) or (b);
- (d) a Family Company and a Family Trust of a person referred to in paragraphs (a) to (c); and
- (e) where a Market Participant or a person referred to in paragraphs (a) to (d) is a body corporate, any body corporate or other entity controlled by that body corporate.

"Price Quotation Factor" means:

- (a) in relation to Derivatives Market Contracts, the Contract Size;
- (b) (subject to (c)), in relation to Cash Market Products, one;
- (c) in relation to Cash Market Products that are components of a Derivatives Combination, the highest Price Quotation Factor of a Derivative Market Contract that is a component of the Combination.

Introduced 28/11/05

"Price Step" means the minimum bid increment that can be entered on a Trading Platform as set out in the Procedures.

Introduced 11/03/04 Amended 28/11/05

"price/time priority" – [Deleted]

Introduced 11/03/04 Deleted 28/11/05

"Principal", in the context of "as Principal" has the meaning given to that expression in Rule 7.3.5.

"Principal Trader" means a Market Participant with Trading Permission for one or more Products which limits it to trading on its own behalf.

Introduced 11/03/04 Amended 28/11/05

"Prior Bid" means, in relation to a Bid, another Bid that is ranked higher than it In Price/Time Priority.

Introduced 28/11/05

"Prior Offer" means, in relation to an Offer, another Offer that is ranked higher than it In Price/Time Priority.

Introduced 28/11/05

"Priority Bid" means, in relation to a set of Bids, the highest ranked Bid In Price/Time Priority.

Introduced 28/11/05

"Priority Crossing" is a Crossing of Cash Market Products carried out in accordance with Rule 17.2.4.

Introduced 11/03/04 Amended 28/11/05

"Priority Offer" means, in relation to a set of Offers, the highest ranked Offer In Price/Time Priority;

Introduced 28/11/05

"Procedures" means any document, electronic file or other information (recorded by any mode of representing words or reproducing words) approved by ASX and given where applicable to Regulated Persons and third party providers in accordance with Rule 1.3 and, without limitation, includes the ASX Market Rule Procedures as amended from time to time.

"Product" means a Cash Market Product or a Derivatives Market Contract (as applicable).

Introduced 11/03/04 Amended 28/11/05

"Public Securities" means Loan Securities where the Issuer is:

- (a) the Commonwealth Government;
- (b) the Government of a State or Territory of Australia;
- (c) a municipal body corporate, other local governing body or public authority constituted by or under a law of the Commonwealth or of a State or Territory of Australia;

- (d) a body corporate controlled by a government described in paragraphs (a) or (b), the principal business of which is the supply and distribution, by a system of reticulation, in Australia or in a Territory of water, gas or electricity;
- (e) a government business enterprise of the Commonwealth Government or the Government of a State or Territory of Australia;

but does not include Loan Securities:

- (f) where the Issuer is a body referred to in paragraphs (a), (b) or (c) and the Securities are issued in respect of a loan raised outside Australia and the Territories unless there is in force a declaration by the Treasury, published in the Gazette, that those Securities will be public securities for the purposes of the Income Tax Assessment Act; and
- (g) issued after 12 April 1976 by a bank.

"Purge Orders Session State" means the Session State of that name described in the Procedures to Rule 31.4.4.

Introduced 28/11/05

"Qualifying Bid or Offer" means, in relation to an Auction, a Bid or Offer in the Trading Platform at the commencement of the Auction.

Introduced 11/03/04 Amended 28/11/05

"Quote Request" means an electronic request from a Trading Participant or ASX to make a market for a specified Contract Series or Combination.

Introduced 11/03/04 Amended 28/11/05

"Quoted Product" means a Financial Product that has been granted Official Quotation under the Listing Rules and includes an Equity Security and a Loan Security.

Amended 28/11/05

"Reciprocal Arrangement" means any agreement or arrangement between ASX and any governmental agency or regulatory authority (including, without limitation, an exchange, market operator, clearing house or clearing and settlement facility) in Australia or elsewhere whose functions include the regulation of trading in, or clearing and settlement of Financial Products (in Australia or elsewhere) which provides for the disclosure of information between ASX and the other party in relation to dealings in, or clearing and settlement of, derivatives or securities (in Australia or elsewhere).

"Recognised Overseas Stock Exchange" means a Recognised Stock Exchange whose principal place of business is located outside Australia.

"Recognised Stock Exchange" means an exchange or market listed in the Procedures.

"Record Date" has the meaning given to it in the Listing Rules.

"Recorded Buyer" means a Trading Participant who, at Trading Close, has an order displayed in the Central Orderbook or the Bulletin Board to enter into a Derivatives Market Transaction as the Buyer in a single Contract Series or Combination at the price the Trading Participant referred to in Rule 21.6.2 intends to enter into Derivatives Market Transactions as a Seller in that single Contract Series or Combination, or at a better price. For Combinations, a "Recorded Buyer" includes Trading Participants with Bids and Offers displayed in the Central Orderbook

in the component single Contract Series which, taken with the best Bids and Offers displayed in the Central Orderbook for the other component Contract Series of the Combination, is at the same price or a better price.

Introduced 11/03/04 Amended 28/11/05

"Recorded Seller" means a Trading Participant who, at Trading Close, has an order displayed in the Central Orderbook or the Bulletin Board to enter into a Derivatives Market Transaction as the Seller in a single Contract Series or Combination at the price the Trading Participant referred to in Rule 21.6.2 intends to enter into Derivatives Market Transactions as a Buyer in that single Contract Series, or Combination, or at a better price. For Combinations, a "Recorded Seller" includes Trading Participants with Bids and Offers displayed in the Central Orderbook in the component single Contract Series which, taken with the best Bids and Offers displayed in the Central Orderbook for the other component Contract Series of the Combination, is at the same price or a better price.

Introduced 11/03/04 Amended 28/11/05

"Reference Manual" – [Deleted]

Introduced 11/03/04 Deleted 28/11/05

"Register of Warrant-Holders" means the register of Warrant-Holders maintained in accordance with Rule 10.7.4.

"Regulated Person" means a Market Participant or a Responsible Executive.

"Related Body Corporate" has the same meaning set out in Section 50 of the Corporations Act.

"Related Party" means:

- (a) in relation to a body corporate:
 - (i) the meaning in Section 228 of the Corporations Act; or
 - (ii) a Substantial holder of the body corporate;
- (b) in relation to a trust, which is not a registered management investment scheme the management company, trustee and their related parties within the meaning of Section 228 of the Corporations Act;
- (c) in relation to a trust which is a registered managed investment scheme, the responsible entity and a related party of the responsible entity under Section 228 of the Corporations Act, as modified by Section 601LA of the Corporations Act,
- (d) in relation to a person:
 - (i) his or her spouse, de facto spouse, parent, son, or daughter, or a spouse or de facto spouse of that person;
 - (ii) an entity over which one or more of the persons referred to in paragraph (i) has control;
 - (iii) an entity that he or she controls, or its holding company or which is controlled by the holding company;

- (iv) a person who acts, or proposes to act, in concert with anyone referred to above;
- (v) a person who was a related party in the previous 6 months, or who would be a related party in the future, under the tests in Section 228 of the Corporations Act (applied with any necessary adaptation).

"Relative", in relation to a person, means the spouse, parent or remoter lineal ancestor, son or daughter or remoter issue, or brother or sister of that person.

"Relevant Period" means the period determined by ASX and notified to Market Participants during which Market Makers are required to make markets.

"Relevant Clearing Participant" means, in relation to a Trading Participant:

- (a) where the Trading Participant is not itself a Clearing Participant and has a third party clearing arrangement with only one Clearing Participant to clear all of its Market Transactions in a class of Product, that Clearing Participant; and
- (b) where the Trading Participant is itself a Clearing Participant and clears all of its Market Transactions in a class of Products, itself; and
- (c) where the Trading Participant has third party clearing arrangements with more than one Clearing Participant, or is itself a Clearing Participant and has third party clearing arrangements with other Clearing Participants to clear its Market Transactions in a class of Product, the Clearing Participant which it has identified through the Open Interface Device in respect of the Market Transaction.

Introduced 09/12/04 Amended 28/11/05

"Renewal Date" means the date set out in the Procedures on which the accreditation of an Accredited Adviser may be renewed by ASX under Rule 8.8.

"Representative", in relation to a Market Participant, means a "representative" within the meaning of Section 910A of the Corporations Act.

"Residual Amount" means the amount of an Iceberg Order that has not been matched from time to time.

Introduced 28/11/05

"Responsible Executive" means at any time, in relation to a Market Participant, an individual who is shown as having executive responsibility for the supervision and control of all or part of the business of that Market Participant in the copy of the Market Participant's management structure provided to ASX or who is otherwise notified to ASX from time to time as having that responsibility.

"Retail Client" means a "retail client" as defined in Section 761G of the Corporations Act.

"Risk Based Capital Requirements" means the requirements set out in Schedule 1A.

"Rules" means these rules.

"Scheme" means a compromise or arrangement within the meaning of Section 411 of the Corporations Act (and, in respect of an Issuer incorporated or established outside Australia, any similar form of compromise or arrangement under the Act of the jurisdiction of incorporation or

establishment) which has, in the opinion of ASX, a similar result to an Off-Market Bid or Market Bid.

"SEATS" – [Deleted]

Introduced 11/03/04 Deleted 28/11/05

"Security" or "security":

- (a) in Section 9, has the meaning given in Section 761A of the Corporations Act; and
- (b) elsewhere, means:
 - (i) a “security” within the meaning of Section 761A of the Corporations Act; or
 - (ii) a managed investment product.

"Seller" means, in relation to a Derivatives Market Transaction, the Trading Participant whose sell or offer instruction, order or other Trading Message has resulted in the Derivatives Market Transaction being entered into in accordance with Rule 21.2.2, whether or not in connection with any other Crossing, Derivatives Market Transaction or any transaction in any Cash Market Product or Non-ASX Contract and includes the writer of an Options Market Contract.

Introduced 11/03/04 Amended 28/11/05

"Session State" means, in respect of a Trading Platform, a Session State specified by ASX during which trading will take place in accordance with the parameters specified by ASX. Unless otherwise specified the parameters specified in the Procedures to Section 31.4.4 will apply.

Introduced 28/11/05

"Settlement Rules" means the operating rules, procedures, practices, directions, decisions and requirements of an Approved Settlement Facility.

"Short Sale" means a sale of a Financial Product which is a "Section 1020B product", within the meaning of Section 1020B of the Corporations Act, where at the time of sale the seller does not have a presently exercisable and unconditional right to vest the Financial Product in the buyer other than by reason solely of the sale constituting a Conditional Sale and cognate expressions have a corresponding meaning.

"Small Parcels" is defined in Rule 16.14.1.

"Special Crossing" means a Crossing effected in accordance with Section 18 or Rule 22.3.

Introduced 28/11/05

"Special Size" means, in relation to Cash Market Products or Derivatives Market Contracts or Combinations (as applicable), the amount set out in the Procedures.

Introduced 11/03/04 Amended 28/11/05

"Standard Combination" means a Combination prescribed by ASX as a Standard Combination under Rule 21.3.2.

"State of Emergency" means any of the following:

- (a) fire, power failure or restriction, communication breakdown, accident, flood, embargo, boycott, labour dispute, unavailability of data processing or any other computer system or facility, act of God;
- (b) act of war (whether declared or undeclared) or an outbreak or escalation of hostilities in any region of the world which in the opinion of ASX prevents or significantly hinders the operation of the market;
- (c) an act of terrorism; or
- (d) other events which, in the opinion of ASX prevents or significantly hinders the operation of the market.

"Substantial holder":

- (a) for the purposes of Rules 7.3.5 and Schedule 1A, when used to refer to a Substantial holder in a corporation, means a person who has or would have a substantial holding if Part 6C of the Corporations Act applied to that corporation; and
- (b) for the purposes of any other Rule includes a reference to:
 - (i) a person who has a relevant interest in not less than 5% of a class of non voting shares of the relevant company or its holding company; and
 - (ii) each person who has a relevant interest in voting shares and non voting shares of the relevant company or its holding company and whose aggregate holdings exceed 5% in number of the voting shares on issue of the relevant company or its holding company.

"Tailor-Made Combination" means a Combination specified to be a Tailor-Made Combination under Rule 31.2.5, as amended under Rule 31.2.6 and not removed under Rule 31.2.6.

Introduced 11/03/04 Amended 28/11/05

"Takeover Bid" means an Off-Market Bid or Market Bid.

"Takeover Offer" means:

- (a) a takeover offer within the meaning of the Corporations Act and in respect of an Issuer incorporated or established outside Australia, any similar form of offer; and
- (b) a Scheme.

"Target" means:

- (a) in relation to an Off-Market Bid or Market Bid, a target within the meaning of the Corporations Act and, in respect of an Issuer incorporated or established outside Australia, the equivalent entity; and
- (b) in relation to a Scheme, the entity or entities, which in the opinion of ASX, is in a similar position to a target.

"TCD" means a transferable certificate of deposit.

"Terms of Issue" means rights, conditions and obligations of the Warrant-Issuer and the Warrant-Holder as documented by the Warrant-Issuer and not objected to by ASX.

"Throughput Capacity" means the number of transactions per second which can be processed through an Open Interface Device.

"Traded Products" – [Deleted]

Introduced 11/03/04 Deleted 28/11/05

"Trader Workstation" means a personal computer with Trader Workstation Software installed.

"Trader Workstation Software" means the software product provided by ASXO for use by Trading Participants which provides a Trader Workstation with the functionality necessary to use the Open Interface for trading on a Trading Platform.

"Trading Close" means the time determined by ASX and notified to Trading Participants as the time on each Trading Day at which the entry of orders into a Trading Platform must cease.

Introduced 11/03/04 Amended 28/11/05

"Trading Day" means a day determined by ASX to be a Trading Day and notified to Market Participants.

"Trading Halt Session State" means the Session State of that name described in the Procedures to Rule 31.4.4.

Introduced 11/03/04 Amended 28/11/05

"Trading Hours" means the times on a Trading Day determined by ASX and notified to Trading Participants as the times between which Market Transactions may be entered into by Trading Participants on a Trading Platform.

Introduced 11/03/04 Amended 28/11/05

"Trading Messages" means those messages submitted into a Trading Platform relating to trading functions, such as Orders, amendment or cancellation of Orders and the reporting or cancellation of Market Transactions on the Trading Platform.

"Trading Participant" means a Market Participant which has Trading Permission in respect of one or more Products.

Amended 28/11/05

"Trading Permission" means the right to submit Trading Messages in a Trading Platform.

Amended 28/11/05

"Trading Platform" means a platform made available by ASX to Trading Participants for the entry of Trading Messages, the matching of Orders, the advertisement of invitations to trade and the reporting of transactions.

Introduced 11/03/04 Amended 28/11/05

"Trading Status" means authorisation by ASX for a Warrant to be traded on the Market.

"Tribunal" means the Disciplinary Tribunal or the Appeal Tribunal (as applicable).

"Tribunal Panel" means the panel established under Rule 28.13.

"Underlying Commodity" means in relation to a Derivatives Market Contract, the commodity which underlies that contract as determined by ASX.

Introduced 11/03/04 Amended 28/11/05

"Underlying Financial Product" means in relation to a Derivatives Market Contract, the Financial Product underlying that contract as determined by ASX.

Introduced 11/03/04 Amended 28/11/05

"Underlying Futures Contract" – [Deleted]

Introduced 11/03/04 Deleted 28/11/05

"Underlying Index" means in relation to a Derivatives Market Contract, the index which underlies that contract, as determined by ASX.

Introduced 11/03/04 Amended 28/11/05

"Underlying Instrument" means in relation to Option Series and Futures Series, the instrument which underlies that Option Series or Futures Series as determined by ASX; and in relation to Warrants means the Financial Product, index, foreign or Australian currency or commodity which underlies that Warrant.

Introduced 11/03/04 Amended 28/11/05

"Underlying Market" in relation to a Derivatives Market Contract, means a market in the instruments, commodities, securities or other things which underlie the Derivatives Market Contract.

Introduced 11/03/04 Amended 28/11/05

"Undisclosed Portion" means that portion of an Iceberg Order which is not disclosed to the Market by a Trading Platform.

Introduced 28/11/05

"Unprofessional Conduct" includes:

- (a) conduct which amounts to impropriety affecting professional character and which is indicative of a failure either to understand or to practise the precepts of honesty or fair dealing in relation to other Market Participants, clients or the public;
- (b) unsatisfactory professional conduct, where the conduct involves a substantial or consistent failure to reach reasonable standards of competence and diligence; and
- (c) conduct which is, or could reasonably be considered as likely to be, prejudicial to the interests of ASX or its Market Participants,

by a Market Participant, or an Employee, whether in the conduct of the Market Participant's business as a Market Participant or in the conduct of any other business (and need not involve a contravention of these Rules, the Procedures or any law).

"Warrant" means:

- (a) a financial instrument which gives the holder of the instrument the right:
 - (i) to acquire the Underlying Instrument; or

- (ii) to require the Warrant-Issuer to acquire the Underlying Instrument;
- (iii) to be paid by the Warrant-Issuer an amount of money to be determined by reference to the amount by which a specified number is greater or less than the number of an index; or
- (iv) to be paid by the Warrant-Issuer an amount of money to be determined by reference to the amount by which the price or value of the Underlying Instrument is greater than or less than a specified price or value,

in accordance with the Terms of Issue and Section 10; or

- (b) any other Financial Product that is a “warrant” within the meaning given that term in Corporations Regulation 1.0.02 (as modified by any class order that ASIC may issue from time to time) and which ASX determines to be a Warrant for the purposes of this definition, as notified to Trading Participants.

"Warrant-Holder" means the holder of a Warrant.

"Warrant-Issuer" means an entity approved by ASX to issue Warrants in accordance with Section 10.

"Warrant Series" means all Warrants with the same Underlying Instrument and having the same Warrant-Issuer, Guarantor (if applicable), and Terms of Issue.

"Wholesale Client" has the meaning set out in Section 761G of the Corporations Act.

"Wholesale Client Agreement" means the agreement between a Trading Participant and a client lodged with an Approved Clearing Facility in accordance with Rules 7.1.4(d) and 7.1.5(b).

"Wholesale Loan Securities" means Loan Securities for which the minimum value of a Bid or Offer is \$500,000.

"Wholesale Loan Securities Bulletin Board" means the electronic mechanism which displays Bids and Offers for Wholesale Loan Securities but does not provide the mechanism for execution or settlement of transactions in the Wholesale Loan Securities displayed.

"Wholesale Loan Securities Market" means the part of a Bulletin Board of a Trading Platform in which invitations to deal in Wholesale Loan Securities may be entered.

Introduced 11/03/04 Amended 28/11/05

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SECTION 3 ADMISSION OF MARKET PARTICIPANTS

Section 3 provides for the admission of applicants as Market Participants. Applicants who satisfy the Admission Requirements in this Section will be admitted as Market Participants.

While, generally, Market Participants must be bodies corporate, there is provision for the grandfathering of Existing ASX Participants that are partnerships (Rule 29.3) and provision for the admission as Market Participants of natural persons who are Principal Traders.

Rule 3.2 sets out admission requirements applicable to all applicants, Rule 3.3 sets out those applicable to natural person applicants (ie; natural persons applying for admission as Market Participants with Trading Permission only on a Principal Trader basis) and Rule 3.4 sets out the rules applicable to corporate applicants. Rule 3.5 describes the management arrangements to be maintained by all Market Participants.

Section 12 sets out provisions pursuant to which ASX may grant Trading Permission in respect of specified Products to Market Participants.

3.1 APPLICATION FOR ADMISSION

3.1.1 Application process

ASX will admit an applicant as a Market Participant, subject to any conditions imposed under Rule 3.1.4, if the applicant:

- (a) applies to ASX by completing the application form prescribed by ASX and set out in the Procedures;
- (b) satisfies the relevant Admission Requirements (except to the extent that ASX has waived such requirement under Rule 1.5); and
- (c) pays to ASX the relevant application fee determined by ASX.

Introduced 11/03/04 Origin ASX 5.1.1, ASXF 2.2.1

3.1.2 ASX may request further information

ASX may request an applicant to provide further information which ASX considers necessary to establish whether the person satisfies the Admission Requirements.

Introduced 11/03/04 Origin ASX 5.1.3, ASXF 2.2.2

3.1.3 ASX to determine application within reasonable time

ASX will use all reasonable endeavours to make its decision whether to accept or reject an application for admission as a Market Participant within a reasonable time following the receipt of the application.

Introduced 11/03/04 Origin ASX5.1.5

3.1.4 Conditions on admission

Where ASX admits an applicant as a Market Participant, it may at that time (or at any later time) impose any conditions on the admission (or continued admission) of the Participant which it considers appropriate having regard to Rule 1.13 and the Market Participant's application form including, without limitation:

- (a) a condition that an applicant which does not have the licence required under Rule 3.7 obtains that licence within 3 months of being approved as a Market Participant; or
- (b) a condition that upon admission, the Market Participant, either generally or in respect of particular Products, only enter into Market Transactions on its own behalf.

ASX will notify the applicant of any condition imposed under this Rule 3.1.4 in writing.

Introduced 11/03/04 Origin ASX 5.1.4, ASXF 2.2.3 Amended 28/11/05

3.1.5 Breach of condition does not automatically terminate admission

If ASX imposes a condition on a Market Participant's admission under Rule 3.1.4, a breach of that condition by the Market Participant does not automatically result in the termination of the admission of the Market Participant. Any breach is dealt with in accordance with Rules 28.1 to 28.12.

Introduced 11/03/04

3.2 ADMISSION REQUIREMENTS FOR ALL APPLICANTS

3.2.1 Requirements

For an applicant to be eligible for admission as a Market Participant, the applicant must:

- (a) be a body corporate, except that a Market Participant which is only a Principal Trader may be either a body corporate or an individual.

Note: An Existing ASX Participant which is a partnership will be taken to be approved by ASX as a Market Participant under Rule 29.3. No new applications for admission by partnerships will be approved.

- (b) if it is an individual, satisfy Rule 3.3;
- (c) if it is a body corporate, satisfy Rule 3.4;
- (d) agree to comply at all times with the Rules, directions, decisions and requirements of ASX;
- (e) satisfy ASX that it meets the management requirements of this Section;
- (f) satisfy ASX that it has facilities, procedures, personnel and financial resources which are adequate for the performance by the applicant of its obligations as a Market Participant under these Rules and for expeditious and orderly dealings with ASX and other Market Participants;

- (g) satisfy ASX that it complies with, and will continue to comply with, the Capital Requirements (or any other requirements applicable in accordance with the conditions of any exemption from the Capital Requirements under Rule 6.3);
- (h) if an applicant is not itself able to clear and/or settle Market Transactions, satisfy ASX that it has in place and will maintain clearing and/or settlement arrangements in accordance with Section 5;
- (i) have insurance in place which complies with the requirements in Rule 4.6;
- (j) comply with any condition imposed under these Rules; and
- (k) satisfy the AFSL requirement of this Section.

Introduced 11/03/04 Origin ASX 5A.1.1, ASXF 3.1

3.3 ADMISSION REQUIREMENTS FOR NATURAL PERSONS

3.3.1 Requirements

For a natural person to be approved as a Market Participant, the person must:

- (a) be resident in Australia;
- (b) satisfy ASX that the individual is of good fame and character and high business integrity;
- (c) have completed qualifications or training of a type set out in the Procedures; and
- (d) have experience which ASX considers appropriate for a Market Participant.

Introduced 11/03/04 Origin ASXF 3.2.1 Amended 27/05/05

3.3.2 Assessment of character

In assessing whether a person is of good fame and character for the purposes of this Section 3, but without limiting the discretion of ASX:

- (a) a person will not be of good fame and character if he or she is disqualified from managing a corporation under the Corporations Act or under the law of another country or is an insolvent under administration or its equivalent in another country; and
- (b) ASX may take into account whether the person has (in Australia or elsewhere) been:
 - (i) charged with or convicted of any offence;
 - (ii) disciplined or adversely mentioned in a report made by, or at the request of, any government or governmental authority or agency;
 - (iii) adversely mentioned in a report made by, or at the request of, ASX, an Approved Clearing Facility, an Approved Settlement Facility or any other exchange, market operator or clearing and/or settlement facility; or

- (iv) disciplined by ASX, an Approved Clearing Facility, an Approved Settlement Facility or any other exchange, market operator or clearing and/or settlement facility.

Introduced 11/03/04 Origin ASFX 3.2.2

3.4 ADMISSION REQUIREMENTS FOR BODIES CORPORATE

3.4.1 Requirement for Australian presence

For a body corporate to be approved as a Market Participant, the body corporate must either:

- (a) be incorporated as a company under the Corporations Act and not applying in its capacity as a trustee of a trust; or
- (b) be registered as a foreign company under the Corporations Act and not applying in its capacity as a trustee of any trust.

Introduced 11/03/04 Origin ASXF 3.3.1

3.4.2 Integrity of applicant which is a body corporate

For a body corporate to be approved as a Market Participant, the body corporate must satisfy ASX that it is of high business integrity. In assessing whether a body corporate is of high business integrity for the purpose of this Rule 3.4.2, but without limiting the discretion of ASX, ASX may have regard to whether the applicant has been:

- (a) charged with or convicted of any offence;
- (b) disciplined or adversely mentioned in a report made by, or at the request of, any government or governmental authority or agency;
- (c) adversely mentioned in a report made by, or at the request of, ASX, an Approved Clearing Facility, an Approved Settlement Facility or any other exchange, market operator or clearing and/or settlement facility; or
- (d) disciplined by ASX, an Approved Clearing Facility, an Approved Settlement Facility or any other exchange, market operator or clearing and/or settlement facility.

Introduced 27/05/05 Origin AXSF 3.3.4.

3.5 ADDITIONAL REQUIREMENTS FOR FOREIGN APPLICANTS

3.5.1 Additional requirements

If an applicant is a body corporate incorporated or resident outside Australia, then in addition to the requirements in Rules 3.2 and 3.4:

- (a) ASX must be satisfied that the body corporate (or a Related Body Corporate) currently conducts trading operations which are regulated by a foreign derivatives or securities exchange or foreign regulatory authority acceptable to ASX;
- (b) ASX may require the body corporate (or persons connected with the body corporate) to give an additional undertaking or undertakings governed by Australian law in

respect of any matter which ASX considers reasonable or in the interest of the public or ASX including, without limitation, undertakings as to:

- (i) the amount of resources and number of Employees to be located in Australia or, if operations are principally located outside Australia, any resources, disclosure or arrangements (including in relation to ASX of information) that are of the kind required by the Commission in respect of foreign providers of financial services to ensure requisite protection of investors and the maintenance of a fair and orderly market;
 - (ii) access by ASX to records required to be kept by the body corporate under these Rules or the Corporations Act;
 - (iii) foreign taxes that might be payable;
 - (iv) whether the law of the body corporate's incorporation would recognise protections which are substantially equivalent to those afforded by Australian law to clients' money and property in a winding-up of the body corporate;
 - (v) the ranking of creditors on a winding-up of the body corporate; and
 - (vi) the law governing the applicant's activities under the Rules and the applicant's submission to jurisdiction;
- (c) ASX may require the body corporate to provide a legal opinion, from independent lawyers acceptable to ASX, and paid for by the applicant, which deals with matters required by ASX and which is acceptable to ASX; and
- (d) ASX may require a performance bond in the form and substance acceptable to ASX.

Introduced 11/03/04 Origin ASXF 3.3.3

3.5.2 Integrity of applicant which is a body corporate – [Deleted]

Introduced 11/03/04 Origin ASXF 3.3.4 Deleted 27/05/05.

3.6 MANAGEMENT REQUIREMENTS

3.6.1 Management structure

- (a) A Market Participant must, in relation to its conduct, and that part of its business that it conducts, on or in relation to the Market operated by ASX, wherever the conduct occurs or the business is located and regardless of the number of offices operated or intended to be operated by the Market Participant, have appropriate management structures in place to ensure that:
- (i) it has operations and processes in place that are reasonably designed, implemented, and that function, so as to achieve compliance by the Market Participant with these Rules;
 - (ii) the design, implementation, functioning and review of those operations and processes are subject to the supervision of one or more Responsible Executives; and

- (iii) each Responsible Executive has sufficient seniority and authority within the Market Participant to exert control, leadership, influence and supervision over those operations and processes.
- (b) A Market Participant must keep accurate records of its management structure and its allocation of responsibilities among its Responsible Executives. An applicant must give a copy of the management structure to ASX.

Introduced 11/03/04 Origin ASX 5.A.2.1, ASXF 4.1.2 Amended 12/10/04

3.6.2 Branch Offices – [Deleted]

Introduced 11/03/04 Origin ASX 5A.2.2 Deleted 12/10/04

3.6.3 Persons involved in the business

For an applicant to be eligible for admission as a Market Participant (and to continue to be approved as a Market Participant):

- (a) each Responsible Executive must satisfy the requirements in Rule 3.3.2 and the requirements in paragraph (b) below;
- (b) ASX must have no reason to believe that any Employee or other person who is or will be involved in the business of the applicant in connection with ASX or (in the case of a body corporate) any director or Controller is not of good fame and character and high business integrity, having regard to Rule 3.3.2 or, if ASX considers they are not, the applicant must address that to the satisfaction of ASX; and
- (c) unless ASX accepts alternative arrangements or undertakings, each Responsible Executive must have given an undertaking to ASX in the form required by ASX to comply with and be bound by the Rules, directions, decisions and requirements of ASX (and, in that undertaking, acknowledge their obligations under Rule 4.1.3).

Introduced 11/03/04 Origin ASX 5A.2.4, ASXF 3.3.2

3.6.4 Persons involved in the business

For an applicant to be eligible for admission as a market participant (and to continue to be approved as a Market Participant):

- (a) each Responsible Executive must satisfy the requirements in Rule 3.6.5 and the requirements in paragraph (b) below;
- (b) ASX must have no reason to believe that any Employee or other persons who is or will be involved in the business of the applicant in connection with ASX or (in the case of a body corporate) any director or Controller is not of good fame and character and high business integrity, having regard to Rule 3.3.2 or, if ASX considers they are not, the applicant must address that to the satisfaction of ASX; and
- (c) Unless ASX accepts alternative arrangements or undertakings, each Responsible Executive must have given an undertaking to ASX in the form required by ASX to comply with and be bound by the Rules, directions, decisions and requirements of ASX (and, in that undertaking, acknowledge their obligations under Rule 4.1.3).

Introduced 11/03/04 Origin ASX 5A.2.4 ASXF 3.3.2 Amended 27/05/05

3.6.5 Responsible Executive requirements

A Responsible Executive must:

- (a) be of good fame and character and high business integrity, having regard to Rule 3.3.2;
- (b) have completed qualifications or training of a type set out in the Procedures;
- (c) have experience which ASX considers is appropriate having regard to the supervisory role which the Responsible Executive performs in the business of the Market Participant;
- (d) not engage (by act or omission) in Unprofessional Conduct; and
- (e) not be the subject of a currently binding order under Market Rule 28.3.7.

Introduced 11/03/04 Origin ASX 5A.2.5. ASXF 3.2.1 part 3.2.3 Amended 12/10/04

3.7 AFSL REQUIREMENT

3.7.1 AFSL required unless participating as a Principal Trader only

The AFSL requirement of this section is that an applicant must hold an Australian Financial Services Licence which authorises the applicant to carry on its business as a Market Participant. This requirement does not apply to an applicant seeking admission as a Market Participant who will only be a Principal Trader, unless the applicant proposes to be registered as a Market Maker under Rule 23.1.

Introduced 11/03/04 Origin ASX 5.11, ASXF 3.1

3.8 REJECTION OF APPLICATION FOR ADMISSION AS PARTICIPANT

3.8.1 Notice of proposed rejection

ASX must not reject an application made under Rule 3.1 unless, before doing so, ASX:

- (a) gives notice to the applicant of the reasons why it proposes to reject the application;
- (b) affords the applicant a period of 10 Business Days after giving the notice (or a longer period as ASX considers the applicant reasonably requires not exceeding 30 Business Days) in which to provide further information or otherwise to take steps to address the reasons stated in the notice; and
- (c) after the end of the period referred to in paragraph (b), considers whether any further information provided or steps taken by the applicant address the reasons in the notice.

Introduced 11/03/04 Origin ASX 5.2.1, ASXF 2.4.1

3.8.2 Notice of rejection

If, after following the procedure in Rule 3.8.1, ASX is not satisfied that the applicant has complied with this Rule 3 or that the applicant meets the Admission Requirements, ASX will

give notice to the applicant rejecting the application and giving reasons why the application is rejected.

Introduced 11/03/04 Origin ASX 5.2.2, ASXF 2.4.2

3.8.3 Right to appeal to Appeal Tribunal

An applicant may appeal to the Appeal Tribunal against a decision to reject its application by giving a notice of appeal to ASX that complies with Rule 28.15.1.

Introduced 11/03/04 Origin ASX 5.2.3, ASXF 2.4.3

3.9 RESIGNATION OF MARKET PARTICIPATION

3.9.1 Market Participant to notify ASX of intended resignation

If a Market Participant wishes to resign as a Market Participant, the Market Participant must:

- (a) give at least 20 Business Days' written notice to ASX of its intention to resign and the proposed date of resignation;
- (b) satisfy ASX that it has taken, or will have taken before the proposed date of resignation, proper steps for the orderly winding down of its business as a Market Participant; and
- (c) comply with any reasonable direction of ASX in relation to the orderly winding down of its business as a Market Participant.

Introduced 11/03/04 Origin ASX 5.3.1, ASXF 2.5.1

3.9.2 Resignation only effective when accepted by ASX

A notice given by a Market Participant under Rule 3.9.1(a) is not effective until the notice is accepted by ASX. ASX may accept a Market Participant's resignation when the Market Participant has:

- (a) complied with Rule 3.9.1 and
- (b) satisfied all its obligations to ASX including, without limitation, paid all outstanding fees owing by the Market Participant under these Rules.

ASX will not unreasonably refuse to accept a Market Participant's resignation under this Rule 3.9.

Introduced 11/03/04 Origin ASX 5.3.2, ASXF 2.5.2

3.10 SUBSTANTIALLY INACTIVE MARKET PARTICIPANTS

3.10.1 ASX may give notice

Where ASX considers that a Market Participant has been substantially inactive for a continuous period of 6 months, ASX may notify the Market Participant that it intends to terminate the Market Participant's admission.

Introduced 11/03/04 Origin ASX 5.4.1

3.10.2 Meaning of substantially inactive

For the purposes of this Rule 3.10, in determining whether a Market Participant is "substantially inactive", ASX may take into account the number of Market Transactions the Market Participant has either entered into or arranged during that period, and whether or not it has performed any other activities during that period that can be carried out by a Market Participant in accordance with these Rules.

Introduced 11/03/04

3.10.3 Market Participant may make submissions

On receipt of a notice given under Rule 3.10.1, the Market Participant may make written submissions to ASX explaining why, in its view, the Market Participant's admission should not be terminated. Any written submission must be received by ASX within 10 Business Days following receipt of the notice from ASX, unless ASX grants an extension in writing.

Introduced 11/03/04 Origin ASX 5.4.2

3.10.4 Termination of admission if no submission received

Where no submission is received by ASX under Rule 3.10.3, ASX may terminate the Market Participant's admission following the end of the 10 Business Day period (or any extension) referred to in that Rule.

Introduced 11/03/04. Origin ASX 5.4.3

3.10.5 Termination of approval if submission received

Where a submission is received by ASX under Rule 3.10.3, ASX may terminate the Market Participant's admission if ASX is not satisfied that the Market Participant will cease to be substantially inactive within a further 20 Business Days following the receipt of the submission. If the Market Participant remains substantially inactive during that period, ASX may terminate the Market Participant's admission following the end of that further period. A Market Participant who is no longer approved has ceased to be a Market Participant.

Introduced 11/03/04 Origin ASX 5.4.4

3.11 EFFECT OF RESIGNATION OR TERMINATION ON OBLIGATIONS

3.11.1 Obligations of Market Participant before resignation and termination

A Market Participant is bound by the Rules until ASX has accepted the Market Participant's resignation under Rule 3.9.2 or until the Market Participant's admission is terminated under these Rules. The resignation or termination does not affect any accrued rights which ASX, a Related Body Corporate of ASX or other Market Participants have against the Market Participant or any accrued obligations which the Market Participant has to ASX, a Related Body Corporate of ASX or to other Market Participants.

Introduced 11/03/04 Origin ASX 5.5.1, ASXF 2.6.1

3.11.2 Certain obligations to continue following resignation or termination

Without limiting Rule 3.11.1, following the resignation or termination of the Market Participant under these Rules:

- (a) the Rules continue to apply and ASX will continue to have jurisdiction in respect of the Market Participant concerning any conduct or any failure to comply with the Rules which occurred before the resignation or termination of the admission of the Market Participant, whether that conduct or failure was by the Market Participant or by any other person for whose conduct the Market Participant was responsible;
- (b) the Market Participant continues to be bound by any indemnity given by the Market Participant under these Rules; and
- (c) other Rules continue to apply in respect of the Market Participant to the extent required to give effect to paragraphs (a) and (b).

Introduced 11/03/04 Origin ASX 5.5.2, ASXF 2.6.2

3.11.3 Certain obligations to continue following resignation or termination of Responsible Executive

Without limiting Rule 3.11.1, following the resignation or termination of a person as Responsible Executive of a Market Participant:

- (a) the Rules continue to apply and ASX will continue to have jurisdiction in respect of the person concerning any conduct or any failure to comply with the Rules which occurred before the resignation or termination of the person as Responsible Executive, whether that conduct or failure was by the Market Participant, the person or by any other person for whose conduct the Market Participant or the person was responsible;
- (b) the person continues to be bound by any indemnity given by him or her under these Rules; and
- (c) other Rules continue to apply in respect of the person to the extent required to give effect to paragraphs (a) and (b).

Introduced 13/09/04 Origin ASX 5.5.2, ASXF 2.6.2 Amended 12/10/04

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SECTION 4 RIGHTS AND OBLIGATIONS OF MARKET PARTICIPANTS AND RESPONSIBLE EXECUTIVES

Section 4 sets out on-going obligations to be complied with by Market Participants and provides that Market Participants are to be responsible for all actions and omissions of their Employees.

The Section requires Market Participants to continue to comply with the Admission Requirements of Section 3 and conditions imposed under the Rules.

Other on-going requirements are also detailed, including requirements:

- to procure and deliver to ASX undertakings from Responsible Executives;
- to notify ASX of certain changes to the Market Participant's circumstances;
- to notify ASX of regulatory action against the Market Participant or its Employees (Responsible Executives also being required to inform the relevant Market Participant of such action);
- to maintain insurances, in certain circumstances;
- in respect of the records, accounts, audits, returns and reports that Market Participants are to maintain or arrange or submit;
- to comply with Chapter 7 of the Corporations Law and the conditions of any AFSL;
- to pay levies if required under the rules of a compensation arrangement maintained by ASX.

Specific requirements for Market Participants which are partnerships, and those with overseas activities are also included as are rules dealing with business connections between Market Participants.

4.1 ONGOING COMPLIANCE AND SUPERVISION

4.1.1 General Compliance by Market Participants

A Market Participant must at all times:

- (a) continue to satisfy the applicable Admission Requirements (but subject to Rule 4.13);
- (b) comply with any conditions imposed on a Market Participant under these Rules;
- (c) comply with the Rules, directions, decisions and requirements of ASX;
- (d) not dispose, transfer, lease, assign or encumber any rights or obligations under these Rules, except:

- (i) as expressly permitted under these Rules; or
 - (ii) with the prior written approval of ASX;
- (e) comply with any undertaking given by the Market Participant under the Rules;
- (f) comply with the requirements of this Section in relation to undertakings for new individuals involved in the business requirements;
- (g) comply with the requirements of this Section in relation to notification of change of details;
- (h) comply with the requirements of this Section in relation to notification of regulatory action (to the extent they apply to Market Participants);
- (i) comply with the requirements of this Section in relation to foreign Market Participants and other Market Participants with overseas activity (to the extent applicable);
- (j) comply with the insurance requirements of this Section;
- (k) comply with the requirements of this Section in relation to business connections between Market Participants;
- (l) comply with the requirements of this Section in relation to continuing education of responsible executives (to the extent they apply to Market Participants);
- (m) comply with the requirements of this Section in relation to records, accounts, audit and returns;
- (n) comply with the trading records requirements of this Section;
- (o) comply with the access to records requirements of this Section;
- (p) comply with the requirements of this Section in relation to reporting Open Contracts;
- (q) comply with the requirements of this Section in relation to ongoing compliance for partnerships (to the extent applicable);
- (r) comply with the requirements of this Section in relation to compliance with chapter 7 of the Corporations Act and AFSL; and
- (s) comply with the requirements of this Section in relation to payment of levies (to the extent applicable);
- (t) comply with the authorised signatories requirements of this Section;
- (u) comply with the legal proceedings requirements of this Section;
- (v) comply with the information requirements of this Section; and
- (w) not engage in Unprofessional Conduct.

Introduced 11/03/04 Origin ASX 5B.1.1, ASXF 4.1.1 Amended 24/05/04, 28/11/05

4.1.2 Responsibility for individuals involved in business

A Market Participant is responsible for all actions and omissions of its Employees.

Introduced 11/03/04 Origin ASX 5B.1.2, ASXF 4.1.4

4.1.3 Responsibilities of Responsible Executive

A Responsible Executive must:

- (a) supervise the design and implementation activities and the functioning and review of the operations and processes referred to in Rule 3.6.1 in respect of that part of a Market Participant's business which the management structure referred to in Rule 3.6.1 or Rule 4.3.2(b)(iv) identifies as being under the supervision of that Responsible Executive while the Responsible Executive is responsible in respect of that part of the business;
- (b) be accountable to the Market Participant for the effective design, implementation, functioning and review of the operations and processes referred to in paragraph (a);
- (c) satisfy the requirements of Rule 3.6.5 at all times;
- (d) comply with his or her undertakings given under Rule 3.6.4 or Rule 4.2;
- (e) comply with the notification of regulatory action requirements of this Section (to the extent they apply to Responsible Executives); and
- (f) give to the Market Participant an annual representation in the form and in the time set out in the Procedures.

Where a Responsible Executive fails to comply with the obligations set out in this Rule 4.1.3, the Market Participant will also have breached this Rule.

Introduced 11/03/04 Origin ASX 5B.1.4 Amended 12/10/04

4.2 UNDERTAKINGS FOR NEW INDIVIDUALS INVOLVED IN BUSINESS

4.2.1 Undertaking by Responsible Executives

If a Market Participant proposes to appoint a new Responsible Executive, the Market Participant must deliver to ASX an undertaking (in the form required by ASX for the purpose of Rule 3.6.4(c)) from that person, at the time or before the appointment becomes effective.

Introduced 11/03/04 Origin ASX 5B.2.1, ASXF 4.3.1

4.2.2 ASX may request information in relation to a new Responsible Executive

Where Rule 4.2.1 applies, ASX may require the Market Participant or the new Responsible Executive to provide further information which ASX considers necessary to establish whether the Admission Requirements which relate to the new Responsible Executive are satisfied.

Introduced 11/03/04 Origin ASX 5B.2.2, ASXF 4.3.2

4.3 NOTIFICATIONS OF CHANGE OF DETAILS

4.3.1 Change of name or address

A Market Participant must notify ASX in writing of the following changes before they become effective:

- (a) any change to the Market Participant's name, or any name under which the Market Participant carries on business; or
- (b) any change to any address at which the Market Participant carries on business.

The notice must include full details of the change.

Introduced 11/03/04 Origin ASX 5B.3.1, ASXF 4.4.1

4.3.2 Change of Directors, Responsible Executives, management structures and other details

A Market Participant must notify ASX in writing:

- (a) no later than the date of the proposed appointment of a new director or Responsible Executive (and the undertaking required under Rule 4.2.1 must accompany that notice); and
- (b) immediately if:
 - (i) any director or Responsible Executive is removed or resigns;
 - (ii) a person who is not a Controller becomes a Controller or a person who is a Controller ceases to be a Controller;
 - (iii) there is any change to a licence or other authorisation which authorises the Market Participant to carry on its business as a Market Participant;
 - (iv) there is any change to its management structure which the Market Participant has previously provided to ASX; and
 - (v) there is any other material change in information concerning the Market Participant's business from that previously provided to ASX.

The notice must include full details of the change.

Introduced 11/03/04 Origin ASX 5B.3.2, ASXF 4.4.2

4.4 NOTIFICATION OF REGULATORY ACTION

4.4.1 Notification of action by Commission or other entity

If a Market Participant is informed by the Commission or its delegates (or any other person authorised under the Corporations Act), an exchange, a market operator, a clearing and/or settlement facility or a regulatory body that action is being or may be taken by it against the Market Participant or any of its Employees, its delegates or an authorised person under the Corporations Act, the Market Participant must notify ASX in writing on or before the next Business Day of full details of that information.

Introduced 11/03/04 Origin ASX 5B.4.1, ASXF 4.5.1

4.4.2 Notification to Market Participant by Responsible Executive

If a Responsible Executive is informed by an exchange, market operator, clearing and/or settlement facility or regulatory body (whether constituted in or outside Australia) or by the Commission or one of its delegates (or any other person authorised under the Corporations Act) that it is taking or may take action against the Responsible Executive, the Responsible Executive must notify the Market Participant in writing on or before the next Business Day of full details of that action. The Market Participant must then notify ASX in writing on or before the next Business Day of full details of that action.

Introduced 11/03/04 Origin ASX 5B.4.3, ASXF 4.5.3

4.5 FOREIGN MARKET PARTICIPANTS AND OTHER MARKET PARTICIPANTS WITH OVERSEAS ACTIVITY

4.5.1 Approvals in respect of overseas activity

A Market Participant that proposes to locate any part of its business as a Market Participant (including, without limitation, an Open Interface Device or a computer or other device connected to an Open Interface Device), or to locate any of its personnel engaged in its business as a Market Participant, outside Australia (the "**Overseas Activity**") must:

- (a) provide prior written notification to ASX including details of the proposed Overseas Activity;
- (b) obtain all necessary regulatory approvals from any relevant governmental agency or regulatory authority in Australia or elsewhere in respect of the Overseas Activity; and
- (c) comply with the directions of ASX and any relevant governmental agency or regulatory authority in Australia concerning the supervision of the Overseas Activity.

Introduced 11/03/04 Origin ASX 5B.5.1, 2.2.6(2), ASXF 4.8.1

4.5.2 Duty to disclose taxes

If a Market Participant is incorporated outside Australia or conducts part of its business as a Market Participant outside Australia and:

- (a) any tax or duty of any kind would be liable to be paid by ASX, a Related Body Corporate of ASX or any other person bound by these Rules (each an "**Entity**");
- (b) the Market Participant would be required by any law or regulation to withhold payment of an amount or deduct a tax or duty of any kind from an amount payable by it to any Entity; or
- (c) an Entity or Entities are required by any law or regulation to withhold payment of an amount or deduct a tax or duty of any kind from an amount payable by the Entity or Entities,

in respect of any transaction or agreement between that Participant and any Entity or Entities, and that duty or tax would not be liable to be paid or would not be required to be withheld or deducted if the Market Participant were incorporated in Australia and conducting its business as a Market Participant wholly in Australia, then the Market Participant must disclose to each relevant Entity that the duty or tax may be payable, or withholding or deduction may have to be made, before the relevant transaction or agreement to which the duty or tax relates is entered

into or instructions are accepted. The disclosure must be in writing and include the nature of the duty, tax or withholding and the amount of the likely duty, tax or withholding or the appropriate rate of duty or tax.

Introduced 11/03/04 Origin ASX 5B.5.3, ASXF 4.8.3

4.5.3 Indemnity

Without limiting any other indemnity given by a Market Participant under these Rules, each Market Participant indemnifies ASX in respect of any loss or damage caused to ASX as a result of a failure by that Market Participant to observe the requirements of this Rule 4.5.

Introduced 11/03/04 Origin ASX 5B.5.4, 22.6(1), ASXF 4.8.4

4.6 INSURANCE REQUIREMENTS

4.6.1 Obligation to have insurance

Subject to Rule 4.6.2 every Market Participant must, where the Market Participant acts for any person other than itself or a Related Body Corporate, take out and maintain, at all times, a professional indemnity (or equivalent) insurance policy that the Market Participant determines (acting reasonably) to be adequate having regard to the nature and extent of the business carried on by the Market Participant in connection with its business as a Market Participant and the responsibilities and risks assumed or which may be assumed by the Market Participant in connection with that business. The professional indemnity (or equivalent) insurance must include insurance against a breach of duty it owes in a professional capacity, whether owed in contract or otherwise at law, arising from any act or omission of the Market Participant and its Employees.

Introduced 11/03/04 Origin ASX 5B.6.1, ASXF 4.9.1

4.6.2 Insurance with Related Body Corporate

If the insurance referred to in Rule 4.6.1 is provided by a Related Body Corporate, the Market Participant must provide ASX with the following information by no later than 10 Business Days after the issue or renewal of the insurance (or at any other time if requested by ASX):

- (a) the name of the Related Body Corporate and a certified copy of evidence sufficient to establish that it is a Related Body Corporate; and
- (b) confirmation from the related body corporate that it is the insurer or the self-insurer covering and indemnifying the Market Participant against the liabilities referred to in Rule 4.6.1 and a certified copy of the certificate evidencing the insurance.

Introduced 11/03/04 Origin ASX 5B.6.2, ASXF 4.9.2

4.6.3 Notification of amount and period of cover

The Market Participant must notify ASX in writing within 10 Business Days following the issue of a new professional indemnity (or equivalent) insurance policy or the renewal of an existing professional indemnity (or equivalent) insurance policy of:

- (a) the amount and nature of cover which the Market Participant has under Rule 4.6.1;
- (b) the date on which the cover became effective; and
- (c) the date on which the cover will expire.

The Market Participant must renew that cover with effect from no later than its expiry to comply with Rule 4.6.1.

The Market Participant must, at the same time, give ASX a certified copy of the certificate of insurance.

Introduced 11/03/04 Origin ASX 5B.6.3, ASXF 4.9.3 Amended 27/05/05

4.6.4 Notification of claims

In relation to any liability or potential liability of the type referred to in Rule 4.6.1, a Market Participant must immediately notify ASX of any notification to its insurer of any claim, potential claim or circumstance that might give rise to a claim and must include the following details:

- (a) any circumstance which is likely to give rise to a claim or potential claim against the Market Participant;
- (b) the receipt of a notice from any person of any intention to make a claim or potential claim against the Market Participant; and
- (c) the details of any claim, potential claim or circumstance against the Market Participant, including the gross contingent liability, the net contingent liability, the full name of the Market Participant's insurer and the date the Market Participant notified its insurer of the claim, potential claim or circumstance.

Introduced 11/03/04 Origin ASX 5B.6.4, ASXF 4.9.4

4.6.5 Notification of other matters

A Market Participant must also advise ASX of any other matter which ASX requires in relation to any insurance policy maintained under Rule 4.6.1.

Introduced 11/03/04 Origin ASX 5B.6.5, ASXF 4.9.5

4.7 BUSINESS CONNECTIONS BETWEEN MARKET PARTICIPANTS

4.7.1 Connections requiring ASX consent

A Market Participant must not, without the prior written consent of ASX:

- (a) be a Related Body Corporate of another Market Participant;
- (b) allow a Controller or Employee to be a Controller of another Market Participant;
- (c) have an Employee who is an Employee of another Market Participant or a Related Body Corporate of another Market Participant;
- (d) share common computer facilities with, or allow its computer facilities to be linked with, another Market Participant; or
- (e) share common premises with, or allow its premises to be accessed by another Market Participant or its Employees.

Introduced 11/03/04 Origin ASX 5B.7.1, ASXF 3.4.1, 3.4.2

4.7.2 Access to records

Without limiting ASX's discretion under Rule 4.7.1, when giving any consent under Rule 4.7.1, ASX may impose on one or both of the Market Participants involved conditions concerning access by common Controllers or Employees to records of those Market Participants including, without limitation, the records of orders received by the Market Participants.

Introduced 11/03/04 Origin ASX 5B.7.2, ASXF 3.4.3

4.7.3 Undertakings

ASX may require a Market Participant to give an undertaking to ASX that:

- (a) the Market Participant does not breach this Rule 4.7; and
- (b) the Market Participant will not allow any person who is not an Employee of the Market Participant to have access to the Market Participant's order book or clients' records, other than as required by law or by ASX.

Introduced 11/03/04 Origin ASX 5B.7.3, ASXF 3.4.4

4.8 CONTINUING EDUCATION OF RESPONSIBLE EXECUTIVES

4.8.1 Responsible Executive compliance

Each Market Participant must ensure that each of its Responsible Executives complies, with any continuing education requirements prescribed by ASX.

Introduced 11/03/04 Origin ASX 5B.8 Amended 12/10/04

4.9 RECORDS, ACCOUNTS, AUDIT AND RETURNS

4.9.1 Application

The only parts of this Rule 4.9 that apply to Market Participants that are only approved as Principal Traders is Rule 4.9.9.

Introduced 11/03/04 Origin ASXF 4.2.1

4.9.2 Records

A Market Participant must maintain financial records which comply with the provisions of the Corporations Act which govern the maintenance of financial records. The financial records must be made as soon as practicable after the events to which they relate. Without limiting this Rule, the Market Participant must keep accurate records in sufficient detail to show particulars of the matters set out in the Procedures.

Introduced 11/03/04 Origin ASX 1.2.1.1, 1.2.1.3(b), ASXF 4.2.2

4.9.3 Auditor

A Market Participant must:

- (a) appoint an auditor to hold office, subject to ASX having no objection, until the auditor is removed from office or retires; and

- (b) appoint an auditor to fill a vacancy within 10 Business Days of the vacancy occurring or such other time as prescribed by law.

Introduced 11/03/04 Origin ASX 1.3(4), ASXF 4.2.3

4.9.4 Notification of change of auditor

A Market Participant must notify ASX of the appointment, removal or resignation of an auditor no later than 5 Business Days following the event.

Introduced 11/03/04 Origin ASX 1.3(5), ASXF 4.2.4

4.9.5 Financial statements

A Market Participant must prepare and deliver to ASX by the time set out in the Procedures:

- (a) financial statements, in a form acceptable to ASX, which gives a true and fair view of the financial position and performance of the business as at the end of the financial year and which is prepared in accordance with accounting standards and principles which are generally accepted in Australia, unless ASX determines otherwise; and
- (b) an auditor's report in a form acceptable to ASX,

If the financial year end of the Market Participant is other than 30 June, the Market Participant must notify ASX of its financial year end. Any changes to a Market Participant's financial year end must be notified to ASX within 5 Business Days of the change taking effect.

Introduced 11/03/04 Origin ASX 1.3(1), 1.3(3), 1.3(6), 1.3(9), ASXF 4.2.5

4.9.6 Extension of time for lodgement

ASX may extend by up to one month the time by which the Market Participant must deliver the financial statements under Rule 4.9.5, if it considers that an extension is appropriate in the circumstances.

Introduced 11/03/04 Origin ASX 1.3(6), ASXF 4.2.6

4.9.7 Audit of internal control procedures

A Market Participant must:

- (a) ensure that its auditor conducts, on an annual basis, an audit of the Market Participant's internal control procedures and any other matter specified by ASX;
- (b) ensure that its auditor prepares a report on that audit in a form acceptable to ASX; and
- (c) deliver that report to ASX when it delivers its financial statements under Rule 4.9.5.

Introduced 11/03/04 Origin ASX 1.3(10), ASXF 4.2.7

4.9.8 Scope of audits

A Market Participant must give its auditor access to its premises and Employees and all records, documents, explanations and other information required by the auditor in respect of any audit conducted under this Rule 4.9. A Market Participant must:

- (a) not impose any limitation on the extent of any audit required under these Rules; and
- (b) permit and direct the auditor to notify ASX immediately if any limitation is imposed on the auditor, or if the auditor is hindered or delayed in the performance of the auditor's duties.

The records of each of the Market Participant's nominee companies must be included in the audit.

Introduced 11/03/04 Origin ASX 1.3(7), 1.3(8), 1.3(10), ASXF 4.2.8

4.9.9 Additional audits may be required

ASX may direct a Market Participant to have a further audit conducted of the Market Participant's internal control procedures or other matters and to deliver an auditor's report (in a form acceptable to ASX) in respect of that audit if it considers that there has been a material change in circumstances or where it considers the audit is appropriate having regard to Rule 1.13.

Introduced 11/03/04 Origin ASX 1.3(10), ASXF 4.2.9

4.9.10 Returns and reports generally

Where a Market Participant is required by ASX under these Rules to prepare or submit a return or report:

- (a) the Market Participant must prepare or submit that return or report in the manner and form and by the time specified in the Rule or otherwise required by ASX;
- (b) the Market Participant must ensure that the information contained in the return or report is extracted accurately from the records of the Market Participant; and
- (c) ASX may require a director of the Market Participant or a Responsible Executive to certify that paragraphs (a) and (b) have been complied with.

Introduced 11/03/04 Origin ASX 1.5.5, 1.5.6, ASXF 4.2.10

4.10 TRADING RECORDS

4.10.1 Records of dealings for clients

Subject to Rule 4.10.9, a Market Participant who receives instructions to enter into a Market Transaction on behalf of a client (whether or not a Trading Message corresponding to those instructions is entered into or matched on a Trading Platform), must comply with the requirements of the Corporations Act to the extent that it applies to dealing in a market provided by ASX. In addition, the Market Participant must maintain sufficiently detailed records showing:

- (a) particulars of the instructions, including, without limitation:
 - (i) the financial product to be bought or sold;
 - (ii) the number thereof;
 - (iii) any price or time related instructions;
 - (iv) any time limit on the instructions;
 - (v) the date and time the Market Participant received the instructions;
 - (vi) instructions or decisions to purchase or sell financial products pursuant to a Managed Discretionary Account to which Rule 7.10 applies (including, without limitation, the financial products to be bought or sold and the number thereof, any price or time related instructions or decisions and the name of the person who generated the instruction or made the decision), whether the instruction or decision was executed or not; and
 - (vii) the authority of the client for accumulation and price averaging under Market Rule 7.9.2;
- (b) the name of the client;
- (c) the name of the person who gave the instructions (or, if the Trading Message was received by AOP, the information set out in Rule 13.1.6);

- (d) any amendment of any kind to the instructions or Trading Message (including, without limitation, cancellation of an instruction or Trading Message, variation of the number of financial products to be bought or sold or variation of any price or time related instructions), Such particulars must also include the date and time of any amendment to the instructions or Trading Message;
- (e) the name of the person who received the instruction (or, if the Trading Message was received by AOP, the information set out in Rule 13.1.6);
- (f) the name of any other person who passed the instruction on between the person who initially received the instruction, and the Trading Platform and the date and time they passed it
- (g) the name of the DTR who entered a Trading Message into a Trading Platform (or, if the Trading Message was submitted by AOP, the information set out in Rule 13.1.6);
- (h) the time the DTR entered a Trading Message into a Trading Platform (or if the Trading Message was submitted by AOP, the time at which the Trading Message was initiated by the Open Interface Device);
- (i) if the Trading Message gives rise to a Market Transaction, the date and time that occurs; and
- (j) the Derivatives Market Contracts arising from instructions that are nominated for accumulation and price averaging under the Clearing Rules.

Introduced 11/03/04 Origin ASX 1.2.1.2(a)-(c), (e), (f), 7.3.2.5(a), (b), (c), (h), ASXF 4.6.1 Amended 28/11/05 03/01/06

4.10.2 Records of dealings on own account

Subject to Rule 4.10.10, a Market Participant that makes a decision, or gives instructions to, enter into a Market Transaction on its own account (within the meaning in Rule 7.5.1) (whether or not the Market Transaction is executed), must comply with the requirements of the Corporations Act to the extent that it applies to dealing in a market provided by ASX. In addition, the Market Participant must maintain sufficiently detailed records showing:

- (a) particulars of the decision or instructions, including, without limitation:
 - (i) the name of the person who generated the instruction or made the decision;
 - (ii) the financial products to be bought or sold;
 - (iii) the number thereof;
 - (iv) any price or time related instructions or decisions; and
 - (v) any time limit on the instruction;
- (b) any amendment of any kind to the instructions or Trading Message (including, without limitation, cancellation of an instruction or Trading Message, variation of the number of financial products to be bought or sold or variation of any price or time related instructions). Such particulars must also include the date and time of any amendment to the instruction or Trading Message;

- (c) the name of any other person who passed the instruction on between the person who initially gave the instruction or made the decision, and a Trading Platform and the date and time they passed it;
- (d) the name of the DTR who entered a Trading Message into a Trading Platform (or if the Trading Message was submitted by AOP, the information set out in Rule 13.1.6);
- (e) the time the DTR entered a Trading Message into a Trading Platform (or if the Trading Message was submitted by AOP, the time at which the Trading Message was initiated by the Open Interface Device); and
- (f) if the Trading Message gives rise to a Market Transaction, the date and time that occurs.

Introduced 11/03/04 Origin ASX 1.2.1.2(d), (f), 7.3.2.5(d), (e), (f), (h), ASXF 4.6.1 Amended 28/11/05 03/01/06

4.10.3 Separate maintenance of client records – [Deleted]

Introduced 11/03/04 Origin ASXF 4.6.3 Deleted 03/01/06

4.10.4 Amended order records – [Deleted]

Introduced 11/03/04 Origin ASX 1.2.1.5, 7.3.2.8, ASXF 4.6.4 Deleted 03/01/06

4.10.5 Records to be made immediately

A Market Participant must make the records referred to in Rules 4.10.1 and 4.10.2 (and, if applicable, Rules 4.10.9 and 4.10.10) immediately after the event to which they relate and record the time of the relevant event.

Introduced 11/03/04 Origin ASX 1.2.1.3(a), 7.3.2.6, ASXF 4.6.5 Amended 03/01/06

4.10.6 Records to be retained for prescribed period

A Market Participant must retain the records referred to in Rules 4.10.1 and 4.10.2 (and, if applicable, Rules 4.10.9 and 4.10.10) for the period set out in the Procedures.

Introduced 11/03/04 Origin ASX 1.2.1.4, 7.3.2.7, ASXF 4.6.6 Amended 03/01/06

4.10.7 Certain records maintained by ASX

Where a Market Participant is a Trading Participant, certain of its obligations under Rules 4.10.1 and 4.10.2 may be met by relying on records maintained electronically as set out in Rule 4.10.8.

Introduced 03/01/06

4.10.8 Conditions for reliance on ASX records

Where the records of the Trading Participant:

- (a) connect the DTR identifier with the particular DTR; and
- (b) identify the person, or any other persons, receiving the instructions, generating an order or making a decision (if not the DTR) and a DTR is capable of being connected to a particular Trading Record or sequence of events,

a Trading Participant may:

- (c) when dealing for clients satisfy its obligations in relation to Rules 4.10.1(g), 4.10.1(h) and 4.10.1(i); or
- (d) when dealing on its own account, satisfy its obligations in relation to Rules 4.10.2(a)(i)-(iv), 4.10.2(b), 4.10.2(e) and 4.10.2(f),

by relying on records maintained by ASX as specified in the Procedures.

Introduced 03/01/06

4.10.9 Records of dealings for clients by a Market Participant who instructs another Trading Participant to execute the dealings

A Market Participant that instructs another Trading Participant to enter into a Market Transaction on behalf of a client:

- (a) need not comply with paragraph 4.10.1(e)-(j) in respect of that instruction;
- (b) must maintain sufficiently detailed records in respect of such instruction showing:
 - (i) the name of the person who received the instructions;
 - (ii) the name of any person who passed the instruction on between the person who initially received the instruction and the person instructing the Trading Participant to enter into the Market Transaction;
 - (iii) the name of the person who instructed such Trading Participant to enter into the Market Transaction; and
 - (iv) the time the person instructed such Trading Participant to enter into the Market Transaction.

Introduced 03/01/06

4.10.10 Records of dealings on its own account by a Market Participant who instructs another Trading Participant to execute the dealings

A Market Participant (whether or not it is a Trading Participant) that instructs a Trading Participant to enter into a Market Transaction on its behalf:

- (a) need not comply with paragraph 4.10.2(c)-(f) in respect of that instruction; and
- (b) must maintain sufficiently detailed records in respect of such instruction showing:
 - (i) the name of any person who passed the instruction on between the person who initially gave the instruction or made the decision and the Trading Participant instructed to enter into the Market Transaction;
 - (ii) the name of the person who instructed such Trading Participant to enter into the Market Transaction; and
 - (ii) the time the person instructed such Trading Participant to enter into the Market Transaction.

Introduced 03/01/06

4.11 ACCESS TO RECORDS

4.11.1 Records to be in writing and in English

All records which a Market Participant is required to maintain under this Section 4 must be kept in writing and in the English language or in a manner which will enable them to be readily accessible by ASX and readily converted into writing in the English language. ASX may direct a Market Participant to convert records into writing and into English. That direction must be complied with by the time specified by ASX when giving the direction.

Introduced 11/03/04 Origin ASX 1.2.1.1A, ASXF 4.7.1

4.11.2 Records kept outside of Australia

If the records which a Market Participant is required to maintain under this Section 4 are kept outside Australia:

- (a) the Market Participant must send, or cause to be sent, to Australia records which will enable true and fair financial statements to be prepared; and
- (b) ASX may direct a Market Participant to produce any of its records in Australia.

A Market Participant must comply with any direction given by ASX under paragraph (b) by the time specified by ASX when giving the direction.

Introduced 11/03/04 Origin ASX 1.2.1.1A, ASXF 4.7.2

4.11.3 Costs of obtaining or translating information

Where documentation or information is provided or made available by or on behalf of a Market Participant under Rule 4.11 in a language other than English or in a form that is not readily accessible by ASX, the Market Participant indemnifies ASX against any costs and expenses ASX incurs in connection with translating that documentation or information into English and obtaining access to that documentation or information.

Introduced 11/03/04

4.12 REPORTING OPEN CONTRACTS TO ASX

4.12.1 Market Participants must report these details

This Rule 4.12.1 applies only to Open Contracts registered in an Account, or any account held with an Alternative Clearing Facility, that is maintained on an omnibus basis.

By the time and in the manner set out in the Procedures, a Market Participant must report to ASX:

- (a) the number of Open Contracts registered with any Approved Clearing Facility and any Alternative Clearing Facility at that time in respect of each client of the Market Participant;
- (b) the number of Open Contracts registered with any Approved Clearing Facility and any Alternative Clearing Facility at that time in respect of each person whose dealing constitutes a dealing on the Market Participant's own account (within the meaning of Rule 7.5.1);

- (c) any other information of the type set out in the Procedures or otherwise required by ASX.

Introduced 11/03/04 Origin ASXF 4.10 Amended 28/11/05.

4.13 ONGOING COMPLIANCE FOR PARTNERSHIPS

4.13.1 Admission Requirements

Rule 3.4.1 does not apply to a Market Participant which is a partnership but the other Admission Requirements (as modified by this Rule 4.13) apply.

Introduced 11/03/04

4.13.2 Partnership treated as separate person

These Rules apply to the partnership as if it were a person. In addition, the obligations which are imposed on a Market Participant are imposed on each partner, jointly and severally, but may be discharged by any of the partners.

Introduced 11/03/04

4.13.3 Breach of Rules

Any breach of a Rule that would be a breach by the partnership, or by any partner, is taken to have been a breach by each partner.

Introduced 11/03/04

4.13.4 Change in composition of partnership

A change in the composition of the partnership does not affect the continuity of the partnership. No partner of a Market Participant may be a body corporate.

Introduced 11/03/04 Origin ASX 5B.9.2

4.13.5 New partners must give undertaking

Unless ASX accepts alternative arrangements or undertakings, each new partner of a Market Participant which is a partnership must have undertaken to ASX to, and to cause the Market Participant to, comply with and be bound by the Rules, directions, decisions and requirements of ASX to the extent necessary in connection with the business conducted or to be conducted by the Market Participant.

Introduced 11/03/04 Origin ASX 5B.9.3

4.13.6 Overseas partnerships

Where the partnership is formed or resident outside Australia, or any partner is resident outside Australia, ASX may impose requirements similar to those which apply under Rules 3.5 and 4.5.

Introduced 11/03/04

4.13.7 Disciplinary action

ASX may take disciplinary action under Rules 28.1 to 28.12 against a Market Participant which is a partnership in the name of the Market Participant without taking action against each partner

in the partnership. If the Market Participant is determined pursuant to Rules 28.1 to 28.12 to have contravened the Rules or to have engaged in Unprofessional Conduct, each partner is jointly and severally liable to pay any penalty imposed and any other sum directed to be paid to ASX and to ensure that any other sanction imposed by the Disciplinary Tribunal (or any Appeal Tribunal) is enforced and implemented.

Introduced 11/03/04

4.13.8 Interpretation of Rules

In applying the Rules to the partnership:

- (a) a reference to a "body corporate" is taken to be a reference to a "partnership";
- (b) a reference in a Rule to a "director" is taken to be a reference to a "partner";
- (c) a reference in a Rule to a "Related Body Corporate" of a Market Participant (or an applicant) is taken to be a reference to a "Related Party" of any partner;
- (d) a reference in a Rule to an "Employee" or "Representative" is taken to also include a reference to a partner;
- (e) a reference in a Rule to the Market Participant (or the applicant) being "incorporated" somewhere is taken to be a reference to them being "formed" there; and
- (f) in paragraph (a) of the definition of "Controller" the reference to the total votes attached to voting shares is taken to be a reference to the total voting power in the partnership.

Introduced 11/03/04

4.14 COMPLIANCE WITH CHAPTER 7 OF THE CORPORATIONS ACT AND AFSL

4.14.1 Market Participant must comply

A Market Participant must comply with:

- (a) Chapter 7 of the Corporations Act and any Regulations made under that Chapter in relation to its activities as a Market Participant; and
- (b) the conditions of any AFSL held by the Market Participant.

Introduced 11/03/04 Origin ASX 2.2.4, 7.5.4.1, ASXF 13.4.6-13.4.9

4.15 PAYMENT OF LEVIES

4.15.1 Market Participant to pay any levies raised against it

Each Market Participant must pay any levies raised against it by ASX in accordance with the rules of any compensation arrangement that ASX is required to maintain in accordance with the Corporations Act or Regulations, including the rules set out in Schedule 9.

Introduced 11/03/04

4.16 AUTHORISED SIGNATORIES

4.16.1 Market Participant to submit list of signatories

A Market Participant must submit to ASX, in the manner and form set out in the Procedures, details of persons who are authorised by the Market Participant to sign documentation in connection with the operation of its business as a Market Participant. The list must specify the title and function of each of those persons in that business.

Introduced 11/03/04 Origin ASX 11.2.1, ASXF 20.1.1

4.16.2 Changes to list

A Market Participant must promptly notify ASX in writing if any of the persons whose names are submitted under Rule 4.16.1 cease to be authorised by the Market Participant to sign the relevant documentation or if any new person is given that authority.

Introduced 11/03/04 Origin ASX 11.2.2, ASXF 20.1.2

4.16.3 ASX entitled to rely on list

ASX is entitled to rely on the list referred to in Rule 4.16.1 as updated from time to time under Rule 4.16.2 as evidence that the persons whose names are on the list at any given time are authorised to sign on behalf of the Market Participant documentation presented to ASX.

Introduced 11/03/04 Origin ASX 11.2.3, ASXF 20.1.3

4.17 RECORDS

4.17.1 Market Participant may inspect relevant records

A Market Participant is not entitled to the return of any particulars, notices or any other documentation lodged with ASX under the Rules but a Market Participant may, upon giving 24 hours' notice in writing to ASX as applicable, inspect and make copies, at the Market Participant's cost, of those particulars, notices or other documentation in respect of dealings by that Market Participant with ASX.

The Market Participant must pay the costs, if any, of ASX as applicable of making available to the Market Participant those particulars, notices or documentation.

Introduced 11/03/04 Origin ASX 11.5, ASXF 20.4

4.18 LEGAL PROCEEDINGS REQUIREMENTS

4.18.1 Obligation to notify

If:

- (a) a Market Participant commences legal proceedings against, or has legal proceedings commenced against it by, another Market Participant, a Clearing Participant, the Commission or other regulatory authority or a client in connection with their role as a Market Participant; and
- (b) those legal proceedings may affect the operations of ASX or the interpretation of the Rules,

the Market Participant must, upon commencing or upon becoming aware of the proceedings, immediately notify ASX in writing of the particulars of the proceedings.

Introduced 11/03/04 Origin ASX 13.12, ASXF 20.13.1

4.18.2 Rights of ASX to participate in proceedings – [Deleted]

Introduced 11/03/04 Origin ASX 13.12, ASXF 20.13.2 Deleted 27/05/05

4.19 INFORMATION REQUIREMENTS

4.19.1 Information given by Market Participant

A Market Participant must ensure that all information which the Market Participant or its Employees give to ASX is complete, accurate and not misleading. If the Market Participant becomes aware that information which it, or its Employees, have given previously to ASX was incomplete, inaccurate or misleading, the Market Participant must promptly notify ASX in writing.

Introduced 11/03/04 Origin ASXF 20.15

4.19.2 Information given by Responsible Executive

A Responsible Executive must ensure that all information which the Responsible Executive gives to ASX is complete, accurate and not misleading. If the Responsible Executive becomes aware that information which he or she has given previously to ASX was incomplete, inaccurate or misleading, the Responsible Executive must promptly notify ASX in writing.

Introduced 11/03/04

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SECTION 5 CLEARING AND SETTLEMENT ARRANGEMENTS

Under the Rules all Trading Participants are required to maintain adequate arrangements for clearing and settlement of all Market Transactions entered into by it (or in respect of which it is a Nominating Trading Participant).

These arrangements may include participation in an Approved Clearing Facility, a Clearing Agreement with a Clearing Participant or, for Trading Participants who are Principal Traders in respect of a class of Derivatives Market Contract, a Nominating Trading Participant Agreement in respect of that class of Derivatives Market Contract.

Trading Participants are also required to ensure the settlement of all Cash Market Transactions in accordance with Rule 5.7.3. The detailed rules relating to the settlement of Non-CS Approved Products are contained in Schedule 8.

5.1 APPROPRIATE CLEARING AND SETTLEMENT ARRANGEMENTS

5.1.1 General obligations

A Trading Participant must satisfy ASX that it has in place and will maintain adequate arrangements for the clearing and settlement of all Market Transactions entered into by the Trading Participant or for which the Trading Participant is a Nominating Trading Participant under Rule 5.6. A Trading Participant may have third party clearing arrangements in place that comply with this Section 5 to clear its Market Transactions in each class of Product. For the purposes of this Section 5, the relevant classes of Product are prescribed in the Procedures.

Introduced 11/03/04 Amended 09/12/04

5.1.2 Where Trading Participant is not a Clearing Participant

Subject to Rule 5.6, where a Trading Participant has Trading Permission in respect of a class of Product but is not itself a Clearing Participant entitled under the Clearing Rules to clear Market Transactions in such class of Product, then the Trading Participant must have third party clearing arrangement in place that comply with Rule 5.2 and Clearing Agreements that comply with Rule 5.3 for the clearing and settlement of Market Transactions in that class of Product and must comply with all of its obligations under such arrangement and agreement.

Introduced 11/03/04 Amended 09/12/04

5.2 THIRD PARTY CLEARING ARRANGEMENTS

5.2.1 Description of arrangement

A third party clearing arrangement between a Trading Participant and a Clearing Participant will comply with this Rule 5.2.1 in respect of a class of Product if:

- (a) pursuant to the arrangement the Relevant Clearing Participant has the obligation to clear and settle (or arrange the settlement of) all the Trading Participant's Market Transactions allocated to it in that class of Product, other than Market Transactions which are to be cleared through an Alternative Clearing Facility in accordance with Rule 5.8;

- (b) ASX has no objection to that Relevant Clearing Participant clearing the Market Transactions of the Trading Participant in that class of Product;
- (c) the arrangement complies with this Section 5; and
- (d) while that arrangement continues, the Trading Participant may not have arrangements with more than the maximum number of Clearing Participants set out in Rule 5.2.5 for the clearing of Market Transactions in that class of Product.

Note: Upon execution by a Trading Participant of a Market Transaction which is subject to a clearing agreement with the Relevant Clearing Participant, the Clearing Obligations of the Trading Participant in respect of the relevant Market Transaction will immediately become obligations of the Relevant Clearing Participant.

Introduced 11/03/04 Origin ASX 2.1A.2(2), (3), 7.2.1.2(b), 7.2.1A.5, ASXF 6.1.1 Amended 09/12/04

5.2.2 Nature of Clearing Obligations

Subject to Rule 5.8, each Market Participant that is party to a Market Transaction acknowledges that the Clearing Obligations owing to it or by it in respect of that Market Transaction will be performed as principal obligations of the Relevant Clearing Participant in respect of those Clearing Obligations (which may be the counterparty Trading Participant or a Clearing Participant with whom such Trading Participant has a Clearing Agreement).

Introduced 11/03/04 Amended 09/12/04

5.2.3 Allocation of orders through Open Interface Device

Where a Trading Participant has third party clearing arrangements with more than one Clearing Participant, or is itself a Clearing Participant and has third party clearing arrangements with other Clearing Participants to clear its Market Transactions in a class of Product, the Trading Participant must maintain at least one Open Interface Device for each Clearing Participant as set out in the Procedures. The Trading Participant may only make one Clearing Participant responsible for all orders placed through an Open Interface Device.

Introduced 09/12/04

5.2.4 Allocation of client orders

A Trading Participant must:

- (a) direct and allocate responsibility for all orders of a client of the Trading Participant in each class of Product to one Clearing Participant only. This Rule does not apply to the execution of Crossings in respect of Derivatives Market Contracts, which must be carried out according to Rule 5.2.4(c);
- (b) ensure that all orders of a client are directed through the correct Open Interface Device, such that they are directed to the Relevant Clearing Participant; and
- (c) where executing a Crossing of orders for Derivatives Market Contracts in accordance with Section 22, do so through one Open Interface Device as set out in the Procedures.

Introduced 09/12/04 Amended 28/11/05

5.2.5 Maximum number of third party clearing arrangements

For each class of Product, a Trading Participant may not have third party clearing arrangements with more than the following number of Clearing Participants at any time for the clearing of its Market Transactions:

- (a) where the Trading Participant is itself a Clearing Participant, one other Clearing Participant;
- (b) where the Trading Participant is a Principal Trader, one Clearing Participant;
- (c) in all other circumstances, two Clearing Participants.

Introduced 09/12/04

5.3 CLEARING AGREEMENTS

5.3.1 Written agreement required

Subject to Rule 5.6, a Trading Participant which is not a Clearing Participant must enter into and maintain at all times a separate written agreement ("**Clearing Agreement**") with each of its Clearing Participants setting out the terms and conditions which govern their relationship. Each Clearing Agreement must be in compliance with the requirements of the Clearing Rules.

The Trading Participant must promptly give ASX a copy of each of the Clearing Agreements.

Introduced 11/03/04 Origin ASX 2.1A.4(1), 7.2.1A.1, ASXF 6.2.1 Amended 09/12/04 28/11/05

5.3.2 Obligation to notify ASX of amendments

A Trading Participant must notify ASX in writing of any amendments to any of its Clearing Agreements at least 10 Business Days before the amendment becomes effective.

Introduced 11/03/04 Origin ASX 2.1A.4(3), 7.2.1A.3, ASXF 6.2.3 Amended 09/12/04

5.3.3 ASX requirements concerning amendments

ASX may give reasonable directions to a Trading Participant requiring it to make (or refrain from making) amendments to the terms of any of its Clearing Agreements and the Trading Participant must comply with those directions within the time specified by ASX.

Introduced 11/03/04 Origin ASX 2.1A.4(3), 7.2.1A.3, ASXF 6.2.4 Amended 09/12/04

5.4 SUSPENSION OF CLEARING PARTICIPANT

5.4.1 Suspension by an Approved Clearing Facility

If an Approved Clearing Facility takes action against a Trading Participant's Relevant Clearing Participant under the Clearing Rules which prevents or restricts that Clearing Participant from clearing the Trading Participant's Market Transactions in a class of Product, ASX may suspend the Trading Participant's Trading Permission in whole or in part in respect of that class of Product and either remove all orders of the Trading Participant from a Trading Platform or take other action ASX considers appropriate until either:

- (a) the Trading Participant becomes a Clearing Participant;

- (b) ASX and the Approved Clearing Facility lift the relevant suspensions and restrictions;
or
- (c) the Trading Participant has entered into a Clearing Agreement with another Clearing Participant, which complies with Rule 5.3.1, has given a copy of that agreement to ASX and ASX has not objected to that other Clearing Participant clearing the Market Transactions of the Trading Participant in the relevant class of Product.

Introduced 11/03/04 Origin ASX 2.1A.6(b), 7.2.1A.3, ASXF 6.3.1 Amended 09/12/04 28/11/05

5.5 TERMINATION OF CLEARING ARRANGEMENTS

5.5.1 Trading Participant to give notice

Subject to Rule 5.5.2, if a Trading Participant intends to terminate its Clearing Agreement with any of its Clearing Participants, the Trading Participant must notify ASX, the relevant Approved Clearing Facility and its Clearing Participants in writing of the time and date when this will occur.

Introduced 11/03/04 Origin ASX 2.1A.5(1), 7.2.1B.1, ASXF 6.4.1 Amended 09/12/04

5.5.2 Short notice of termination

Where the date notified under Rule 5.5.1 is less than one Trading Day from the date of notification, the termination of the Clearing Agreement is not effective until ASX suspends the Trading Permission of the Trading Participant in whole or part in the relevant class of Product and removes the relevant orders of the Trading Participant from the relevant Trading Platform, unless the Trading Participant by the time and date notified:

- (a) is or has become a Clearing Participant responsible for clearing its Market Transactions; or
- (b) entered into a Clearing Agreement or Agreements with another Clearing Participant or Clearing Participants, which comply with Rule 5.3.1, has given a copy of those agreement to ASX and ASX has not objected to those other Clearing Participant being the Trading Participant's Clearing Participant for that class of Product.

Introduced 11/03/04 Origin ASX 2.1A.5(3), 7.2.1B.3, ASXF 6.4.3 Amended 09/12/04

5.5.3 Effect of termination

Subject to Rule 5.5.2, the Trading Permission of a Trading Participant to enter into Market Transactions in the relevant class of Product is automatically suspended in whole or in part from the time and date notified under Rule 5.5.1 unless the Trading Participant:

- (a) is or has become a Clearing Participant; or
- (b) entered into a Clearing Agreement or Agreements with another Clearing Participant or Clearing Participants which comply with Rule 5.3.1, has given a copy of that agreement to ASX and ASX has not objected to those other Clearing Participant being the Trading Participant's Clearing Participant for that class of Product.

Introduced 11/03/04 Origin ASX 2.1A.5(4), 7.2.1B.4, ASXF 6.4.4 Amended 09/12/04

5.6 PRINCIPAL TRADERS – NOMINATING TRADING PARTICIPANT ARRANGEMENTS – DERIVATIVES MARKET CONTRACTS ONLY

5.6.1 Application

This Rule 5.6 applies to a Market Participant which is a Principal Trader in respect of a class of Derivatives Market Contract. For the purpose of this Rule 5.6:

"relevant Derivatives Market Contract" means a class of Derivatives Market Contract for which the Trading Participant has Trading Permission;

"relevant Derivatives Market Transaction" means a Derivatives Market Transaction.

A Market Participant may have an arrangement with a Nominating Trading Participant under this Rule 5.6 in respect of Derivatives Market Contracts for which it is Principle Trader and also have third party arrangements with Clearing Participants in respect of other Products for which it is not a Principal Trader.

Introduced 11/03/04 Amended 09/12/04 28/11/05

5.6.2 Principal Trader may clear Derivatives Market Contracts through a Nominating Trading Participant

Unless a Principal Trader is a Market Maker, the Principal Trader is not required to have a Clearing Agreement in respect of relevant Derivatives Market Contracts in place with a Clearing Participant if the Principal Trader has entered into a binding agreement (the **"Nominating Trading Participant Agreement"**) with a Trading Participant (the **"Nominating Trading Participant"**) on terms acceptable to ASX, under which the Nominating Trading Participant is deemed to have entered into each relevant Derivatives Market Contract entered into by the Principal Trader.

Without limiting ASX's discretion under this Rule, the Nominating Trading Participant Agreement must include:

- (a) the minimum terms required for a Client Agreement under Section 7; and
- (b) an acknowledgment by the Nominating Trading Participant that it is deemed to have entered into any Derivative Market Contract entered into by the Principal Trader.

Introduced 11/03/04 Origin ASXF 6.5.1 Amended 28/11/05

5.6.3 Clearing Obligations under Nominating Trading Participant arrangement

Rule 5.6.2 has the effect that where the Nominating Trading Participant is not a Clearing Participant, the Relevant Clearing Participant of the Nominating Trading Participant has, under Rule 5.2.2, the Clearing Obligations in respect of a relevant Derivatives Market Contract entered into by the Principal Trader.

Introduced 11/03/04. Origin ASXF 6.5.2. Amended 09/12/04 28/11/05

5.6.4 Obligation to provide agreement and notify ASX of amendments

The Principal Trader must give ASX a copy of the Nominating Trading Participant Agreement. A Principal Trader and its Nominating Trading Participant must jointly notify ASX in writing of any amendments to their Nominating Trading Participant Agreement at least 10 Business Days before the amendment becomes effective. The Principal Trader and its Nominating Trading

Participant agree to make (or refrain from making) any amendments to the terms of their Nominating Trading Participant Agreement which ASX may reasonably direct.

Introduced 11/03/04. Origin ASXF 6.5.3

5.6.5 ASX may suspend Principal Trader

If ASX or an Approved Clearing Facility takes action against a Principal Trader's Nominating Trading Participant or the Nominating Trading Participant's Relevant Clearing Participant which prevents or restricts relevant Derivatives Market Contracts entered into by the Principal Trader from being assumed by the Nominating Trading Participant or cleared by the Nominating Trading Participant's Relevant Clearing Participant, ASX may suspend the Principal Trader or its Trading Permission and remove all orders of the Principal Trader from a Trading Platform or take other action ASX considers appropriate until the matter has been resolved or alternative arrangements in accordance with these Rules have been implemented.

Introduced 11/03/04 Origin ASXF 6.5.4 Amended 09/12/04 28/11/05

5.6.6 Effect on obligations of Nominating Trading Participant and its Clearing Participant

If a Principal Trader, or its Trading Permission, is suspended under these Rules (whether or not that suspension is the result of a suspension of, or restriction imposed on, the Principal Trader's Nominating Trading Participant or that Nominating Trading Participant's Relevant Clearing Participant), that Nominating Trading Participant and its Clearing Participant continue to be responsible for all relevant Derivatives Market Transactions of the Principal Trader entered into before the Principal Trader, or its Trading Permission, was suspended and before the removal of all orders of the Principal Trader from a Trading Platform.

Introduced 11/03/04 Origin ASXF 6.5.5 Amended 09/12/04 28/11/05

5.6.7 Principal Trader to give notice

Subject to Rule 5.6.9, if a Principal Trader intends to terminate its Nominating Trading Participant Agreement with its Nominating Trading Participant, the Principal Trader must notify ASX, and the Nominating Trading Participant in writing of the time and date when this will occur.

Introduced 11/03/04 Origin ASXF 6.5.6

5.6.8 Nominating Trading Participant to give notice

Subject to Rule 5.6.9, if a Nominating Trading Participant intends to terminate its Nominating Trading Participant Agreement with a Principal Trader, the Nominating Trading Participant must notify ASX and the Principal Trader in writing of the time and date when this will occur.

Introduced 11/03/04 Origin ASXF 6.5.7

5.6.9 Short notice of termination

Where the date notified under Rule 5.6.7 or 5.6.8 (as applicable) is less than one Trading Day from the date of notification, the termination of the Nominating Trading Participant Agreement is not effective until ASX suspends the Principal Trader or its Trading Permission and removes all orders of the Principal Trader from a Trading Platform, unless the Principal Trader has by the time and date notified:

- (a) entered into a Nominating Trading Participant Agreement with another Trading Participant, which complies with Rule 5.6.2;

- (b) entered into a Clearing Agreement with a Clearing Participant which complies with Rule 5.3,

and, in each case, the Principal Trader has given a copy of the relevant Nominating Trading Participant Agreement or Clearing Agreement to ASX and ASX has not objected to that other Nominating Trading Participant or Clearing Participant (as applicable) performing that role.

Introduced 11/03/04 Origin ASXF 6.5.8 Amended 28/11/05

5.6.10 Effect of termination

Subject to Rule 5.6.9, the Trading Permission of the Principal Trader to enter into relevant Derivatives Market Transactions is automatically suspended from the time and date notified under Rule 5.6.7 or 5.6.8 (as applicable) unless the Principal Trader has entered into alternative arrangements of the kind described in Rule 5.6.9.

Introduced 11/03/04 Origin ASXF 6.5.9 Amended 28/11/05

5.6.11 Effect on obligations of Nominating Trading Participant

If a Principal Trader ceases to have an arrangement of the kind described in Rule 5.6.9, the outgoing Nominating Trading Participant remains responsible for all relevant Derivatives Market Transactions of the Principal Trader which take place before:

- (a) (if Rule 5.6.9 applies) the suspension of the Principal Trader or its Trading Permission and the removal of all orders of the Principal Trader from a Trading Platform; or
- (b) in any other case, the date and time notified under Rules 5.6.8 or 5.6.9 (as applicable).

Introduced 11/03/04 Origin ASXF 6.5.10 Amended 28/11/05

5.6.12 Compliance with Nominating Trading Participant Agreement

A Principal Trader must comply with all its obligations under any Nominating Trading Participant Agreement to which it is party.

Introduced 11/03/04

5.7 SETTLEMENT ARRANGEMENTS FOR CASH MARKET TRANSACTIONS

5.7.1 Application

This Rule applies to Cash Market Transactions.

Introduced 11/03/04 Amended 28/11/05

5.7.2 General settlement arrangements

The Relevant Clearing Participant referred to in Rule 5.2.1 must have arrangements in place for the settlement (either itself or through its Settlement Participant) of all Cash Market Transactions for which the Trading Participant has Trading Permission, whether or not those Cash Market Transactions are novated to an Approved Clearing Facility.

Introduced 11/03/04 Amended 09/12/04 28/11/05

5.7.3 Time for settlement

Trading Participants must ensure that each Cash Market Transaction to which they are a party is settled on the third Business Day following the date that the transaction was created on or reported to the Market, unless:

- (a) the Trading Participants agree to a later date for settlement which is no more than 30 days after the Cash Market Transaction (in which case, the Cash Market Transaction must be settled on the agreed date);
- (b) the Cash Market Transaction is a Forward Delivery Transaction (in which case, the Cash Market Transaction must be settled on the agreed forward date); or
- (c) ASX classifies the Cash Market Transaction as "deferred delivery" or "deferred settlement" (in which case, the Cash Market Transaction must be settled on the day specified by ASX).

Introduced 11/03/04 Origin ASX 4.33(1), (2) Amended 28/11/05

5.7.4 Ex Periods for trading before Record Date in respect of corporate action

Where, in accordance with the Listing Rules, the Issuer of a Cash Market Product notifies ASX of a Record Date in relation to a corporate action such as:

- (a) an entitlement to dividends, interest or capital returns; or
- (b) a bonus issues, rights issues, priorities and other entitlements,

(each an "**Entitlement**")

ASX will quote the Cash Market Product on an "ex" basis on the day (referred to as the "**ex date**") which is 4 Business Days before the Record Date, unless ASX determines a different date as the ex date and notifies that date to Market Participants.

A person who enters into a Cash Market Transaction as Buyer during the period from the ex date to and including the Record Date will not be entitled to the Entitlement on settlement of the Cash Market Transaction even if that person is recorded on the register of the Issuer as the holder of the Cash Market before the Record Date. ASX may permit Market Participants to enter into Cash Market Transactions on a "cum" basis during the period from the ex date to and including the Record Date in accordance with Rule 16.7.2.

Introduced 11/03/04 Amended 28/11/05

5.7.5 Settlement of Non-CS Approved Products

Settlement of Non-CS Approved Products will occur in accordance with Schedule 8.

Introduced 11/03/04

5.8 CHOOSING AN ALTERNATIVE CLEARING FACILITY

5.8.1 With the consent of ASX

A Trading Participant may, with the consent of ASX, arrange for the clearing and or settlement of transactions through an Alternative Clearing Facility.

Introduced 11/03/04 Origin ASX 7.7.7

5.9 CORNERS

5.9.1 Postponement of deliveries

When, in the opinion of ASX, a person or two or more persons acting in concert have acquired such control of a Quoted Product that the Quoted Product cannot be obtained for delivery on existing contracts except at prices or on terms arbitrarily dictated by such persons which are unfair, harsh, or unconscionable, ASX may:

- (a) for the purpose of enabling equitable settlement to be effected on these contracts, postpone (or from time to time further postpone) the times for deliveries on contracts for any such Quoted Product; and
- (b) at any time declare that if such Quoted Product is not delivered on any contract requiring delivery on or before the time to which delivery has been postponed such contract will be settled by payment to the party entitled to receive such Quoted Product or by the credit to such party of a fair settlement price determined under Rule 5.9.2.

Introduced 11/03/04 Origin ASXBR 3.9(1)

5.9.2 Establishment of a fair settlement price

If the parties to any such contract do not agree on a fair settlement price and set a date for payment they will be deemed to have agreed to submit the differences or matter in dispute to arbitration by a special committee comprising three persons appointed by ASX for that purpose and to be bound by the decision of the special committee.

The special committee will make an award on the difference or matters in dispute in accordance with the provisions of the Commercial Arbitration Act 1984 (NSW).

Introduced 11/03/04 Origin ASXBR 3.9(2)

5.9.3 Appointment of a special committee

Either party to any contract upon which delivery has been postponed under this Rule may require ASX at any time to appoint a special committee under this Rule.

Introduced 11/03/04 Origin ASXBR 3.9(3)

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SECTION 6 CAPITAL REQUIREMENTS

Section 6 sets out minimum capital requirements that must be met by Market Participants. However, these requirements do not apply if the Market Participant operates solely as a Principal Trader or if the Market Participant is a Clearing Participant complying with the capital requirements under the Clearing Rules.

All other Market Participants are generally required to comply with the Risk Based Capital Requirements of Schedule 1A. However, a Market Participant with Trading Permission for Futures Market Transactions only may elect to comply with the NTA Requirements of Schedule 1B, or ASX may, under Rule 6.3, exempt such a Market Participant from the capital requirements if the conditions of that Rule are satisfied.

6.1 GENERAL REQUIREMENT

6.1.1 Requirement

A Market Participant must at all times comply with the Risk Based Capital Requirements, unless:

- (a) the Market Participant is only a Principal Trader;
- (b) the Market Participant has elected to comply with the NTA Requirements under Rule 6.2; or
- (c) the Market Participant is a Clearing Participant of an Approved Clearing Facility and complies with the capital requirements under the Clearing Rules;
- (d) ASX exempts the Market Participant from the Capital Requirements under Rule 6.3.

Note The Risk Based Capital Requirements are contained in Schedule 1A and the NTA Requirements are contained in Schedule 1B.

Introduced 11/03/04 Origin ASXF 5.2

6.2 PARTICIPANTS WITHOUT TRADING PERMISSION IN PRODUCTS OTHER THAN FUTURES

6.2.1 Certain Market Participants may choose regime

Unless Rule 6.3 applies, a Market Participant with Trading Permission for Futures Market Transactions only must elect to comply with either the Risk Based Capital Requirements or the NTA Requirements. That election must be made in any application for Trading Permission and may only be changed in accordance with Rule 6.2.3. A Market Participant must at all times comply with the Capital Requirements with which it has elected to comply.

Note The NTA Requirements are contained in Schedule 1B.

Introduced 11/03/04 Origin ASXF 5.1.1 Amended 28/11/05

6.2.2 Change of Capital Requirements

A Market Participant with Trading Permission for Futures Market Transactions only and to which the NTA Requirements or the Risk Based Capital Requirements applies is not entitled to change to the other requirements without the prior written consent of ASX.

Introduced 11/03/04 Origin ASXF 5.1.2 Amended 28/11/05

6.2.3 Expansion of trading business beyond Futures Market Transactions

A Trading Participant which is entitled to comply with the NTA Requirements under this Rule 6.2 must comply with the Risk Based Capital Requirements if it is granted Trading Permission for Products other than Futures Market Transactions (unless the Trading Participant is only a Principal Trader in respect of the other Products).

Introduced 11/03/04 Amended 28/11/05

6.3 OTHER REGIMES OF PRUDENTIAL SUPERVISION

6.3.1 ASX may recognise other prudential supervision regimes

ASX may, if requested in writing, exempt a Market Participant with Trading Permission for Futures Market Transactions only from the requirement to comply with the Capital Requirements under Rule 6.1 or Rule 6.2 if the Market Participant can satisfy ASX that the Market Participant is subject to an appropriate level of prudential supervision (the "**Other Capital Regime**").

Introduced 11/03/04 Origin ASXF 5.3.1 Amended 28/11/05

6.3.2 ASX may impose conditions

ASX may impose conditions on the Market Participant in connection with any exemption under Rule 6.3.1 including, without limitation, a condition to the effect that the exemption will only apply for as long as there is an arrangement in place between ASX and the regulator responsible for the Other Capital Regime governing access to, and the exchange of information relating to compliance and non-compliance with the Other Capital Regime.

Introduced 11/03/04 Origin ASXF 5.3.2

6.3.3 Provision of information

A Market Participant which relies on an exemption under Rule 6.3.1 must provide to ASX all documentation and information relating to compliance (or non-compliance) by the Market Participant with the Other Capital Regime which ASX requests. The documentation and information must be provided by the time and in the manner and form specified by ASX.

Introduced 11/03/04 Origin ASXF 5.3.3

6.3.4 Exchange of information between other regulator and ASX

If a Market Participant relies on an exemption under Rule 6.3.1, the Market Participant acknowledges that the regulator responsible for the Other Capital Regime and ASX may provide any documents or other information in relation to the Market Participant's capital position to the other and to any Related Body Corporate.

Introduced 11/03/04 Origin ASXF 5.3.4

6.3.5 Costs of obtaining and translating information

Where documentation or information is provided or made available by or on behalf of a Market Participant or the other regulator under Rules 6.3.3 or 6.3.4 in a language other than English or in a form which is not readily accessible by ASX, the Market Participant indemnifies ASX against any costs and expenses ASX incurs in connection with translating that documentation or information into English and obtaining access to that documentation or information.

Introduced 11/03/04 Origin ASXF 5.3.5

6.3.6 Obligation to comply with Other Capital Regime

A Market Participant which relies on an exemption under Rule 6.3.1 must at all times comply with the Other Capital Regime and any condition imposed by ASX under Rule 6.3.2. If a Market Participant ceases to be subject to the Other Capital Regime, it must notify ASX in writing immediately and must specify in the notice whether it elects to comply with the Risk Based Capital Requirements or the NTA Requirements and immediately comply with those requirements.

Introduced 11/03/04 Origin ASXF 5.3.6

6.3.7 Obligation to report non-compliance with Other Capital Regime

A Market Participant which relies on an exemption under Rule 6.3.1 must notify ASX in writing immediately of any failure by the Market Participant to comply with the Other Capital Regime or any condition imposed by ASX under Rule 6.3.2.

Introduced 11/03/04 Origin ASXF 5.3.7

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SECTION 7 RELATIONSHIP WITH CLIENTS AND DEALING FOR EMPLOYEES AND RELATED PERSONS

Section 7 sets out rules in relation to Market Participants' relationships with their own clients. The Section covers such areas as:

- (a) the documentation to be provided to clients before accepting orders from them;
- (b) client agreements required before entering into Market Transactions in certain types of Product;
- (c) obligations on Market Participants trading as Principal;
- (d) client instructions;
- (e) client order priority;
- (f) transactions by Employees and other connected persons;
- (g) reporting to clients on transactions (i.e confirmations, and monthly statements in respect of Derivatives Market Transactions);
- (h) dealing with client money and maintaining discretionary accounts;
- (i) specific rules for Market Participants that hold futures positions on an omnibus basis.
- (j) nominee holding requirements;
- (k) Chinese Wall requirements in relation to giving advice; and
- (l) disclosure requirements where a client lends money to a Market Participant.

7.1 REQUIREMENT - CLIENTS TRADING IN PRODUCTS FOR FIRST TIME

7.1.1 Documents to be given to a client

Before accepting an order to enter into a Market Transaction, a Market Participant must have given the client the following:

- (a) all of the documents which the Market Participant is required to give the client in respect of the Market Transaction under the Corporations Act, these Rules and the Procedures;
- (b) if the Market Participant does not have Trading Permission to execute that Market Transaction, a document which clearly discloses the execution arrangements in place for that Market Transaction including, without limitation, any information set out in the Procedures;
- (c) in relation to a Cash Market Transaction for an Equity Security, Loan Security or Warrant, if the Market Participant:
 - (i) is not a Clearing Participant, who is permitted under the Clearing Rules to clear the Cash Market Transaction; or

- (ii) is a Clearing Participant who is permitted under the Clearing Rules to clear that Cash Market Transaction, but has an arrangement with another Clearing Participant to clear that Cash Market Transaction, and such transaction is cleared under the arrangement,

a document which clearly discloses the clearing arrangements in place for that Cash Market Transaction, including, without limitation, any information required by the Procedures and which contains a statement to the effect that an agreement is deemed to have been entered into between the appropriate Relevant Clearing Participant and the client (with the Trading Participant having the Relevant Clearing Participant's authority to enter into that agreement accordingly) upon the terms set out in the disclosure statement and that such deemed agreement comes into existence immediately upon the receipt by the Trading Participant of an order by the client to enter into a Cash Market Transaction; and

- (d) in relation to a Futures Market Transaction where the client does not have a direct relationship with a Clearing Participant, if the Market Participant:
 - (i) is not a Clearing Participant, who is permitted under the Clearing Rules to clear that Futures Market Transaction; or
 - (ii) is a Clearing Participant who is permitted under the Clearing Rules to clear that Futures Market Transaction, but has an arrangement with another Clearing Participant to clear that Futures Market Transaction, and such transaction is cleared under the arrangement,

A document which clearly discloses the clearing arrangements in place for that Futures Market Transaction, including, without limitation, any information required by the Procedures.

Introduced 11/03/04 Origin ASX 3.1A, 7.3.1.1, 7.3.1.7, ASXF 7.1.1 Amended 09/12/04, 01/08/05, 28/11/05

7.1.2 Client Agreement required for Options Market Contracts, Futures Market Contracts and Warrants

Before entering into a Market Transaction, in addition to the requirements in Rule 7.1.1, the Market Participant must:

- (a) where the client is a Retail Client, in respect of Options Market Contracts, Futures Market Contracts or Warrants; or
- (b) where the client is a Wholesale Client, in respect of Futures Market Contracts,

enter into a Client Agreement which sets out the terms of their relationship in relation to the relevant Market Transactions. The agreement must incorporate the relevant terms set out in the Procedures and may include other terms and conditions agreed between the Market Participant and the client, provided those terms are not inconsistent with the terms set out in the Procedures. To the extent of any inconsistency, the terms set out in the Procedures prevail.

Introduced 11/03/04 Origin ASX 7.3.1.1(e), 7.3.1.2, 8.14.1(Warrants), ASXF 7.1.2 Amended 24/05/04, 01/08/05, 28/11/05

7.1.3 Market Participant to keep copy of Client Agreement and disclosures

The Market Participant must retain a copy of each agreement which it enters into with the client under Rule 7.1.2 and any disclosures made under Rule 7.1.1 for the period set out in the Procedures.

Introduced 11/03/04 Origin ASX 3.1A(3), 7.3.1.3, ASXF 7.1.3

7.1.4 Client agreement where Market Participant is not the Clearing Participant (Options Market Transactions only)

Before entering into an Options Market Transaction for a client, where the Market Participant:

- (a) is not a Clearing Participant, who is permitted under the Clearing rules to clear that Options Market Transaction; or
- (b) is a Clearing Participant, who is permitted under the Clearing Rules to clear that Market Transaction, but has an arrangement with another Clearing Participant to clear that Options Market Transaction, and such transaction is cleared under the arrangement,

the Market Participant must:

- (c) have previously confirmed with the Relevant Clearing Participant that the client has entered into a client agreement with the Relevant Clearing Participant required under the Clearing Rules; or
- (d) where the client is a Wholesale Client, have satisfied itself that the client has executed and lodged with an Approved Clearing Facility a Wholesale Client Agreement on the terms set out in the Procedures.

Introduced 11/03/04 Origin ASX 3.1A(d), 7.3.1.1(e) Amended 09/12/04, 01/08/05, 28/11/05

7.1.5 Client agreement where Market Participant is the Clearing Participant (Options Market Transactions only)

Before entering into an Options Market Transaction for a client, where the Market Participant is the Clearing Participant in relation to the Options Market Transaction, the Market Participant must:

- (a) have entered into a client agreement as required under the Clearing Rules; or
- (b) where the client is a Wholesale Client, have satisfied itself that the client has executed and lodged with the Approved Clearing Facility a Wholesale Client Agreement on the terms set out in the Procedures.

Introduced 01/08/05 Amended 28/11/05

7.1.6 Agreement with Wholesale Client (Options Market Transactions Only)

If a Trading Participant accepts an order for a person and that person has lodged, or is taken to have lodged a Wholesale Client Agreement with the Approved Clearing Facility, that person, the Trading Participant and the Trading Participant's Clearing Participant (if applicable) are taken to have entered into an agreement in accordance with the terms of that Wholesale Client Agreement.

Amended 28/11/05

7.2 UPDATES TO INFORMATION GIVEN TO CLIENTS

7.2.1 ASX notice to provide updates

ASX may from time to time publish updates to the current version of documents or information set out in the Procedures referred to in Rule 7.1.1(a). ASX may notify Market Participants that

it requires a Market Participant to give a copy of those updates or a revised version of the relevant document or information (as applicable) to persons or categories of persons specified in the notice and within the time specified in the notice. A Market Participant must comply with that notice.

Introduced 11/03/04 Origin ASX 7.3.3.7 Amended 15/11/04

7.3 TRADING AS PRINCIPAL

7.3.1 Application

This Rule 7.3 applies where a Market Participant enters into a Market Transaction with a client as Principal, except where the client is a Market Participant or a participant or member of a Recognised Stock Exchange.

Introduced 11/03/04

7.3.2 Disclosure and consent

Before entering into a Market Transaction as Principal with a client, the Market Participant must disclose (or have previously disclosed), in accordance with Section 991E(1)(c) of the Corporations Act, that it is acting (or may act) as Principal and have obtained the consent of the client, in accordance with Section 991E(1)(d) of the Corporations Act.

Introduced 11/03/04 Origin ASX 3.1(2) ASXF 7.3

7.3.3 Confirmation must include disclosure

When a Market Participant enters into a Market Transaction with a client as Principal, the confirmation issued by the Market Participant under Rule 7.9.1 in respect of a Market Transaction must state that the Market Participant entered into the transaction as Principal and not as agent.

Introduced 11/03/04 Origin ASX 3.1(3). ASXF 7.3

7.3.4 Brokerage and commission

When a Market Participant enters into a Market Transaction as Principal on its own behalf with a client, the Market Participant must not charge the client brokerage, commission or any other fee in respect of the Market Transaction, except in the following circumstances:

- (a) where the client is a Prescribed Person of the Market Participant;
- (b) where the client is a Wholesale Client who has consented to the Market Participant charging brokerage, commission or the other fee (and that consent has not been withdrawn); or
- (c) where otherwise permitted by the Corporations Act.

In relation to paragraph (b), the Market Participant must keep a written record of the consent given by the Wholesale Client and send a copy of the record to the client as soon as practicable. The Market Participant must also comply with any other requirements under the Corporations Act which apply to the charging of brokerage, commissions and fees in these circumstances.

Introduced 11/03/04 Origin ASX 3.1(4)-(6) Amended 28/11/05

7.3.5 Extended meaning of dealing as Principal

Except where a Market Participant is dealing as a trustee of a trust in which the Market Participant has no direct or indirect beneficial interest, a reference in this Rule 7.3 to a Market Participant dealing or entering into a Market Transaction, as Principal, includes a reference to a Market Participant entering into a Market Transaction on its own behalf or on behalf of any of the following persons:

- (a) a partner of the Market Participant;
- (b) a director, company secretary or Substantial Holder of the Market Participant;
- (c) the Immediate Family, Family Company or Family Trust of a partner, director, company secretary or Substantial Holder of the Market Participant;
- (d) a body corporate in which the interests of one or more of the partners singly or together constitute a controlling interest;
- (e) any Related Body Corporate of the Market Participant.

Without limitation, in paragraph (b), a reference to dealing on behalf of a Substantial Holder means that any Cash Market Product the subject of the Market Transaction is, or will be on the execution of the transaction, beneficially owned by the Substantial Holders. Cash Market Products beneficially owned by a Substantial Holder include Cash Market Products that appear or would appear as assets on the balance sheet or consolidated balance sheet of that Substantial Holder's assets and liabilities, except where the Cash Market Products concerned appear or would appear as assets on the balance sheet or consolidated balance sheet of a Life Insurance Company registered under the Life Insurance Act or the equivalent Act of a State, and are held for or on behalf of that Life Insurance Company's statutory funds.

Introduced 11/03/04 Origin ASX 3.1(1), 7.3.1(c) Amended 28/11/05

7.3.6 Register of persons who are regarded as Principal

A Market Participant must keep a register of the persons referred to in paragraphs (a)-(e) of Rule 7.3.5 above.

Introduced 11/03/04 Origin ASX 3.1(1)

7.4 CLIENT INSTRUCTIONS

7.4.1 Market Participant restrictions

A Market Participant must not:

- (a) accept or execute instructions from a client to enter into a Market Transaction except in accordance with these Rules;
- (b) enter into a Market Transaction for a client, except in accordance with the instructions of the client, or of a person authorised in writing by a client to give such instructions, or pursuant to an exercise of discretion in respect of that particular client's Discretionary Account or as otherwise permitted by these Rules;
- (c) allocate a Market Transaction to a client's account unless the Market Transaction was entered into on the instructions of the client, or of a person authorised in writing by a

client to give such instructions, or pursuant to an exercise of discretion in respect of that particular client's Discretionary Account or as otherwise permitted by these Rules; or

- (d) except as permitted by these Rules or as permitted in writing by ASX, enter into or arrange a Market Transaction on the instructions of a client unless the instructions are executed in such a manner that the Market Transaction is entered into on a Trading Platform.

Introduced 11/03/04 Origin ASXF 7.4.1, 7.4.2(b) Amended 28/11/05

7.5 CLIENT ORDER PRIORITY

7.5.1 Application and meaning of dealing on "own account"

In this Rule 7.5 and subject to Rule 7.5.2, a reference to a Market Participant having an order for its own account means:

- (a) in relation to Cash Market Transactions, that the Cash Market Products to be bought or sold are (in the case of a sale) or will be on the completion of the transaction (in the case of a purchase) beneficially owned by the Market Participant or a Prescribed Person. The Cash Market Products beneficially owned by a Market Participant or Prescribed Person include Cash Market Products which would appear as assets on the balance sheet or consolidated balance sheet of that Market Participant or Prescribed Person; and
- (b) in relation to Derivatives Market Transactions, having an order to enter into a Derivatives Market Transaction on its own behalf or for the benefit of a Prescribed Person.

Introduced 11/03/04 Origin ASX 5D.2.1 Amended 28/11/05

7.5.2 Exceptions

The following are not regarded as orders on a Market Participant's own account:

- (a) an order placed by a Life Insurance Company registered under the Life Insurance Act (or equivalent State legislation) on behalf of a statutory fund;
- (b) an order placed by a Controller or a Related Body Corporate of the Market Participant or of a Controller on behalf of clients of, or funds managed by them or their Related Bodies Corporate.

Introduced 11/03/04 Origin ASX 5D.2.2

7.5.3 Fairness and priority in dealing

A Market Participant must deal fairly and in due turn with:

- (a) clients' orders; and
- (b) a client order and an order on its own account.

Introduced 11/03/04 Origin ASX 5D.2.2

7.5.4 Relevant factors

In considering whether Rule 7.5.3 has been complied with, the following factors are relevant:

- (a) the Market Participant acts in accordance with its instructions;
- (b) orders that do not involve the exercise of discretion by the Market Participant in relation to the time or price or quantity of the order are entered in a Trading Platform in the sequence in which they are received, and otherwise as expeditiously as practicable;
- (c) orders of a client (which is not a Prescribed Person) that involve the exercise of discretion by the Market Participant in relation to the time or price or quantity of the order are given preference over orders on the Market Participant's own account, unless the client otherwise consents. This means that from the time of receipt of the order until it is fully executed, the Market Participant does not enter into, on its own account, a Market Transaction for the same Products on the same terms unless:
 - (i) the Products are allocated to the client in accordance with Rule 7.5.6(c); or
 - (ii) the Products are allocated to the client pursuant to an allocation policy previously disclosed to the client, to which the client consents, under which the Market Participant may buy or sell (and be allocated) the same Products on its own account.

However, a limit order which cannot be executed owing to price differences is not on the same terms;

- (d) if the sequence of entry of orders into a Trading Platform is not clearly established by the time the orders were received, and one of the orders is for the Market Participant's own account, the Market Participant gives preference to the order of a client over any order for the Market Participant's own account;
- (e) if the Market Participant has acted in accordance with its procedures to ensure that a person initiating, transmitting or executing an order who is aware of instructions of a client (which is not a Prescribed Person) to deal in the relevant Products that has not been entered in a Trading Platform does not use that information to the disadvantage of that client;
- (f) the Market Participant buys or sells for a Wholesale Client;
- (g) allocation of Market Transactions occurs in accordance with Rule 7.5.5; and
- (h) a Market Participant keeps a record of a client's consent under Rule 7.5.4(c).

Introduced 11/03/04 Origin ASX 5D.2.4 Amended 28/11/05

7.5.5 Fairness and priority in allocation

A Market Participant must allocate Market Transactions fairly.

Introduced 11/03/04 Origin ASX 5D.2.5

7.5.6 Relevant factors

In considering whether Rule 7.5.5 has been complied with, the following factors are relevant:

- (a) allocation of Market Transactions is immediate and automatic, unless circumstances or instructions justify later or manual allocation;
- (b) Market Transactions executed pursuant to instructions (whether an order of a client or an order on its own account) are allocated in the sequence in which the Market Participant received those instructions, entered those instructions or the Market Transactions were effected;
- (c) the client's instructions;
- (d) allocation of a Market Transaction occurs in accordance with the disclosed allocation policy of the Market Participant; and
- (e) except as provided in these Rules, a Market Participant does not allocate Market Transactions to fulfil all or part of an order for its own account when it has an unfulfilled order on the same terms for those Market Transactions from a client.

Introduced 11/03/04 Origin ASX 5D.2.6 Amended 28/11/05

7.6 MARKET FACILITATION FOR LARGE ORDERS – FUTURES MARKET CONTRACTS

7.6.1 Action a Market Participant may take when insufficient opposite orders

This Rule 7.6 applies only to orders to deal in Futures Market Contracts.

Where a Market Participant receives a large order from a client and there are insufficient opposite orders in the Central Orderbook at that time to satisfy that order:

- (a) the Market Participant may, with the written authority of the client, withhold transmission of the large order and solicit counterparties, disclose the relevant instructions and aggregate opposite orders from other clients;
- (b) when the Market Participant has solicited other counterparties under paragraph (a), the Market Participant must enter the large order into the Central Orderbook (or, where the counterparty orders are orders of other clients of the Market Participant, effect a Crossing in accordance with Section 22); and
- (c) during the period in which the Market Participant solicits orders under paragraph (a) and until the large order has been entered or executed as a Crossing under paragraph (b), the Market Participant must not enter an opposite order.

Introduced 11/03/04 Origin ASXF 7.4.3 Amended 28/11/05

7.6.2 Application

For the purposes of this Rule 7.6:

- (a) an order is "large" if it is for a number of Futures Market Contracts which is greater than or equal to the number set out in the Procedures; and
- (b) where the Market Participant is a body corporate, a Related Body Corporate and a division of the Market Participant other than its futures division will each be regarded as "clients".

Introduced 11/03/04 Origin ASXF 7.4.3 Amended 28/11/05

7.7 ALLOCATION POLICY AND AUTOMATED CLIENT ORDER PROCESSING CROSSINGS

7.7.1 Disclosure to client

A Market Participant must when requested to do so by a client, disclose to the client each of the following:

- (a) the policy it adopts in the allocation of Market Transactions to fill orders placed with it; and
- (b) in relation to Crossings under Section 17 (for Cash Market Products) or Section 22 (for Derivatives Market Products):
 - (i) that the client's orders may match opposite orders in a Trading Platform by the same Market Participant (ie. effectively resulting in a Crossing and entitling the Market Participant to commission from both sides of the transaction); and
 - (ii) if the Market Participant deals as Principal, that the client's orders may match opposite orders in a Trading Platform on behalf of the same Market Participant as Principal.

The Market Participant must keep a record of the disclosure made under this Rule.

Introduced 11/03/04 Origin ASX 3.3, 7.3.1C Amended 28/11/05

7.8 TRANSACTIONS BY CONNECTED PERSONS (INCLUDING PERSONS CONNECTED WITH OTHER MARKET PARTICIPANTS)

7.8.1 Application

In this Rule 7.8, a reference to a connected person is a reference to the following persons:

- (a) an Employee;
- (b) a company controlled by an Employee; and
- (c) a Controlled Trust (other than a trust controlled by an Immediate Family of an employee or a trust in relation to which an Immediate Family of an Employee is a trustee or holds more than 50% of the whole beneficial interest).

Introduced 11/03/04 Origin ASX 5D.1.5 Amended 28/11/05

7.8.2 Internal consent required for trading by connected persons

A Market Participant must ensure that the following requirements are satisfied in respect of each Market Transaction entered into by or for the account of its connected persons, whether the Market Transaction is conducted through that Market Participant or through another Market Participant:

- (a) the Market Transaction must first be approved in writing by a Responsible Executive, director or partner of the Market Participant or a person with written delegation for that responsibility from a Responsible Executive, director or partner (other than the Employee concerned). That approval must be obtained separately for each relevant

Market Transaction. The person who approves the Market Transaction has an obligation to take into account the circumstances of the proposed transaction and anything which might materially affect the price of the relevant Cash Market Product (or, in the case of a Derivatives Market Transaction, the price or value of the relevant Series) the subject of the Market Transaction;

- (b) the approval in writing referred to in paragraph (a) must include:
 - (i) all the information required by Rule 4.10 for orders, whether or not the Market Participant will be executing the order to which the approval relates; and
 - (ii) the date and time of approval; and
- (c) if the Market Transaction is conducted through another Market Participant, that Market Participant must, as soon as practicable after entering into the Market Transaction, give to the employing Market Participant a confirmation in respect of the Market Transaction.

Introduced 11/03/04 Origin ASX 5D.1.5, 7.3.2.3 Amended 28/11/05

7.9 REPORTING TO CLIENTS

7.9.1 Confirmations - form and timing

Subject to Rule 7.9.3 a Market Participant must give a confirmation to a client in respect of each Market Transaction entered into on a client's instructions or on a client's Managed Discretionary Account. The Market Participant must send to (or cause to be sent to) that client a confirmation in writing or electronically (or in another form permitted by ASX) as soon as practicable after the Market Participant enters into the Market Transaction. The confirmation must include:

- (a) all information required to be included in a confirmation under the Corporations Act;
- (b) a statement that the confirmation is issued subject to:
 - (i) the Rules, directions, decisions and requirements of ASX and 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;

unless the Market Participant has obtained and retained an acknowledgment from the client that the conditions set out in sub-paragraphs (i), (ii) and (iii) apply to the issue of confirmations to that client;

- (c) if the Market Transaction is to be cleared by another party which is a Clearing Participant, the name of the Market Participant which executed the trade and the Clearing Participant which clears it;
- (d) the time by which all documents and information which the Market Participant or Clearing Participant will require to settle the Market Transaction must be provided by the client;

- (i) in the case of a sale of Cash Market Products, the date by which the client must provide all documents and security holder information (including, if applicable, the relevant holder identification number or personal identification number and/or shareholder reference number) required by the relevant Clearing Participant to meet its Clearing Obligations; and
- (ii) if applicable, the date by which the client must provide the consideration specified in the confirmation; and
- (iii) if applicable, the date by which the net consideration to the client falls due;
- (e) the amount of money which the client must pay, or which the client will receive, on settlement of the Market Transaction and, if the client is required to pay an amount of money, the time by which that money must be paid;
- (f) where the Market Transaction involved a Crossing, a statement to that effect;
- (g) any disclosure required under Rule 7.3 (trading as Principal); and
- (h) any other information set out in the Procedures.

Introduced 11/03/04 Origin ASX 3.8, 7.3.3.2, ASXF 7.5 Amended 04/10/05 28/11/05

7.9.2 Confirmations – accumulation and price averaging

If a Market Participant is required by Rule 7.9.1 to give a confirmation to a client and the Market Participant enters into multiple Market Transactions for the purpose of completing a client's order, the Market Participant may accumulate those Market Transactions on a single confirmation and specify the volume weighted average price for those Market Transactions provided that:

- (a) the client authorised in writing the accumulation and price averaging of two or more Market Transactions in a confirmation at or before the time the order was placed; and
- (b) if requested by the client, the Market Participant gives to the client a statement of all the individual prices of the Cash Market Products or Derivatives Market Contracts (as applicable) which are accumulated and averaged under this Rule.

Introduced 11/03/04 Origin ASX 3.8A, 7.3.3.2B, ASXF 7.5.4, 7.5.5 Amended 04/10/05 28/11/05

7.9.3 Confirmations – clients other than Retail Clients

A Market Participant is not required to comply with Rule 7.9.1 in respect of a client that is not a Retail Client, provided the Market Participant has notified the client before entering a Trading Message on the client's behalf that Market Transactions effected for the client are subject to:

- (a) the Rules, directions, decisions and requirements of ASX and the Clearing Rules and where relevant, the Settlement Rules;
- (b) the customs and usages of the Market; and
- (c) the correction of errors and omissions.

A Market Participant must keep a record of the notification.

Introduced 11/03/04 Amended 04/10/05

7.9.4 Period of accumulation – DTP Products – [Deleted]

Introduced 11/03/04 Deleted 04/10/05

7.10 MANAGED DISCRETIONARY ACCOUNTS

7.10.1 Authorisation and approval – [Deleted]

Introduced 11/03/04 Origin ASX 3.4.1(1), 7.3.4.1, ASXF 7.7.1 Amended 04/11/04 Deleted 28/11/05

7.10.2 Derivatives Market Transactions and Warrants

If a Market Participant operates a Managed Discretionary Account for a Retail Client which involves dealing in Derivatives Market Transactions or Warrants, the Managed Discretionary Account must be operated by an Accredited Adviser with the appropriate accreditation under Section 8 of these Rules.

Introduced 11/03/04 Origin ASXF 7.7.1 Amended 04/11/04; 28/11/05

7.10.3 Dealing in Cash Market Products of Market Participant

Where a Market Participant is the issuer of Cash Market Products other than Warrants, it must not make a Bid for or an Offer of those Cash Market Products for a Managed Discretionary Account for a Retail Client, except where the client expressly authorises the Market Participant to do so.

Introduced 11/03/04 Origin ASX 3.4.1(2) Amended 04/11/04; 28/11/05

7.10.4 Register – [Deleted]

Introduced 11/03/04 Origin ASX 3.4.4, 7.3.4.1, ASXF 7.7.2 Amended 04/11/04 Deleted 28/11/05

7.10.5 Excessive transactions in Managed Discretionary Account

A Market Participant must not enter into Market Transactions on a Managed Discretionary Account for a Retail Client where the size or frequency of the Market Transactions may be considered excessive having regard to the investment objectives, financial situation and needs of the client and the relevant markets.

Introduced 11/03/04 Origin ASX 1.2, 7.3.4.2, ASXF 7.7.3 Amended 04/11/04

7.10.6 Record of Market Transactions – [Deleted]

Deleted 04/11/04

7.10.7 Reports – [Deleted]

Introduced 11/03/04 Origin ASX 3.4.3 Amended 04/11/04 Deleted 28/11/05

7.10.8 Reporting to ASIC

A Market Participant must provide to ASX a copy of any report it provides to ASIC of breaches of its obligations relating to Managed Discretionary Accounts by no later than the time that the report is provided to ASIC.

Introduced 04/11/04

7.10.9 Provision of audit reports

A Market Participant must:

- (a) provide to ASX a copy of any audit report lodged with ASIC under ASIC Class Order 04/194 or any replacement ASIC Class Order by no later than the time that the audit report is provided to ASIC; and
- (b) on request, provide to ASX a copy of any audit report required to be provided to clients under ASIC Class Order 04/194 or any replacement ASIC Class Order.

Introduced 04/11/04 Amended 28/11/05

7.10.10 Obligations to comply with ASIC Class Order 04/194

A Market Participant which operates Managed Discretionary Accounts must comply with the relevant provisions of ASIC Class Order 04/194 or any replacement ASIC Class Order.

Introduced 04/11/04 Amended 28/11/05

7.10.11 Application of Rule – [Deleted]

Introduced 04/11/04 Deleted 28/11/05

7.11 CLIENT MONEY AND PROPERTY

7.11.1 Obligation to comply with Corporations Act

A Market Participant must comply with the relevant provisions of the Corporations Act governing the keeping and treatment of money paid, or property given, to the Market Participant in connection with services provided to, or products held by, clients of the Market Participant in respect of their business. Money to which Division 2 of Part 7.8 of the Corporations Act applies is to be held in trust by the Market Participant.

Introduced 11/03/04 Origin ASXF 7.8.1

7.11.2 Trust accounts – Cash Market Transactions and Options Market Transactions

A Market Participant must establish one or more clients' trust accounts for money received by the Market Participant in connection with dealings in Cash Market Transactions or Options Market Transactions.

Introduced 11/03/04 Origin ASX 1.2.2 Amended 28/11/05

7.11.3 Segregated accounts or trust accounts- Futures Market Transactions

A Market Participant must establish either one or more clients' trust accounts or clients' segregated accounts for money received by the Market Participant in connection with dealings in:

- (a) Futures Market Transactions; and
- (b) Options Market Transactions over an Underlying Product which is a Futures Market Contract.

Introduced 11/03/04 Origin ASXF 7.8.1 Amended 28/11/05

7.11.4 Bank accounts to be with Australian ADI

All money received by a Market Participant which the Corporations Act requires the Market Participant to deposit in a clients' segregated account or in a clients' trust account must be deposited in an account with an Australian ADI in Australia (which has been rated by an Approved Ratings Agency as being at least short term investment grade) unless:

- (a) the money is received by the Market Participant in another country and the Market Participant deposits the money in a clients' segregated account or clients' trust account with a branch of an Australian ADI with such a rating in that country; or
- (b) Rule 7.11.5 applies.

Introduced 11/03/04 Origin ASX 1.2.1(1), ASXF 7.8.2

7.11.5 Approved foreign banks

ASX may determine and set out in the Procedures foreign banks at which Market Participants may:

- (a) open clients' segregated accounts or clients' trust accounts for the handling of money received for a client in another country or for a client who is resident in another country; and
- (b) invest money held in clients' segregated accounts or clients' trust accounts in another country.

ASX may impose conditions on the use of those foreign banks for clients' segregated accounts and clients' trust accounts.

Introduced 11/03/04 Origin ASX 1.2.1(1), 7.3.4.2, ASXF 7.8.3

7.11.6 Change of rating or approval of ADI

If the Market Participant has a clients' segregated account or a clients' trust account with an Australian ADI which ceases to have the rating referred to in Rule 7.11.4 or with a foreign bank which ceases to be a bank approved under Rule 7.11.5, the Market Participant must transfer the balance of the relevant account to an entity which meets the requirements of Rule 7.11.4 or Rule 7.11.5 (as applicable).

Introduced 11/03/04 Origin ASX 1.2.2(1)

7.11.7 Liquidity requirement – clients' segregated accounts – Futures Market Transactions

If a Market Participant invests money from a clients' segregated account maintained under Rule 7.11.3 pursuant to Section 981C(a) of the Corporations Act, that investment must be readily realisable and at least 50% of money invested under that Section must be invested on 24 hour call terms.

Introduced 11/03/04 Origin ASXF 7.8.4 Amended 28/11/05

7.11.8 Top up requirement – clients' segregated accounts – Futures Market Transactions

If a client does not satisfy (either through payment or the provision of security) a request under Rule 7.12 on or before the time set out in the Procedures (or, where the request relates to derivatives traded on a market operated by a person other than ASX, by the time required under

the rules of that market), the Market Participant must pay into the clients' segregated account the lesser of:

- (a) the amount of the request; or
- (b) the amount which the Market Participant would be obliged under Rule 7.12 (or, if applicable, the rules of the other market) to request from the client on the following day.

Introduced 11/03/04 Origin ASXF 7.8.5 Amended 28/11/05

7.12 PAYMENT BY CLIENT - FUTURES MARKET TRANSACTIONS

7.12.1 Application

This Rule 7.12 applies only where the Market Participant is regarded as the client of a Clearing Participant and holds positions in Futures Market Transactions on an omnibus basis for its own clients.

Introduced 11/03/04 Amended 28/11/05

7.12.2 Initial margin calls

Where a Market Participant is required to pay an amount of Initial Margin to a Clearing Participant (or to a participant of an Alternative Clearing Facility) in respect of positions the Market Participant holds for the benefit of one or more of its clients, the Market Participant must, in turn, call a corresponding amount from the relevant client or clients.

Subject to Rule 7.12.4, the call must be made in sufficient time to ensure that the Market Participant is placed in funds before the Market Participant is obliged to pay the corresponding amount to the Clearing Participant, (or, if applicable, the participant of an Alternative Clearing Facility).

The Market Participant is also entitled, at any time, to ask its client to pay any additional amount which it considers appropriate to manage the risk to which it is exposed.

Introduced 11/03/04 Origin ASXF 7.9.1

7.12.3 Close out, settlement or daily settlement amounts

A Market Participant is also entitled to call from its client an amount sufficient to cover amounts which the Market Participant has been required to pay to its Clearing Participant pursuant to the close out, settlement or daily settlement of Open Contracts under the Clearing Rules (or to a participant of an Alternative Clearing Facility under the rules of that facility). Subject to Rule 7.12.4, if, at any time, the net amount of those amounts payable by the client exceeds 25% of the amount of Initial Margin called under Rule 7.12.1, the Market Participant must call that amount. This Rule does not prevent the Market Participant from calling the amount at an earlier time or from calling an additional amount which it considers appropriate to manage the risk to which it is exposed.

Introduced 11/03/04. Origin ASXF 7.9.2 Amended 28/11/05

7.12.4 Circumstances where call need not be made

A Market Participant is not required to make a call under Rule 7.12.2 or Rule 7.12.3 if:

- (a) (in the case of a call under Rule 7.12.3) the amount of the call at that time is less than the amount set out in the Procedures;
- (b) the client has already paid that amount to the relevant Market Participant; or
- (c) the client has provided security for that amount to the relevant Market Participant (or to an Approved Clearing Facility on behalf of the Clearing Participant or an Alternative Clearing Facility, if applicable, on behalf of a participant) which is acceptable to the relevant Market Participant.

Introduced 11/03/04 Origin ASXF 7.9.3

7.12.5 Payments due to Market Participant

The client must, by the time specified in the relevant Client Agreement:

- (a) pay to the Market Participant any amounts which the Market Participant asks the client to pay under Rule 7.12.2 or Rule 7.12.3; or
- (b) provide security for the amounts referred to in paragraph (a) which is acceptable to the Market Participant.

Introduced 11/03/04 Origin ASXF 7.9.4

7.12.6 If no time agreed

If no time is agreed between the Market Participant and the client for the purpose of Rule 7.12.5, the client must meet its obligations under Rule 7.12.5 within 24 hours after the request for payment.

Introduced 11/03/04 Origin ASXF 7.9.5

7.12.7 Maximum time

The time agreed between the Market Participant and its client for the purpose of Rule 7.12.5 must not be later than 48 hours after the request for payment.

Introduced 11/03/04 Origin ASXF 7.9.6 Amended 28/11/05

7.13 DEATH OF CLIENT AND OTHER CIRCUMSTANCES - FUTURES MARKET TRANSACTIONS

7.13.1 Application

This Rule 7.13 applies only where the Market Participant is regarded as the client of a Clearing Participant and holds positions in Futures Market Contracts on an omnibus basis for its own clients.

Introduced 11/03/04 Amended 28/11/05

7.13.2 No knowledge of client's legal representative

If a Market Participant becomes aware of the death of a client and, after reasonable enquiry, the Market Participant does not know the identity of the legal representative of the client, the Market Participant may exercise the powers under Rule 7.13.5.

Introduced 11/03/04 Origin ASXF 7.10

7.13.3 No undertaking from legal representative

If:

- (a) a Market Participant becomes aware of the death of a client;
- (b) the Market Participant knows the identity of the legal representative who has been appointed to the client's estate; and
- (c) the legal representative does not, after being requested by the Market Participant, undertake to meet the client's obligations in respect of one or more Open Contracts for the benefit of the client's estate,

the Market Participant may exercise the powers under Rule 7.13.5 in respect of those Open Contracts for which the undertaking referred to in paragraph (c) is not given by the legal representative.

Introduced 11/03/04 Origin ASXF 7.10.2

7.13.4 Client unable to be contacted

If the Market Participant, after reasonable enquiry, has been unable to contact a client to obtain instructions in respect of the exercise of any rights or the performance of any obligations in connection with an Open Contract, the Market Participant may exercise the powers under Rule 7.13.5.

Introduced 11/03/04 Origin ASXF 7.10.3

7.13.5 Powers of Market Participant

If Rules 7.13.2, 7.13.3 or 7.13.4 apply, the Market Participant may, without giving prior notice to the client or the legal representative (as the case may be), take any action, or refrain from taking action, which it considers reasonable in the circumstances in connection with Open Contracts held for the benefit of the relevant client or the estate of the client (as the case may be) and, without limitation, the Market Participant may:

- (a) enter into, or cause to be entered into, one or more Futures Market Transactions to effect the close out of one or more Open Contracts;
- (b) exercise one or more Options Market Contracts; or
- (c) exercise, or cause to be exercised, any other rights conferred by the Rules or the Client Agreement or perform any other obligations arising under the Rules or the Client Agreement in respect of those Open Contracts,

and the client or the estate of the client (as the case may be) must account to the Market Participant as if those actions were taken on the instructions of the client and, without limitation, is liable for any deficiency and is entitled to any surplus which may result.

Introduced 11/03/04 Origin ASXF 7.10.4 Amended 28/11/05

7.13.6 Records

A Market Participant must keep records in writing containing full particulars of all enquiries made and action taken under this Rule 7.13.

Introduced 11/03/04 Origin ASXF 7.10.5

7.14 DEFAULT BY A CLIENT - FUTURES MARKET CONTRACTS

7.14.1 Application

This Rule 7.14 applies only where the Market Participant is regarded as the client of a Clearing Participant and holds positions in Futures Markets Contracts on an omnibus basis for its own clients.

Introduced 11/03/04 Amended 28/11/05

7.14.2 Consequences of default

If:

- (a) a client fails to pay, or provide security for, amounts payable to the Market Participant under Rule 7.12.2 or Rule 7.12.3;
- (b) a client fails to discharge any obligation in connection with the settlement of an Open Contract in accordance with its terms; or
- (c) any other event occurs which the Market Participant and the client have agreed entitles the Market Participant to take action in respect of the client,

the Market Participant may exercise any rights which the Market Participant has under these Rules, the Client Agreement, the Clearing Agreement or otherwise. The client must account to the Market Participant for any deficiency and is entitled to any surplus which may result from the exercise of those rights.

Introduced 11/03/04 Origin ASXF 7.11

7.15 TELEPHONE RECORDING OF CLIENT DEALINGS - FUTURES MARKET TRANSACTIONS

7.15.1 Market Participant must record

A Market Participant must record by tape all telephone conversations with clients in relation to its dealings in Futures Market Transactions including, without limitation, conversations relating to the receipt, transaction and confirmation of orders. The Market Participant must retain those records for at least 3 months.

Introduced 11/03/04 Origin ASXF 7.13 Amended 28/11/05

7.16 CLIENT COMPLAINTS

7.16.1 Register of complaints and correspondence

A Market Participant must keep a register of complaints received from clients. The register must include:

- (a) a copy of all written complaints;
- (b) a copy of all written correspondence between the Market Participant and the clients and a written summary of any oral communication in connection with a written complaint; and

- (c) any correspondence or documents relating to the resolution of a complaint through any complaints resolution scheme.

Introduced 11/03/04 Origin ASX 5D.3.1

7.16.2 Records to be kept

A Market Participant must keep in the register the information referred to in Rule 7.16.1 in respect of a complaint for the time set out in the Procedures.

Introduced 11/03/04 Origin ASX 5D.3.2

7.16.3 Provision of information to ASX

A Market Participant must make the contents of the register available to ASX immediately on receipt of a request from ASX.

Introduced 11/03/04 Origin ASX 5D.3.3, ASXF 17.11

7.16.4 Reporting requirement

A Market Participant must, by the time and in the form set out in the Procedures, provide a report to ASX on the receipt and status of categories of complaints during the period covered by the report.

Introduced 11/03/04 Origin ASX 5D.3.4

7.17 MONTHLY REPORTING REQUIREMENTS – DERIVATIVES MARKET TRANSACTIONS

7.17.1 Application

This Rule 7.17 applies to Derivatives Market Transactions only.

Introduced 11/03/04 Amended 28/11/05

7.17.2 Monthly statements to clients

If:

- (a) a Derivatives Market Transaction is entered into by the Market Participant on behalf of a client in a particular month; or
- (b) at the end of or during a particular month, the Market Participant holds positions in Derivatives Market Contracts for the benefit of a client,

the Market Participant must, within the time specified in the Procedures, send to the client a written statement or, subject to Rule 7.17.3, an electronic statement setting out the information set out in the Procedures.

Introduced 11/03/04 Amended 28/11/05

7.17.3 Electronic monthly statements

If a Market Participant chooses to send monthly statements electronically under Rule 7.17.2, the Market Participant must be able to reproduce a copy of each electronic statement sent.

7.18 PROHIBITION OF ADVICE TO CLIENT

7.18.1 Definitions used in this Rule 7.18

For the purposes of this Rule 7.18:

- (a) **"Client"** includes a shareholder in a company which constitutes the Market Participant.;
- (b) a reference to **"Chinese Walls"** means an arrangement established by a Market Participant, in accordance with guidelines provided by ASX from time to time:
 - (i) whereby information known to persons included in one part of the business of the Market Participant is not available (directly or indirectly) to those involved in another part of the business of the Market Participant and it is accepted that in each of the parts of the business of the Market Participant so divided decisions will be taken without reference to any interest which any other such part or any person in any other such part of the business of the Market Participant may have in the matter; and
 - (ii) the Market Participant has advised ASX in writing that:
 - A. it has created Chinese Walls;
 - B. those Chinese Walls which have been created are in accordance with the guidelines prescribed by ASX;
 - C. the Chinese Walls as created will not be removed or altered without prior advice being given to ASX; and
 - D. it requires ASX to place its name on the register of Market Participants maintaining Chinese Walls which is made available by ASX for public perusal.

Introduced 11/03/04 Origin ASX 3.5(1) Amended 28/11/05

7.18.2 Market Participant possesses information that is not generally available

Where as a result of its relationship to a client, a Market Participant is in possession of information that is not generally available in relation to a Financial Product and which would be likely to materially affect the price of that Financial Product if the information was generally available, that Market Participant will not give any advice to any other client of a nature that would damage the interest of either of those clients.

Introduced 11/03/04 Origin ASX 3.5(2)

7.18.3 Chinese Walls in place

A Market Participant will not be regarded as having possession of information that is not generally available in relation to a Financial Product where that Market Participant has Chinese Walls in place and the person advising the client is not in possession of that information.

Introduced 11/03/04 Origin ASX 3.5(3)

7.18.4 Certain actions do not constitute giving advice

A Market Participant or an Employee or partner of a Market Participant advising a client that the Market Participant is precluded from giving the client advice will not, for the purposes of this Rule 7.18, be regarded as giving advice.

Introduced 11/03/04 Origin ASX 3.5(4) Amended 28/11/05

7.19 NOMINEE HOLDINGS

7.19.1 Restrictions on when an Equity Security can be recorded in the name of a nominee company

A Market Participant must not cause the ownership of an Equity Security of which it is not the beneficial owner to be registered in its own name or in the name of its partners, directors or Employees. Any such Equity Security may only be registered in the name of a nominee company which:

- (a) is incorporated in Australia with a name which contains the word "nominee" (unless otherwise agreed by ASX);
- (b) has a constitution which precludes the nominee company from owning any Equity Security or other property except cash beneficially; and
- (c) is a directly legally and beneficially wholly owned subsidiary of the Market Participant which is operated by the Market Participant unless the Market Participant is a Clearing Participant who appoints a Settlement Participant as its agent in accordance with the Clearing Rules.

Introduced 11/03/04 Origin ASX 3.12

7.20 DISCLOSURE OF SHORTFALL

7.20.1 Must disclose to client

A Market Participant, an Employee or a director of a Market Participant or a company which is a partner of a Market Participant who or which will be required to acquire Cash Market Products as underwriter or sub-underwriter will not offer such Cash Market Products to clients unless they first inform the clients concerned of the closing date of the issue or offering of the Cash Market Products and the reasons for the acquisition. This Rule will cease to apply when 90 days have elapsed from the closing date.

Introduced 11/03/04 Origin ASX 3.13 Amended 28/11/05

7.21 NATIONAL GUARANTEE FUND - LOANS AND PROVISION OF PROPERTY TO MARKET PARTICIPANT

7.21.1 Meaning of property in this Rule 7.21

For the purposes of this Rule, "**property**" includes money, Financial Products and documents of title to and instruments of transfer relating to Financial Products.

Introduced 11/03/04 Origin ASX 3.16(1)(1st part)

7.21.2 Loans and provision of property to a Market Participant

Where a person:

- (a) lends money to a Market Participant or entities which are managed or controlled by a Market Participant; or
- (b) provides property to a Market Participant or to entities which are managed or controlled by the Market Participant, other than in the course of, or in connection with the Market Participant or entity's business of dealing in Financial Products,

the Market Participant will give written notification to each such person that the general protection of the National Guarantee Fund provisions of the Corporations Act and Regulations will not apply to the money lent or the property provided, or any income which may have been derived from property which had been provided by the person to the Market Participant to be managed on trust by the Market Participant. A copy of the written notification will be retained by the Market Participant until such money or property has been returned to the person.

Introduced 11/03/04 Origin ASX 3.16(1)(2nd part)

7.21.3 Excluded persons

Where a person is an excluded person as defined at Corporations Regulation 7.5.04, the Market Participant will give written notification to each such person that the general protection of the National Guarantee Fund provisions of Part 7.5 of the Corporations Act and Regulations will not apply to the money lent or the property provided, or any income which may have been derived from property which had been provided by the person to the Market Participant to be managed on trust by the Market Participant.

A copy of the written notification will be retained by the Market Participant until such money or property has been returned to the person.

Introduced 11/03/04 Origin ASX 3.16(2)

7.22 DIVISION 3 COMPENSATION ARRANGEMENTS

7.22.1 Rules for Division 3 Compensation Arrangements

The Compensation Rules of the ASX Compensation Arrangement established pursuant to Division 3 of Part 7.5 of the Corporations Act are set out in Schedule 9.

Introduced 11/03/04

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SECTION 8 DESIGNATED TRADING REPRESENTATIVES AND ACCREDITATION OF ADVISERS

Section 8 sets out the registration, accreditation and on-going education and other requirements for DTRs and Accredited Advisers.

8.1 GENERAL

8.1.1 Application of Section 8

Rule 8.2 applies to all Trading Participants. Rules 8.3 to 8.12 applies to Market Participants whose Representatives give financial product advice in relation to Derivatives Market Transactions and Warrants.

Introduced 11/03/04 Amended 28/11/05

8.2 REGISTRATION OF DESIGNATED TRADING REPRESENTATIVES

8.2.1 Registration by ASX

Subject to this Rule 8.2, ASX may, upon receiving an application in writing from a Trading Participant in the form set out in the Procedures, register a person nominated by the Trading Participant as a DTR of that Trading Participant in respect of any one or more Products in respect of which the Trading Participant has Trading Permission under Section 12.

Introduced 11/03/04 Origin ASX 2.2.9(2), 7.2.3, ASXF 9.3 Amended 28/11/05

8.2.2 Proposed rejection of application

ASX must not reject an application made by a Trading Participant under this Rule 8.2, unless ASX first gives the Trading Participant an opportunity to either, at the option of the relevant Trading Participant:

- (a) appear in person to be represented before ASX; or
- (b) lodge a written submission for consideration by ASX in relation to the proposed rejection.

Introduced 11/03/04 Origin ASX 2.2.9(11), 7.2.3.2, ASXF 9.3.3

8.2.3 Registration criteria

To be eligible for registration as a DTR for a Product, a person must:

- (a) be a Representative of the Trading Participant with authority to deal in the Product (unless the person is a Principal Trader acting under his/her own Australian Financial Services Licence which concerns dealing in the Product or the person is a Principal Trader not required under these Rules to hold an Australian Financial Services Licence); and
- (b) have demonstrated knowledge of the Dealing Rules and the relevant practices, directions, decisions and requirements of ASX by passing an examination required or acknowledged for that purpose by ASX.

Introduced 11/03/04 Origin ASX 2.2.9(3), 7.2.3.3, ASXF 9.3.4

8.2.4 ASX may request further information

ASX may require the Trading Participant to provide to ASX further information ASX considers necessary to establish whether registration should be granted under Rule 8.2.1.

Introduced 11/03/04 Origin ASX 2.2.9(4), 7.2.3.4, ASXF 9.3.5

8.2.5 ASX may grant conditional registration

ASX may register a person as a DTR subject to any conditions it considers appropriate having regard to Rule 1.13.

Introduced 11/03/04 Origin ASX 2.2.9(5), 7.2.3.5, ASXF 9.3.6

8.2.6 Ongoing requirements for DTRs

A Trading Participant must ensure that its DTR is at all times a Representative of the Trading Participant (unless the person is an individual Trading Participant acting under his/her own Australian Financial Services Licence which covers dealing in the Product) as required under Rule 8.2.3(a).

Introduced 11/03/04 Origin ASX 2.2.9(6), 7.2.3.6, ASXF 9.3.7

8.2.7 ASX may suspend or withdraw registration

ASX may suspend and, subject to Rule 8.2.8, withdraw the registration previously given to a person to be a DTR if ASX considers:

- (a) the person has caused the Trading Participant to fail to comply with the Rules, directions, decisions or requirements of ASX, the Corporations Act or a condition imposed by ASX on the Trading Participant's admission;
- (b) the person is not properly performing the responsibilities of a DTR;
- (c) the person has failed to comply with any conditions imposed under Rule 8.2.5; or
- (d) it is otherwise appropriate to do so having regard to Rule 1.13.

ASX must notify the DTR and his or her Trading Participant in writing of the suspension or withdrawal of registration and the reasons for the suspension or withdrawal.

Introduced 11/03/04 Origin ASX 2.2.9(8), 2.2.9(9), 7.2.3.7, ASXF 9.3.8

8.2.8 Proposed withdrawal of registration under Rule 8.2.7

ASX must not withdraw the registration of a DTR unless ASX first gives the relevant Trading Participant and the relevant DTR an opportunity to either, at the option of the Trading Participant:

- (a) appear in person or be represented before ASX; or
- (b) lodge a written submission for consideration by ASX, in relation to the proposed withdrawal.

ASX must determine the matter without bias and give the Trading Participant and the relevant DTR a fair hearing and otherwise observe the rules of procedural fairness.

Introduced 11/03/04 Origin ASX 2.2.9(11), ASXF 9.3.9 Amended 28/11/05

8.2.9 Effect of suspension

If ASX suspends the registration of a person as a DTR under Rule 8.2.7:

- (a) the initial period of suspension must not exceed one month, although ASX may extend that period for additional periods of not more than one month at a time if it reasonably believes an extension is appropriate having regard to Rule 1.13;
- (b) the Trading Participant must not permit or allow the person to hold himself or herself out as a DTR during the period of suspension;
- (c) the Trading Participant must not permit or allow the person to submit Trading Messages during the period of suspension; and
- (d) subject to Rule 8.2.8, during the period of suspension, ASX may withdraw the registration of the person as a DTR.

Introduced 11/03/04 Origin ASX 2.2.9(10), 2.2.9(11), 7.2.3.8, ASXF 9.3.10 Amended 28/11/05

8.2.10 Appeal

The relevant Trading Participant or the relevant DTR may appeal a decision of ASX under Rule 8.2.7 to suspend or withdraw the registration of a DTR to the Appeal Tribunal by giving a notice of appeal to ASX under Rule 28.15.1.

Introduced 11/03/04 Origin ASXF 9.3.11

8.2.11 Withdrawal of registration after notification by Trading Participant

If:

- (a) the DTR ceases to satisfy the requirements of Rule 8.2.3(a); or
- (b) a Trading Participant wishes the registration of a DTR to be withdrawn,

the Trading Participant must notify ASX in writing of:

- (c) the name of the relevant DTR; and
- (d) the Trading Day upon which the Trading Participant wishes the withdrawal to take effect.

The registration of the DTR is taken to be withdrawn automatically at Trading Close on the Trading Day specified in that notice, or, if ASX determines, at an earlier time notified to the Trading Participant.

Introduced 11/03/04 Origin ASX 2.2.9(13), 7.2.3.9, ASXF 9.3.12

8.2.12 Restrictions on DTRs

A DTR must not execute any order in a Trading Platform for or on behalf of, or which will benefit, directly or indirectly, the DTR or any associate or Relative of the DTR, without the prior written approval of the Trading Participant.

Introduced 11/03/04 Origin ASX 2.2.9(14), 7.2.3.9, ASXF 9.3.13 Amended 24/05/04

8.2.13 Continuing professional education requirements

A Trading Participant must ensure that all its DTRs comply with any continuing professional education requirements set out in the Procedures.

Introduced 11/03/04 Origin ASX 2.2.9A, 7.2.3.6A

8.2.14 Trading Participant must ensure DTR compliance

A Trading Participant must ensure that each of its DTRs:

- (a) complies with the instructions and directions issued by Market Control;
- (b) complies with the DTR Training Manual;
- (c) does not intentionally take advantage of a situation arising as a result of:
 - (i) a breakdown or malfunction in ASX's procedures or systems;
 - (ii) an error made over the National Voiceline System; or
 - (iii) an error in entries made by ASX within a Trading Platform; and
- (d) demonstrates knowledge of the Dealing Rules and the relevant practices, directions, decisions and requirements of ASX by passing any examination required or acknowledged for that purpose by ASX and set out in the Procedures.

Introduced 11/03/04, Origin ASX 2.17.1 Amended 28/11/05

8.3 RETAIL CLIENT ADVISERS MUST BE ACCREDITED

8.3.1 Accreditation required

A Market Participant must ensure that its Representatives who give financial product advice to a Retail Client in relation to:

- (a) Options Market Contracts;
- (b) Futures Market Contracts;
- (c) such Warrants as are specified in the Procedures; and
- (d) such other Derivatives Market Contracts as are specified in the Procedures,

hold the relevant accreditation required by this Section 8.

Introduced 11/03/04 Origin ASX 7.3.1B.1, ASXF 7.2.1 Amended 28/11/05

8.3.2 Purporting to be an accredited adviser

A Market Participant must not, and must ensure that a Representative does not, hold himself or herself out as holding a type of accreditation under this Section 8 if they do not hold that type of accreditation.

Introduced 11/03/04 Origin ASX 7.3.1B.2, ASXF 7.2.2

8.4 TYPES OF ACCREDITED ADVISERS

8.4.1 Types of accredited advisers

There are three types of Accredited Adviser, being:

- (a) level one accredited derivatives adviser;
- (b) level two accredited derivatives adviser; and
- (c) accredited futures adviser.

A type of accreditation allows an Accredited Adviser with that accreditation to give financial product advice in relation to the Products and trading strategies set out in the Procedures.

Introduced 11/03/04 Origin ASX 7.3.1B.7, 7.3.1B.10

8.5 APPLICATION FOR ACCREDITED ADVISER

8.5.1 Initial application

ASX may, subject to any conditions it considers appropriate having regard to Rule 1.13, accredit a person as an Accredited Adviser in a category of accreditation if:

- (a) the Market Participant has completed, for that person, an accreditation application which includes the information set out in the Procedures;
- (b) the person is a Representative of the Market Participant;
- (c) (unless the person is exempted under Rule 8.6) the person obtains the pass level set out in the Procedures for an accreditation examination required by or acceptable to ASX;
- (d) (if the person is exempted under Rule 8.6 from the examination requirement in paragraph (c)) the person signs a declaration in the form set out in the Procedures that he or she has read and understood the information and materials referred to in the Procedures and has undertaken any further professional education which ASX may require;
- (e) ASX has no reason to believe that the person does not have the requisite skill, knowledge and integrity to give financial product advice of the kind covered by the relevant category of accreditation; and
- (f) any accreditation fees set out in the Procedures have been paid to ASX.

Introduced 11/03/04 Origin ASX 7.3.1B.5, 7.3.1B.8 ASXF 8.1.

8.5.2 Rejection of application

If ASX is not satisfied that the person in respect of which the application for accreditation is made meets the requirements of Rule 8.5.1, ASX must give notice to the relevant Market Participant rejecting the application and give reasons why the application is rejected.

Introduced 11/03/04 Origin ASXF 8.1.2

8.6 EXEMPTION FROM EXAMINATION REQUIREMENT

8.6.1 Exemption for other accreditation and experience

ASX may exempt a person from the requirement to sit an accreditation examination under Rule 8.5.1 (d) if the person has:

- (a) completed a course listed on the Commission's training register as a specialist course and which, in the opinion of ASX, provides appropriate coverage of the Rules, the Trading Platforms and the relevant Products;
- (b) completed relevant training, other than a course listed on the Commission's training register, and can demonstrate, to the satisfaction of ASX, their knowledge of the Rules, the Trading Platforms and the relevant Products; or
- (c) extensive relevant industry experience and can demonstrate, to the satisfaction of ASX, their knowledge of the Rules, the Trading Platforms and the relevant Products.

Introduced 11/03/04 Origin ASXF 8.2.1

8.6.2 Further information

ASX may require a Market Participant to provide further information which ASX considers necessary to establish the experience, expertise and professional history of a person nominated under Rule 8.6.1 for exemption from the examination requirement.

Introduced 11/03/04 Origin ASXF 8.2.2

8.6.3 Examination may be required

ASX may require a person nominated for exemption under Rule 8.6.1 to complete and pass a modified accreditation examination to demonstrate the person's expertise and knowledge of the Rules, the Trading Platform and relevant Products.

Introduced 11/03/04 Origin ASXF 8.2.3

8.6.4 Perpetual exemptions previously granted continue to remain in force

Persons who have previously applied for, and have been granted, a perpetual exemption from having to sit an accreditation examination under former Rule 7.3.1B.8(c) (deleted on 4 June 2003) to be accredited as a level two accredited derivatives adviser continue to be exempted, but must meet all other accreditation requirements (including the payment of all fees).

Introduced 11/03/04 Origin ASX 7.3.1B.12A

8.7 EXAMINATIONS

8.7.1 Maximum number of examinations

Unless ASX gives permission under Rule 8.7.2, a person may sit an accreditation examination for a category of accreditation no more than three times.

Introduced 11/03/04 Origin ASX 7.3.1B.6, 7.3.1B.9, ASXF 8.3.1

8.7.2 Permission to sit additional examination

If a person has not obtained the required pass level after sitting the relevant examination three times, the relevant Market Participant may apply to ASX for permission for the person to sit the accreditation examination again. The application must be signed by a Responsible Executive of the Market Participant (or, if the applicant is a Responsible Executive, by another Responsible Executive of the Market Participant). After considering an application, ASX may, in its discretion, permit the person to sit the examination again. ASX will not consider an application under this Rule 8.7.2 unless the period set out in the Procedures has passed.

Introduced 11/03/04 Origin ASX 7.3.1B.6, 7.3.1B.9, ASXF 8.3.2

8.8 RENEWAL OF ACCREDITATION

8.8.1 Renewal

ASX will renew the accreditation of an Accredited Adviser in accordance with the following process:

- (a) by the day set out in the Procedures, ASX will provide each Market Participant a list of Accredited Advisers of that Market Participant;
- (b) the Market Participant must notify ASX if there are any inaccuracies in the list provided by ASX under paragraph (a), and the Accredited Advisers in respect of which it wishes to renew accreditation;
- (c) the Market Participant must complete and give to ASX, by the time set out in the Procedures, a renewal form for each Accredited Adviser in respect of which it wishes to renew accreditation, in which it must certify that the Accredited Adviser:
 - (i) has complied with the continuing professional education requirements required under these Rules during the period after the adviser's accreditation or last renewal; and
 - (ii) continues to be a Representative of the Market Participant; and
- (d) ASX will then renew the accreditation with effect from the Renewal Date or another date determined by ASX of an Accredited Adviser if:
 - (i) it has no reason to believe that the person does not have the requisite skill, knowledge and integrity to give the financial product advice covered by the relevant category of accreditation; and
 - (ii) any accreditation fees set out in the Procedures have been paid to ASX.

Introduced 11/03/04 Origin ASX 7.3.1B.15, ASXF 8.4.1 Amended 27/05/05.

8.8.2 Renewal subject to conditions

If an Accredited Adviser does not meet the renewal requirements, ASX may, in its discretion, renew accreditation subject to conditions which it considers appropriate.

Introduced 11/03/04 Origin ASX 7.3.1B.16, ASXF 8.4.2

8.8.3 Effect of non-renewal

If, by the date set out in the Procedures, ASX has not renewed the accreditation of an Accredited Adviser under Rule 8.8.1, or renewed the accreditation subject to conditions under Rule 8.8.2, the person will cease to hold the relevant accreditation with effect from the Renewal Date.

Introduced 11/03/04 Origin ASX 7.3.1B.14, ASXF 8.4.3

8.8.4 Recently accredited advisers

If an Accredited Adviser is accredited between the date as at which ASX prepares the list of Accredited Advisers under Rule 8.8.1(a) and the Renewal Date, then that Accredited Adviser does not need to renew their accreditation for the renewal process under this Rule 8.8 in that year.

Introduced 11/03/04

8.9 CEASING TO BE ACCREDITED

8.9.1 Automatic withdrawal

An Accredited Adviser's accreditation is automatically withdrawn when the Accredited Adviser ceases to be a Representative of the relevant Market Participant.

Introduced 11/03/04 Origin ASX 7.3.1B.17, ASXF 8.5.1

8.9.2 Notice of events resulting in automatic withdrawal

If Rule 8.9.1 applies, the relevant Market Participant must notify ASX in writing within the time set out in the Procedures.

Introduced 11/03/04 Origin ASX 7.3.1B.17, ASXF 8.5.2

8.9.3 Voluntary withdrawal

If a Market Participant gives ASX a notice of withdrawal of the accreditation of an Accredited Adviser in one or more categories of accreditation which complies with Rule 8.9.4, the relevant accreditation will be withdrawn with effect from Trading Close on the Trading Day stated in that notice, or, if ASX determines, at another time.

Introduced 11/03/04 Origin ASX 7.3.1B.18, ASXF 8.5.3

8.9.4 Notice of voluntary withdrawal

The notice of voluntary withdrawal must:

- (a) be in writing;
- (b) state the name and date of birth of the Accredited Adviser;

- (c) be signed by the Market Participant and the Accredited Adviser;
- (d) state the accreditation which is to be withdrawn; and
- (e) state the Trading Day on which the Market Participant wishes the withdrawal to take effect.

Introduced 11/03/04 Origin ASX 7.3.1B.18, ASXF 8.5.4

8.9.5 Suspension or withdrawal by ASX

ASX may suspend or withdraw the accreditation of an Accredited Adviser in a category of accreditation if:

- (a) ASX has reason to believe that the person does not have the requisite skill, knowledge or integrity to give the financial product advice covered by the relevant category of accreditation; or
- (b) the Accredited Adviser has caused the Market Participant to fail to comply with the Rules, directions, decisions or requirements of ASX, or any conditions attached to the accreditation under Rule 8.5.1 or Rule 8.8.2.

ASX will notify the Market Participant and the Accredited Adviser in writing of the suspension or withdrawal of accreditation and the reasons for the suspension or withdrawal.

Introduced 11/03/04 Origin ASXF 8.5.5

8.10 RE-ACCREDITATION AFTER WITHDRAWAL OR EXPIRY

8.10.1 Re-accreditation

ASX may re-accredit a person whose accreditation has been withdrawn or has expired, without the person complying with the accreditation examination requirement if:

- (a) a Market Participant completes, for that person, a re-accreditation application containing the information set out in the Procedures in relation to the person and, in that form, requests that the requirement to sit an accreditation examination be waived in relation to the person;
- (b) the requirements of Rule 8.5.1(b) and (f) are otherwise satisfied;
- (c) the person becomes an Employee of or is otherwise engaged by, a Market Participant within the period set out in the Procedures, and will re-commence providing financial product advice to clients of a Market Participant of a kind which needs to be covered by the relevant accreditation, within the period set out in the Procedures;
- (d) the Market Participant has certified that the person has complied with the continuing education requirements set out in the Procedures, since the date their accreditation was granted or last renewed; and
- (e) ASX has no reason to believe that the person does not have the requisite skill, knowledge and integrity to give the financial product advice covered by the relevant category of accreditation.

Introduced 11/03/04 Origin ASX 7.3.1B.19, ASXF 8.6

8.11 CONTINUING PROFESSIONAL EDUCATION REQUIREMENTS

8.11.1 Market Participant to ensure professional education requirements met

A Market Participant must ensure that all of its Accredited Advisers comply with any continuing professional education requirements set out in the Procedures.

Introduced 11/03/04 Origin ASX 7.3.1B.20, ASXF 8.7

8.12 APPEALS

8.12.1 Decisions which may be appealed

A Market Participant may appeal to the Appeal Tribunal by giving a notice of appeal under Rule 28.15.1 if the Market Participant is not satisfied with a decision of ASX in connection with:

- (a) an application made by that Market Participant for an Employee to be accredited;
- (b) an application made by that Market Participant for permission for an Employee to sit an additional examination;
- (c) an application made by that Market Participant for an Employee to be exempt from the requirement to sit an accreditation examination;
- (d) the imposing of conditions on the accreditation of an Employee of that Market Participant;
- (e) the re-accreditation of an Employee of that Market Participant; or
- (f) the suspension or withdrawal of the accreditation of an Employee of that Market Participant under Rule 8.9.5.

Introduced 11/03/04 Origin ASX 7.3.1B.21, ASXF 8.8.1

8.12.2 No action during appeal period

ASX must not take any action to implement a decision referred to in Rule 8.12.1 until:

- (a) the period for giving a notice of appeal under Rule 28.5.1 has expired; or
- (b) if a notice of appeal is given, the appeal is determined by the Appeal Tribunal under Rules 28.13 to 28.19.

Introduced 11/03/04 Origin ASX 7.3.1B.24, ASXF 8.8.2

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SECTION 9 LEGAL DESCRIPTION OF CLASSES OF FINANCIAL PRODUCTS

Section 9 describes the classes of Financial Products that may be dealt with on ASX's market.

9.1 PRODUCTS

9.1.1 Nature of the classes of Financial Products

The following is a description of the nature of the classes of Financial Products that may be dealt with on the Market by Market Participants:

- (a) securities;
- (b) managed investment products;
- (c) Derivatives;
- (d) financial products within the meaning of paragraph 764A(1)(j) of the Corporations Act; and
- (e) TCDs.

Introduced 11/03/04

9.2 DTP PRODUCTS - [Deleted]

Introduced 11/03/04 Deleted 28/11/05

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SECTION 10 WARRANTS

Section 10 describes, and sets out specifications in respect of, Warrants traded on ASX's market.

10.1 WARRANT RULES

10.1.1 Warrant Rules

This section 10 applies to Warrants.

10.2 WARRANT-ISSUERS

10.2.1 Eligible Warrant-Issuers

A Warrant-Issuer must be one of the following:

- (a) an entity, which is subject to the Banking Act 1959 (as amended);
- (b) an entity with a Guarantor which is subject to the Banking Act 1959;
- (c) a government;
- (d) an entity with a Guarantor which is a government; or
- (e) an entity which:
 - (i) holds an Australian Financial Services Licence or a licence in another jurisdiction which makes it subject to adequate supervision of capital standards;
 - (ii) has a long term debt rating of investment grade or its equivalent by a rating agency acceptable to ASX;
 - (iii) has net tangible assets which in the opinion of ASX are sufficient to support the proposed issue; and
 - (iv) is acceptable to ASX;
- (f) an entity with a Guarantor which Guarantor:
 - (i) holds an Australian Financial Services Licence or a licence in another jurisdiction which makes it subject to adequate supervision of capital standards;
 - (ii) has a long term debt rating of investment grade or its equivalent by a rating agency acceptable to ASX;
 - (iii) has net tangible assets which in the opinion of ASX are sufficient to support the proposed issue; and

- (iv) is acceptable to ASX;
- (g) an entity which proposes to issue a Warrant Series of Fully Covered Warrants and is acceptable to ASX; or
- (h) any other person or entity accepted by ASX and not objected to by the Commission, whose decision will be final.

Introduced 11/03/04 Origin ASX 8.6.1

10.2.2 Guarantors

All guarantees provided by a Guarantor pursuant to Rule 10.2.1 must be unconditional and irrevocable and in favour of the Warrant-Holder. Government guarantees will be acknowledged to ASX in writing by the Treasurer of that government.

Introduced 11/03/04 Origin ASX 8.6.2 Amended 20/10/05

10.2.3 ASX has discretion regarding Trading Status

ASX has absolute discretion (without qualification whatsoever) to admit to Trading Status, suspend from Trading Status, or remove from Trading Status the Warrant Series if in the absolute opinion of ASX the Warrant-Issuer becomes unable or unwilling or in any respect fails to comply with this Section 10.

Introduced 11/03/04 Origin ASX 8.6.3

10.2.4 Admission to Trading Status no guarantee of viability

Admission to Trading Status of a Warrant Series does not imply any guarantee or warranty by ASX as to the viability of the Warrant-Issuer.

Introduced 11/03/04 Origin ASX 8.6.14

10.3 ADMISSION TO TRADING STATUS

10.3.1 ASX's discretion

Admission to Trading Status for Warrants is in ASX's absolute discretion. ASX may admit Warrants to Trading Status on any conditions it thinks appropriate. ASX may grant or refuse admission to Trading Status without giving any reasons.

Introduced 11/03/04 Origin ASX 8.5AA.1. Amended 20/10/05

10.3.2 Requirement for specific Warrant Series

Admission to Trading Status will be for a specific Warrant Series with a title and description sufficient to be distinguishable from other Warrant Series already admitted to Trading Status.

Introduced 11/03/04 Origin ASX 8.5AA.2

10.3.3 Requirements for admission to Trading Status

Admission to Trading Status will only be granted to Warrants if all the following requirements are satisfied:

- (a) the Warrant-Issuer has completed and given to ASX a form of application for admission set out in the Procedures;
- (b) ASX has no objection to the Terms of Issue;
- (c) the Warrants are issued by a Warrant-Issuer approved by ASX; and
- (d) the Warrant-Issuer has prepared and given to ASX a Product Disclosure Statement or prospectus.

Introduced 11/03/04 Origin ASX 8.5AA.3-6

10.3.4 Amendment of expiry date

If provided for in the Terms of Issue, the expiry date of a Warrant can be amended in the case of an extraordinary event as defined in the Terms of Issue, but cannot be amended in any other circumstances. No other Terms of Issue can be amended except as permitted by Rules 10.3.5 or 10.3.6.

Introduced 11/03/04 Origin ASX 8.5AA.7 Amended 20/10/05

10.3.5 Amendment of Terms of Issue by approval

If provided for in the Terms of Issue, the Terms of Issue can be amended with the approval of 75% of votes cast by those Warrant-Holders who vote on a proposed resolution. Votes cast by the Warrant-Issuer or its associates must be disregarded. Voting must be in accordance with the following:

- (a) voting rights in respect of Warrants will be on a one for one basis;
- (b) a Warrant-Holder will be entitled to vote on any proposed resolution ; and
- (c) in circumstances where a Warrant-Issuer proposes to hold a meeting, it must provide each Warrant-Holder, by the time set out in the Procedures:
 - (i) written notice of the meeting; and
 - (ii) proxy forms by which a Warrant-Holder can appoint a person to attend the meeting and vote on its behalf. Such proxy forms must be blank so far as the person primarily to be appointed as proxy is concerned.

Introduced 11/03/04 Origin ASX 8.5AA.8 Amended 20/10/05

10.3.6 Amendment of Terms of Issue with ASX's consent

If provided for in the Terms of Issue, the Terms of Issue can be amended, with the consent of ASX:

- (a) if the amendment is necessary in the opinion of the Warrant-Issuer to comply with any statutory or other requirements of law or any requirement of ASX;
- (b) to rectify any defect, manifest error or ambiguity in the Terms of Issue where the amendment does not materially prejudice the interests of Warrant-Holders;
- (c) to permit transfers by a method other than as set out in the Terms of Issue;

- (d) in the case of an adjustment or an extraordinary event, as defined in the Terms of Issue; or
- (e) where, in the reasonable opinion of the Warrant-Issuer, the amendment does not materially prejudice the interests of Warrant-Holders.

Introduced 11/03/04 Origin ASX 8.5AA.8A Amended 20/10/05

10.3.7 Authorisation to use index

In the case of Warrants for which the Underlying Instrument is an index which is subject to ownership held by a party other than the Warrant-Issuer, the Warrant-Issuer must submit with its application, written authorisation from the owner to use that Underlying Instrument for the purposes of that issue of Warrants.

Introduced 11/03/04 Origin ASX 8.5AA.9 Amended 20/10/05

10.3.8 Contents of Terms of Issue

Terms of Issue must include appropriate provisions for the adjustment of the exercise rights of the Warrants in appropriate circumstances, including, without limitation:

- (a) where the Warrants are linked to Cash Market Products of a Listed Entity, adjustments for reductions in capital, bonus issues, rights issues and capital restructurings; and
- (b) where the Warrants are linked to an index, the modification and discontinuance of the index.

Introduced 11/03/04 Origin ASX 8.5AA.12 Amended 20/10/05, 28/11/05

10.3.9 Issue limits

A proposed issue of Deliverable Warrants over Cash Market Products of a Listed Entity will not be admitted to Trading Status, where, at the time of the proposed issue of the Warrant, either or both of the following apply:

- (a) the number of Equity Securities which may be acquired or be required to be acquired pursuant to the exercise of Deliverable Warrants at any time prior to and inclusive of the expiry date of the proposed issue of Warrants, whether under the proposed issue or any existing issue of Warrants, would exceed 50% of the class of Cash Market Product, or such lesser percentage set by ASX; and
- (b) the number of Equity Securities which may be acquired or be required to be acquired pursuant to the exercise of Deliverable Warrants that expire during the 14 day period immediately before or after the expiry date of the proposed issue of Warrants, would exceed 20% of the class of Cash Market Product or such lesser percentage set by ASX.

These tests will be applied separately to put Warrants and call Warrants.

Introduced 11/03/04 Origin ASX 8.4.1(1)&(2) Amended 28/11/05

10.3.10 Exemption from Rule 10.3.9

Rule 10.3.9 does not apply to Deliverable Warrants in respect of which the Warrant-Issuer has arranged for a number of the Underlying Instrument sufficient to meet the exercise of all outstanding Warrants to be held in a trust, custodial or other similar arrangement acceptable to ASX.

Introduced 11/03/04 Origin ASX 8.4.1(3)

10.3.11 Spread of Warrant-Holders

The Warrant-Issuer must ensure the initial issue of Warrants has a spread of Warrant-Holders which, in the opinion of ASX, is adequate and reasonable.

Introduced 11/03/04 Origin ASX 8.4.2 Amended 20/10/05

10.3.12 Issue of Warrants

Subject to Rule 10.3.13 where the Underlying Instrument is a security, the Warrant-Issuer may issue, in addition to any other lawful circumstances, Warrants if one of the following paragraphs applies:

- (a) the Terms of Issue of the Warrants have been examined by ASX and are Terms of Issue to which ASX has no objection, and the Warrants have been admitted to Trading Status; or
- (b) the Terms of Issue of the Warrants have been examined by ASX and are Terms of Issue to which ASX has no objection, and the Warrant-Issuer undertakes to comply with Rule 10.3.13(b).

Introduced 11/03/04 Origin ASX 8.4.2-8.4.5 Amended 20/10/05

10.3.13 Application of Rule 10.3.12

- (a) Where the Underlying Instrument the subject of the issue is a security which is an Approved Short Sale Product and the issue is not fully covered, a sale of the Underlying Instrument is deemed to be a sale within the meaning of sub-paragraph 1020B(4)(e)(ii) of the Corporations Act.
- (b) Where a Warrant-Issuer issues Warrants in reliance on paragraph (b) of Rule 10.3.12, Rule 10.3.12 only applies if the Warrant-Issuer uses its best endeavours to complete all action on its part necessary to secure the admission of the Warrants to Trading Status as soon as practicable including, without limitation, the submission to ASX of Terms of Issue and an Offering Circular, Product Disclosure Statement or prospectus (as the case may be).

Introduced 11/03/04 Origin ASX 8.4.2-8.4.5 Amended 20/10/05

10.3.14 Fees

The Warrant Issuer must pay to ASX fees in connection with the admission to Trading Status as determined by ASX from time to time.

Introduced 11/03/04 Origin ASX 8.21

10.4 FULLY COVERED WARRANTS

10.4.1 Fully Covered Warrants

The Warrant-Issuer of a Fully Covered Warrant must ensure that:

- (a) the Underlying Instruments held in the Cover Arrangement are only dealt with in accordance with the terms of the Cover Arrangement;

- (b) an audit of compliance with paragraph (a) is undertaken annually by a registered company auditor; and
- (c) all audit reports pursuant to paragraph (b) are lodged with ASX at the time of lodging the Warrant-Issuer's next annual report.

Introduced 11/03/04 Origin ASX 8.5A Amended 20/10/05

10.5 OFFERING CIRCULARS

10.5.1 Application

This Rule 10.5 applies to a Warrant if:

- (a) the Warrant-Issuer prepared an Offering Circular in accordance with old Rule 8.7 which was in force on 10 March 2004; and
- (b) the Warrant Series the subject of the Offering Circular was admitted to Trading Status prior to 11 March 2004.

Introduced 11/03/04 Origin ASX 8.4A.4

10.5.2 Supplementary Offering Circular required

Where:

- (a) an Offering Circular has been lodged with ASX; and
- (b) at any time while Warrants are available for subscription or issued on the basis of the Offering Circular; and
 - (i) there is a significant change affecting any matter contained in the Offering Circular; or
 - (ii) a significant new matter arises the inclusion of information in respect of which would have been required if the matter had arisen when the Offering Circular was prepared,

the Warrant-Issuer who lodged the Offering Circular must lodge with ASX a supplementary Offering Circular containing particulars of the change or new matter. In this Rule, “**significant**” means significant for the purpose of making an informed assessment of the matters mentioned in old Rule 8.7.5 which was in force on 10 March 2004.

Introduced 11/03/04 Origin ASX 8.8.1, 8.8.2 Amended 20/10/05

10.5.3 Requirements of supplementary Offering Circulars

A Warrant-Issuer must lodge with ASX the number of copies of the supplementary Offering Circular prescribed by ASX, in a form or forms acceptable to ASX. If not objected to by ASX, the supplementary Offering Circular must be despatched with the Offering Circular provided by the Warrant-Issuer and must be made available by the Warrant-Issuer to any other Warrant-Holder on request. A copy of the supplementary Offering Circular will be made available for inspection at ASX.

Introduced 11/03/04 Origin ASX 8.8.3. Amended 20/10/05

10.5.4 Liability for supplementary Offering Circulars

ASX excludes all liability to the extent permitted by law for the contents of this supplementary Offering Circular including any expert's report which it may contain.

Introduced 11/03/04 Origin ASX 8.8.4

10.5.5 Indemnity for claims arising from supplementary Offering Circulars

The Warrant-Issuer indemnifies ASX against any claim arising from or in relation to any supplementary Offering Circular.

Introduced 11/03/04 Origin ASX 8.8.5

10.5.6 Availability of Offering Circulars

A Warrant-Issuer must provide an Offering Circular to all persons offered or invited to subscribe to the initial issue of a Warrant Series.

Introduced 11/03/04 Origin ASX 8.7.2 Amended 20/10/05

10.6 WARRANT-ISSUER REPORTS

10.6.1 Information concerning Warrant-Issuers and Guarantors

A Warrant-Issuer and any Guarantor must upon request by ASX provide forthwith to ASX any explanations and/or information concerning itself or any of its subsidiaries or of any proposed action or omission to act the lack of disclosure of which may lead to the establishment of a false market in Warrants issued by that Warrant-Issuer or which would be likely to materially affect the price of those Warrants.

Introduced 11/03/04 Origin ASX 8.9.1 Amended 20/10/05

10.6.2 Information in relation to Warrants in a specified Warrant Series

If requested by ASX, a Warrant-Issuer must provide, within the time set out in the Procedures, any information in relation to Warrants in a specified Warrant Series. This information must be provided in a form acceptable to ASX.

Introduced 11/03/04 Origin ASX 8.9.2 Amended 20/10/05

10.6.3 False market in Warrants

A Warrant-Issuer and any Guarantor must notify ASX immediately of any information concerning itself or of any of its subsidiaries or any proposed action or omission to act the non-disclosure of which may lead to the establishment of a false market in Warrants issued by that Warrant-Issuer or which would be likely to materially affect the price of those Warrants.

Introduced 11/03/04 Origin ASX 8.9.3 Amended 20/10/05

10.6.4 Quarterly Warrant information – [Deleted]

Introduced 11/03/04 Origin ASX 8.9.4 Deleted 20/10/05

10.6.5 Annual report

Subject to Rule 10.6.10, a Warrant-Issuer and Guarantor (if applicable) must lodge its annual report with ASX by the time set out in the Procedures.

Introduced 11/03/04 Origin ASX 8.9.5 Amended 20/10/05

10.6.6 Statement of assets, liabilities and equity

Subject to Rule 10.6.10, a Warrant-Issuer and Guarantor (if applicable) must lodge with ASX by the time set out in the Procedures a statement of assets, liabilities and shareholders' equity, together with such notes as a person would reasonably require to make an informed assessment of the ability of the Warrant-Issuer and the Guarantor to meet their obligations under the Terms of Issue of the Warrant. This is not required in respect of Fully Covered Warrants.

Introduced 11/03/04 Origin ASX 8.9.6 Amended 20/10/05

10.6.7 Current annual report

Warrant-Issuers must, on request, make available to Warrant-Holders a copy of the current annual report of the Warrant-Issuer.

Introduced 11/03/04 Origin ASX 8.9.8

10.6.8 Documentation forwarded to ASX

All documentation forwarded to ASX by or on behalf of a Warrant-Issuer and Guarantor (if applicable), whether provided in support of an application or in compliance with the Rules for the time being or otherwise, will become and remain the property of ASX which may, in its absolute discretion, copy any or all of such documentation and forward such copies to the public, the media, or any other interested party. Private correspondence, including draft documents lodged with ASX for approval, and marked "not for public release" will only be released to the public, the media, or any other interested party where ASX has formed the opinion that the information should be released and has given notice to the company to that effect.

Introduced 11/03/04 Origin ASX 8.9.9 Amended 20/10/05

10.6.9 Amended, supplementary and replacement Product Disclosure Statements and prospectuses

Where a Warrant Issuer has given to ASX a Product Disclosure Statement or prospectus in respect of a Warrant under Rule 10.3.3(d), the Warrant Issuer must promptly give to ASX any amended, supplementary or replacement Product Disclosure Statement or prospectus which it prepares and proposes to issue in respect of those Warrants.

Introduced 11/03/04 Amended 20/10/05

10.6.10 Exemption from Warrant-Issuer reports

Warrant-Issuers and Guarantors (if applicable) are not required to comply with Rules 10.6.5 and 10.6.6 if, in ASX's opinion, equivalent information has been provided to ASX in accordance with the Listing Rules.

Introduced 20/10/05.

10.7 TRANSFERS AND REGISTERS

10.7.1 Transfer of Warrants

The transfer of a Warrant must comply with Part 7.11 of the Corporations Act and, if the Warrant is a CS Approved Product, be effected in accordance with the Clearing Rules and the Settlement Rules.

Introduced 11/03/04 Origin ASX 8.18.1 Amended 20/10/05

10.7.2 Comply with Clearing Rules and Settlement Rules

If Warrants are CS Approved Products, the Warrant Issuer must, in respect of the Warrants, comply with the Clearing Rules and the Settlement Rules to the extent they apply to Warrants.

Introduced 11/03/04 Origin ASX 8.18.1D Amended 20/10/05

10.7.3 Issuer Sponsored Subregister

If the Warrant-Issuer establishes an “Issuer Sponsored Subregister” (as that term is defined in the Settlement Rules) in respect of a Warrant Series, the Warrant Issuer must comply with the relevant Listing Rules in relation to “Issuer Sponsored Subregisters”, as if the Warrant-Issuer were a company referred to in those Listing Rules.

Introduced 11/03/04 Origin ASX 8.18.1E Amended 20/10/05

10.7.4 Register of Warrant-Holders

The Warrant-Issuer must arrange for the establishment and maintenance of a Register of Warrant-Holders which complies with the Corporations Act as if the Warrants were shares in a company.

Introduced 11/03/04 Origin ASX 8.18.2 Amended 20/10/05

10.7.5 Comply with the Listing Rules

The Warrant-Issuer must comply with the Listing Rules in relation to the issue and despatch of holding statements or certificates, the transfer and transmission of Warrants, and the establishment and maintenance of a Register of Warrant-Holders as if the Warrants were shares in a company.

Introduced 11/03/04 Origin ASX 8.18.3 Amended 20/10/05

10.7.6 Transfer between Australian Registers

A Warrant-Issuer must permit Warrants to be transferred from one Australian Register of Warrant-Holders to another without restriction or payment of fee.

Introduced 11/03/04 Origin ASX 8.18.17 Amended 20/10/05

10.7.7 Transfer between Australian Register and Register maintained outside Australia

Where Warrants are transferred from:

- (a) an Australian Register of Warrant-Holders to a Register of Warrant-Holders maintained outside Australia; or
- (b) a Register of Warrant-Holders maintained outside Australia to an Australian Register of Warrant-Holders,

the Warrant-Issuer registry or its agent with which the transfers are lodged by the lodging agent must forward to the lodging agent within the time set out in the Procedures, a serially numbered transmission receipt which must include:

- (c) date of issue;
- (d) name and address of Warrant-Holder;
- (e) number of Warrants;
- (f) description of Warrants;
- (g) location of Register of Warrant-Holders to which Warrants have been transferred;
- (h) date of transfer;
- (j) inter-register reference number (if any);
- (k) name of lodging agent; and
- (l) date and/or reference number of lodging agent's registration and/or transfer instruction.

Introduced 11/03/04 Origin ASX 8.18.8 Amended 20/10/05

10.7.8 Notings

A Warrant-Issuer must accept notings carried out by ASX.

Introduced 11/03/04 Origin ASX 8.18.9 Amended 20/10/05

10.7.9 Endorse transfer forms

A Warrant-Issuer must endorse (where necessary) transfer forms with the notation "power of attorney exhibited" or "probate exhibited" on production of the proper documents and to do so without charge.

Introduced 11/03/04 Origin ASX 8.18.10 Amended 20/10/05

10.7.10 Audit of Register of Warrant-Holders

A Warrant-Issuer must have its Register of Warrant-Holders audited at intervals of not more than 12 months by or as approved by a registered company auditor.

Introduced 11/03/04 Origin ASX 8.18.12 Amended 20/10/05

10.7.11 Independent auditor's certificate

A Warrant-Issuer must provide ASX upon request with an independent auditor's certificate to the effect that the processing of transfers is in accordance with this Rule 10.7.

Introduced 11/03/04 Origin ASX 8.18.13 Amended 20/10/05

10.7.12 Offices open on week days

A Warrant-Issuer must ensure that offices at which transfers of Warrants are to be lodged for registration are open on all week days other than gazetted bank holidays or public holidays in the State or Territory in which the office is located and any other day which ASX will declare and publish as not a Business Day.

Introduced 11/03/04 Origin ASX 8.18.14 Amended 20/10/05

10.7.13 Deliverable Warrants

For Deliverable Warrants which are exercised the Warrant-Issuer must not despatch the Underlying Instrument until such time as the relevant notice of exercise has been received.

Introduced 11/03/04 Origin ASX 8.18.16 Amended 20/10/05

10.7.14 Cash Settled Warrants

For Cash Settled Warrants which are exercised the Warrant-Issuer must not despatch that cash amount until such time as the relevant notice of exercise has been received.

Introduced 11/03/04 Origin ASX 8.18.17 Amended 20/10/05

10.8 WARRANT EXPIRY NOTIFICATION

10.8.1 Cash Settled Warrants – [Deleted]

Introduced 11/03/04 Origin ASX 8.11.1 Deleted 20/10/04

10.8.2 Deliverable Warrants – [Deleted]

Introduced 11/03/04 Origin ASX 8.11.2 Deleted 20/10/05

10.9 SUSPENSION OF TRADING BY ASX

10.9.1 Suspension of trading by ASX

ASX reserves the right to halt or suspend trading of any Warrant on ASX whenever ASX deems such action appropriate having regard to Rule 1.13 to protect investors or if the Warrant-Issuer or Guarantor has failed to comply with their obligations under this Section 10 or the Terms of Issue.

Introduced 11/03/04 Origin ASX 8.12 Amended 20/10/05

10.10 EXPIRY OF UNEXERCISED CASH SETTLED WARRANTS

10.10.1 Intrinsic value paid

At the expiry of a Cash Settled Warrant the Warrant-Issuer must pay to the Warrant-Holder an amount equivalent to the intrinsic value of the Warrant holding at the expiry date.

Introduced 11/03/04 Origin ASX 8.16.1(a) Amended 20/10/05

10.10.2 Calculation of intrinsic value

For the purposes of Rule 10.10.1 calculation of intrinsic value must be in accordance with the Terms of Issue.

Introduced 11/03/04 Origin ASX 8.16.1(b) Amended 20/10/05

10.10.3 Dispute regarding intrinsic value

Pursuant to Rule 10.10.1 any dispute in relation to the calculation of intrinsic value must be referred to ASX for resolution whose resolution will be binding.

Introduced 11/03/04 Origin ASX 8.16.1(c) Amended 20/10/05

10.10.4 Despatch of intrinsic value payment

Pursuant to Rule 10.10.1 the intrinsic value payment must be despatched within the time set out in the Procedures.

Introduced 20/10/05

10.11 EXPIRY OF UNEXERCISED DELIVERABLE WARRANTS

10.11.1 Lapse of Deliverable Warrant – [Deleted]

Introduced 11/03/04 Origin ASX 8.17A.1 Deleted 20/10/05

10.11.2 Settlement by assessed value payment

In the case of a Deliverable Warrant for which the Warrant-Holder fails to give notice of exercise within the time prescribed in the Terms of Issue, that Warrant must be settled by an assessed value payment calculated in accordance with Rule 10.11.4.

Introduced 11/03/04 Origin ASX 8.17A.2 Amended 20/10/05

10.11.3 Intrinsic value – [Deleted]

Introduced 11/03/04 Origin ASX 8.17A.3 Deleted 20/10/05

10.11.4 Assessed value payment

For the purposes of Rule 10.11.2 the amount of any assessed value payment must at least be equal to the intrinsic value of the Warrant less reasonable costs.

Introduced 11/03/04 Origin ASX 8.17A.4 Amended 20/10/05

10.11.5 Calculation of intrinsic value

For the purposes of Rule 10.11.4 calculation of intrinsic value must be in accordance with the Terms of Issue.

Introduced 20/10/05

10.11.6 Calculation of reasonable costs

For the purposes of Rule 10.11.4, calculation of reasonable costs must be in accordance with the Terms of Issue.

Introduced 20/10/05

10.11.7 Calculation of assessed value payment where not prescribed in the Terms of Issue

In the case of a Deliverable Warrant where:

the Warrant-Holder fails to give notice of exercise within the time prescribed in the Terms of Issue;

the Warrant has an intrinsic value equal to or greater than 5% of the exercise price of the Warrant; and

the Terms of Issue refer to these Rules for the calculation of the assessed value payment;

the amount of any settlement by an assessed value payment must be calculated in accordance with the Procedures. For the purposes of paragraph (b) above, intrinsic value must be calculated in accordance with the Procedures.

Introduced 20/10/05

10.11.8 Despatch of assessed value payment

Pursuant to Rule 10.11.2 and Rule 10.11.7, the assessed value payment must be despatched within the time set out in the Procedures.

Introduced 20/10/05

10.12 NON-DELIVERY OF EXERCISED DELIVERABLE WARRANTS

10.12.1 Deliverable Warrant exercised

If a Warrant-Holder exercises a Deliverable Warrant and the Warrant-Issuer fails to fulfil its obligations under the Terms of Issue within 20 Business Days of the date upon which the Warrant-Holder exercises the Warrant ("the exercise date"), the following will apply:

- (a) the Warrant-Holder may, by giving notice in writing to the Warrant-Issuer, request the Warrant-Issuer to pay to the Warrant-Holder an amount of liquidated damages calculated in accordance with paragraph (c) ("the liquidated damages amount");
- (b) the Warrant Issuer must within 10 Business Days of the receipt of a request pursuant to paragraph (a) pay the liquidated damages amount to the Warrant-Holder; and
- (c) the liquidated damages amount in respect of a Warrant will be calculated in accordance with the following formulae:

For call Warrants:

$$L = 1.1 \times S$$

For put Warrants:

$$L = 1.1 \times E$$

Where:

L is the liquidated damages amount;

S is the arithmetic average of the daily volume weighted average prices of the Underlying Instrument on the 5 Trading Days following the expiry date excluding special, late and overseas sales; and

E is the exercise price of the Warrant.

Introduced 11/03/04 Origin ASX 8.17B.1 Amended 20/10/05

10.12.2 Other legal rights available

If a Warrant-Holder does not make a request for liquidated damages in accordance with Rule 10.12.1(a), nothing in this Rule derogates from a Warrant-Holder's rights to pursue whatever legal rights he may have.

Introduced 11/03/04 Origin ASX 8.17B.2

10.13 INDEMNITY

10.13.1 Indemnity

A Warrant-Issuer indemnifies ASX against any claim arising from, or in relation to, a Warrant issued by that Warrant-Issuer.

Introduced 11/03/04 Origin ASX 8.23

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SECTION 11 DERIVATIVES MARKET CONTRACTS

Section 11 describes, and sets out specifications in respect of, Derivatives Market Contracts traded on ASX's market, including Futures Market Contracts and Options Market Contracts.

11.1 UNDERLYING FINANCIAL PRODUCTS, INDICES, INSTRUMENTS ETC.

11.1.1 Options Market Contracts

ASX may, in respect of Options Market Contracts, approve:

- (a) Financial Products as Underlying Financial Products if a substantial number of the Financial Products are, or, in the opinion of ASX, will be, widely held and actively traded on a financial market;
- (b) an index as an Underlying Index where that index is listed in, or meets the criteria set out in, Schedule 5; and
- (c) any Futures Market Contract as an Underlying Financial Product.

Introduced 11/03/04 Origin ASX 7.4.1.1, 7.4.1.2 Amended 28/11/05

11.1.2 Futures Market Contracts

ASX may, in respect of Futures Market Contracts, approve:

- (a) any instrument as an Underlying Instrument;
- (b) any commodity as an Underlying Commodity;
- (c) any Financial Product as an Underlying Financial Product; and
- (d) any index as an Underlying Index.

The Underlying Instruments, Underlying Commodities, Underlying Financial Products and Underlying Indices (or the criteria for determining them) are set out in Schedule 3.

Introduced 11/03/04 Origin ASXF 10.1.1 Amended 28/11/05

11.1.3 Futures Options – [Deleted]

Introduced 11/03/04 Deleted 28/11/05

11.1.4 Withdrawal of approval

ASX may withdraw any approval previously given under this Rule 11.1 for any reason including, without limitation, if ASX considers the relevant instrument, commodity, Financial Product or index no longer meets the then current criteria for approval. If ASX withdraws an approval under this Rule 11.1.4:

- (a) ASX must notify Market Participants of the withdrawal; and

- (b) a Market Participant must not enter into a Derivatives Market Transaction for any Contract Series in respect of the relevant instrument, commodity, Financial Product or index unless ASX determines that the entry into the Derivatives Market Transaction is appropriate having regard to Rule 1.13.

Introduced 11/03/04 Origin ASX 7.4.2.4, 7.4.2.5, ASXF 10.1.2 Amended 28/11/05

11.2 CONTRACT SERIES OPEN FOR TRADING

11.2.1 Contract Series

ASX may open for trading Contract Series which may be:

- (a) Options Market Contracts; or
- (b) Futures Market Contracts.

ASX will notify Market Participants of Contract Series open for trading.

Introduced 11/03/04 Origin ASX 7.4.2.1, ASXF 10.2.1 Amended 28/11/05

11.2.2 Series specifications

The general specifications of Contract Series are set out in Schedules 2 and 4. At the time it opens a Contract Series for trading, ASX will notify Market Participants of the particular specifications of the relevant Contract Series (including, for example, in the case of an Options Market Contract, the Expiry Date, exercise style and Contract Size).

Introduced 11/03/04 Origin ASX 7.4.2.2, 7.4.2.3 Amended 28/11/05

11.2.3 Close of trading in a Contract Series

A Market Participant must not enter into any Derivatives Market Transaction in respect of a Contract Series after Trading Close (or such other time as ASX determines and notifies to Market Participants before it opens that Contract Series for trading under Section 11) on the Expiry Date (in the case of Options Market Contracts) or on the last Trading Day (in the case of Futures Market Contracts) of that Contract Series.

Introduced 11/03/04 Origin ASX 7.4.2.6, ASXF 10.2.2 Amended 02/12/04, 28/11/05

11.3 ADJUSTMENTS

11.3.1 Power to make adjustments

ASX may:

- (a) subject to Schedules 2 and 4, make adjustments to the terms of a Contract Series;
- (b) set out in the Procedures adjustments which will generally apply in certain circumstances;
- (c) without limitation, if it considers an adjustment should be made to a Contract Series as a result of any event:
 - (i) make an adjustment to the terms of the Contract Series; and

- (ii) direct the Approved Clearing Facility and any Alternative Clearing Facility to make an adjustment to the number of Open Contracts registered with it,

in order to ensure that the value of the Open Contracts is as far as practicable the same as it would have been had the event not occurred;

- (d) determine when an adjustment is to be effective; and
- (e) unless it considers it inappropriate to do so in the circumstances, round the adjustment of any term under this Rule 11.3.1 to the nearest cent or unit of the Underlying Instrument, Financial Product, commodity or Index, as applicable.

Introduced 11/03/04 Origin ASX 7.4.3.1, ASXF 10.3.1, 10.3.4 Amended 28/11/05

11.3.2 Notification of adjustments

ASX must notify Market Participants of an adjustment to a Contract Series as soon as it is practicable and appropriate to do so (which will usually be before the adjustment to Open Contracts under Rule 11.3.1 becomes effective).

Introduced 11/03/04 Origin ASX 7.4.3.3, ASXF 10.3.3

11.3.3 Type and basis for adjustments – [Deleted]

Introduced 11/03/04 Origin ASXF 10.3.4 Deleted 27/05/05

11.3.4 Termination if adjustment not practicable

If ASX considers it is not reasonably practicable to make an adjustment for an event under Rule 11.3.1 to ensure that the value of the Open Contracts is as far as practicable the same as it would have been had the event not occurred, ASX may decide not to make an adjustment and may direct that Open Contracts be terminated or closed out by the relevant Approved Clearing Facility in accordance with the Clearing Rules.

Introduced 11/03/04 Origin ASXF 10.3.5 Amended 28/11/05

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SECTION 12 TRADING PERMISSION

Section 12 sets out the process by which Market Participants may apply for, and ASX may grant, Trading Permission.

Trading Permission confers the right to submit Trading Messages into a Trading Platform of ASX.

The section provides for the grant of Trading Permission in respect of one or more specified Products. Trading Permission may be granted subject to conditions, including a condition limiting a Market Participant to enter into Market Transactions, in respect of one or more Products, on its own behalf.

The section also provides for the allocation of unique identifiers to Trading Participants, DTRs and Open Interface Devices and empowers ASX to suspend or withdraw or to terminate the Trading Permission of substantially inactive Trading Participants.

12.1 TRADING PERMISSION

12.1.1 Application for Trading Permission

ASX may, upon receipt of an application in writing from a Market Participant in the form set out in the Procedures, give the Market Participant Trading Permission in respect of one or more Products, if ASX considers it appropriate having regard to:

- (a) the matters set out in Rule 1.13;
- (b) whether it is satisfied that, upon grant of such Trading Permission, the applicant will:
 - (i) have in place and maintain adequate clearing and settlement arrangements;
 - (ii) have the technical capacity and knowledge required to exercise the Trading Permission without prejudice to the integrity of the Market; and;
 - (iii) comply with any capital requirements to which the applicant will be subject pursuant to these Rules.

Introduced 11/03/04 Origin ASX 7.5.1.1, ASXF 9.1.1 Amended 28/11/05

12.1.2 Principal Trader condition

In its application, a Market Participant may apply for Trading Permission as a Principal Trader in relation to one or more Products which is limited to allowing it to only enter into Market Transactions on its own behalf. If ASX gives the Market Participant the Trading Permission for which it applies, that Trading Permission will then be subject to a condition that, in relation to the relevant Products, the Market Participant only enter into Market Transactions for itself. ASX will notify the Market Participant of any condition imposed under this Rule 12.1.2 in writing.

Introduced 11/03/04 Amended 28/11/05

12.1.3 Other conditions

ASX may give Trading Permission subject to any conditions it considers appropriate having regard to Rule 1.13. ASX will notify the Market Participant of any condition imposed under this Rule 12.1.3 in writing.

Introduced 11/03/04

12.1.4 Breach of a condition is a breach of the Rule

If a Market Participant breaches a condition imposed by ASX on that Market Participant's Trading Permission under Rule 12.1.2 or 12.1.3, a breach of that condition constitutes a breach of the applicable Rule.

Introduced 11/03/04

12.1.5 Breach of condition does not automatically terminate Trading Permission

If ASX imposes a condition on a Market Participant's Trading Permission under Rule 12.1.2 or 12.1.3, a breach of that condition by the Market Participant does not automatically result in the termination of the Market Participant's Trading Permission. Any breach of a condition is dealt with as a breach of a Rule under Rule 28.3.

Introduced 11/03/04

12.1.6 Appeal

An applicant may appeal to the Appeal Tribunal against a decision to reject its application for Trading Permission by giving a notice of appeal to ASX that complies with Rule 28.15.1.

Introduced 11/03/04

12.1.7 Scope of Trading Permission

Notwithstanding any other provision of these Rules, a Market Participant may only enter Trading Messages in accordance with an appropriate Trading Permission.

Introduced 11/03/04 Amended 28/11/05

12.2 SUSPENSION OR WITHDRAWAL OF TRADING PERMISSION

12.2.1 In whole or part

ASX may, in accordance with the Rules, suspend or withdraw the Trading Permission of a Market Participant in whole or part.

Introduced 11/03/04 Origin ASX 7.5.1.2, ASXF 9.1.2

12.3 THROUGHPUT CAPACITY

12.3.1 Trading Participant entitled to maximum Throughput Capacity

Subject to ASX's powers under Rule 14.4.1, a Trading Participant is entitled to the maximum Throughput Capacity set out in the Procedures.

Introduced 11/03/04 Origin ASX 7.5.1.3, ASXF 9.1.3

12.4 SUBSTANTIALLY INACTIVE TRADING PARTICIPANTS

12.4.1 ASX may give notice

Where ASX considers that a Trading Participant has been substantially inactive in respect of a particular Product for a continuous period of 6 months, ASX may notify the Trading Participant that it intends to terminate the Trading Participant's Trading Permission in respect of that Product.

Introduced 11/03/04 Origin ASX 5.4.1 Amended 28/11/05

12.4.2 Meaning of substantially inactive

For the purpose of this Rule 12.4, in determining whether a Trading Participant is "substantially inactive", ASX may take into account the number of Market Transactions the Market Participant has entered into during the relevant period.

Introduced 11/03/04

12.4.3 Trading Participant may make submissions

On receipt of a notice given under Rule 12.4.1, the Trading Participant may make written submissions to ASX explaining why, in its view, the Trading Participant's Trading Permission in relation to that Product should not be terminated. Any written submission must be received by ASX within 10 Business Days following receipt of the notice from ASX, unless ASX grants an extension.

Introduced 11/03/04 Origin ASX 5.4.2 Amended 28/11/05

12.4.4 Termination of Trading Permission if no submission received

Where no submission is received by ASX under Rule 12.4.3, ASX may terminate the Trading Participant's Trading Permission in relation to that Product following the end of the 10 Business Day period referred to in that Rule.

Introduced 11/03/04 Origin ASX 5.4.3 Amended 28/11/05

12.4.5 Termination of Trading Permission if submission received

Where a submission is received by ASX under Rule 12.4.3, ASX may terminate the Trading Participant's Trading Permission in relation to that Product if ASX is not satisfied that the Trading Participant will cease to become substantially inactive within a further 20 Business Days following the receipt of the submission. If the Trading Participant remains substantially inactive during that period, ASX may terminate the Trading Participant's Trading Permission in relation to that Product following the end of that further period.

Introduced 11/03/04 Origin ASX 5.4.4 Amended 28/11/05

12.5 ALLOCATION OF UNIQUE IDENTIFIERS

12.5.1 ASX will allocate unique identifiers

ASX will allocate at least one unique identifier to each:

- (a) Trading Participant;
- (b) DTR; and
- (c) Open Interface Device.

Introduced 11/03/04 Origin ASX 2.3.4(1) Amended 28/11/05

12.5.2 Trading Participant must allocate unique identifier

A Trading Participant must allocate a unique identifier to each:

- (a) computer or other device which can connect to an Open Interface Device of a Trading Participant; and
- (b) DTR and Authorised Person of that Trading Participant.

Introduced 11/03/04 Origin ASX 2.3.4(2)

12.6 TRADING MESSAGES

12.6.1 Unique identifier to be included – [Deleted]

Introduced 11/03/04 Origin ASX 2.2.7(2) Deleted 28/11/05

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SECTION 13 TRADING OBLIGATIONS OF TRADING PARTICIPANTS

Section 13 sets out requirements to be met by Trading Participants who deal on a Trading Platform of ASX.

The Section also contains the rules applying to Automated Order Processing and prohibitions of certain trading practices, such as manipulative trading, are also provided in this Section.

13.1 TRADING OBLIGATIONS OF TRADING PARTICIPANTS

13.1.1 Responsibility of Trading Participant

A Trading Participant is responsible for the accuracy of details, the integrity and bona fides of all Trading Messages containing their unique identifier that are submitted, regardless of whether a DTR of the Trading Participant was involved in their submission.

Introduced 11/03/04 Origin ASX 2.2.1(1), 7.5.2.1, ASXF 9.2.1 Amended 28/11/05

13.1.2 Knowledge of Trading Participant

If a Trading Message embedded with a Trading Participant's unique identifier is submitted, the Trading Message is taken for all purposes under these Rules to have been submitted in a Trading Platform by or with the knowledge of the Trading Participant.

Introduced 11/03/04 Origin ASX 2.2.1(1), 7.5.2.2, ASXF 9.2.2 Amended 28/11/05

13.1.3 Trading in a Trading Platform

A Trading Participant must ensure that all trading in a Trading Platform by the Trading Participant is carried out in accordance with the Dealing Rules and either:

- (a) by DTRs; or
- (b) in accordance with the Automated Order Processing Requirements.

Introduced 11/03/04 Origin ASX 7.5.2.3, ASXF 9.2.3 Amended 28/11/05

13.1.4 Operational requirements

A Trading Participant must at all times comply with each of the following requirements:

- (a) organisational and technical resources required under Rule 13.1.5;
- (b) trading management arrangements required under Rule 13.1.6; and
- (c) security arrangements required under Rule 13.1.7.

Introduced 11/03/04 Origin ASX 2.2.1(3), 2.2.1(4), 7.5.2.4, 7.5.2.5, ASXF 9.2.4

13.1.5 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 any market conducted by ASX; or
 - (ii) the proper functioning of a Trading Platform; and
- (b) the Trading Participant complies at all times with the Rules.

Introduced 11/03/04 Origin ASX 2.2.1(5), 7.5.2.6, ASXF 9.2.5 Amended 28/11/05

13.1.6 Trading management arrangements

A Trading Participant must have arrangements in place so that at all times the Trading Participant can determine the origin of all orders and Trading Messages, including:

- (a) the different stages of processing each order (regardless of whether a Trading Message is generated) and the time at which each stage of processing occurred;
- (b) the order that corresponds to a Trading Message;
- (c) the identity and capacity of the person placing the order that corresponds to the Trading Message;
- (d) whether the Trading Message was the result of Automated Order Processing;
- (e) the Open Interface Device and the computer or other device of the Trading Participant connected to an Open Interface Device of the Trading Participant through which the Trading Message was submitted;
- (f) the DTR with responsibility for that Open Interface Device or computer or other device connected to the Open Interface Device (unless the Trading Message was the result of Automated Order Processing); and
- (g) whether the Trading Message was submitted on the Trading Participant's own account or for a client.

Introduced 11/03/04 Origin ASX 2.2.1(6), 7.5.2.7, ASXF 9.2.6 Amended 28/11/05

13.1.7 Security arrangements

A Trading Participant must maintain and enforce at all times appropriate security arrangements which are designed to prevent unauthorised entry of Trading Messages.

Introduced 11/03/04 Origin ASX 2.2.1(7), 7.5.2.8, ASXF 9.2.7 Amended 28/11/05

13.1.8 Information and certification

A Trading Participant must answer any request by ASX for information regarding compliance by the Trading Participant with the Operational Requirements. If requested by ASX, a Trading Participant must provide certification in a form acceptable to ASX from an appropriately qualified independent person as to compliance by the Trading Participant with the Operational Requirements.

Introduced 11/03/04 Origin ASX 2.2.1(8), 7.5.2.9, ASXF 9.2.8

13.1.9 Audit

ASX or its agent may conduct an audit of compliance by the Trading Participant with the Operational Requirements. The Trading Participant must assist, as required, any representative of ASX appointed to conduct that audit.

Introduced 11/03/04 Origin ASX 2.2.1(9), 7.5.2.10, ASXF 9.2.9

13.1.10 Records – identification of order source

In addition to the record keeping obligations under Rule 4.10, a Trading Participant must maintain, for the period set out in the Procedures, records of:

- (a) the matters referred to in Rule 13.1.6; and
- (b) the name and contact details of persons in relation to whom unique identifiers are allocated under Rule 12.5.2(b).

If requested by ASX, a Trading Participant must immediately provide those records to ASX.

Introduced 11/03/04 Origin ASX 2.2.7(1), 7.5.2.11, ASXF 9.2.10

13.2 DTRS

13.2.1 Trading Participant must have a DTR

A Trading Participant must have at least one DTR in respect of any one or more Products for which the Trading Participant has Trading Permission under Section 12.

Introduced 11/03/04 Amended 28/11/05

13.2.2 DTRs may submit Trading Messages

Only DTRs may submit Trading Messages, unless the trading is conducted in accordance with the Automated Order Processing Requirements.

Introduced 11/03/04 Origin ASX 2.2.9(1), 7.2.3.1, ASXF 9.3.1 Amended 28/11/05

13.3 AUTOMATED ORDER PROCESSING

13.3.1 Automated Order Processing

A Trading Participant which uses its system for Automated Order Processing must at all times:

- (a) comply with the Operational Requirements, including having appropriate automated filters, in relation to Automated Order Processing; and
- (b) ensure that Automated Order Processing does not interfere with:
 - (i) the efficiency and integrity of the Market ; or
 - (ii) the proper functioning of any Trading Platform.

Introduced 11/03/04 Origin ASX 2.2.2(1), 7.5.3.1, ASXF 9.4.1 Amended 28/11/05

13.3.2 Authorised Persons for Automated Client Order Processing

A Trading Participant which uses its system for Automated Client Order Processing must also have procedures in place to ensure that each Authorised Person:

- (a) unless the person is a Representative of a Trading Participant whose duties include trading or dealing in the relevant Products, has demonstrated that the Authorised Person or the client on whose behalf the Authorised Person has authority to submit orders, has the required financial resources to meet their obligations to the Trading Participant in relation to orders which are the subject of Automated Client Order Processing by the Trading Participant; and
- (b) has demonstrated to the Trading Participant knowledge of the order entry system of the Trading Participant and of the Dealing Rules, directions, decisions and requirements of ASX relevant to the type of order submission facilities given to the Authorised Person by the Trading Participant.

Introduced 11/03/04 Origin ASX 2.2.2(2), 7.5.3.2, ASXF 9.4.2 Amended 28/11/05

13.3.3 Records regarding Authorised Persons

A Trading Participant must maintain records for the period specified in the Procedures of:

- (a) the name and contact details of an Authorised Person, and if that Authorised Person is an agent of the client, the details of the client; and
- (b) the security arrangements regarding access by the Authorised Person to a computer or other device connected to the Trading Participant's Open Interface Device and its location or if not fixed, the method of identifying the computer or other device.

Introduced 11/03/04 Origin ASX 2.2.2(3), 7.5.3.3, ASXF 9.4.3

13.3.4 Certification prior to conducting Automated Order Processing

Before using their system for Automated Order Processing, a Trading Participant must:

- (a) provide certification from an appropriately qualified person in the form set out in the Procedures concerning compliance by the Trading Participant with Rule 13.3.1; and
- (b) provide any other information about compliance by the Trading Participant with the Automated Order Processing Requirements which ASX requests.

Introduced 11/03/04 Origin ASX 2.2.2(4), 7.5.3.4, ASXF 9.4.4 Amended 24/05/04

13.3.5 Material changes

If a Trading Participant who uses its system for Automated Order Processing under the Rules proposes to make a material change to the organisational and technical resources employed to comply with Rule 13.3.1, the Trading Participant must immediately notify ASX of the proposed change. In the case of change which relates to Automated Client Order Processing, unless ASX agrees otherwise, the Trading Participant must, before implementing the change, provide either of the following at the option of ASX:

- (a) confirmation, in a form acceptable to ASX, from an appropriately qualified person that the change does not detract from a certification previously provided under Rule 13.3.4; or

- (b) a further certification, in a form acceptable to ASX, so that the system as changed is certified by an appropriately qualified person in the form required by ASX concerning compliance by the Trading Participant with Rule 13.3.1.

Introduced 11/03/04 Origin ASX 2.2.2(5), 7.5.3.5, ASXF 9.4.5

13.3.6 Further certification

If requested by ASX at any time, a Trading Participant must provide a further certification in the form acceptable to ASX from an appropriately qualified independent person acceptable to ASX as to compliance by the Trading Participant with the Automated Client Order Processing Requirements.

Introduced 11/03/04 Origin ASX 2.2.2(6), 7.5.3.6, ASXF 9.4.6

13.3.7 Audit

ASX or its agent may conduct an audit of compliance by the Trading Participant with the Automated Order Processing Requirements and the Trading Participant must provide all necessary assistance to any representative of ASX appointed to conduct that audit.

Introduced 11/03/04 Origin ASX 2.2.2(7), 7.5.3.7, ASXF 9.4.7

13.3.8 Limitations on Automated Order Processing

If ASX reasonably considers that:

- (a) a Trading Participant is not complying with the Automated Order Processing Requirements; or
- (b) it is otherwise appropriate, having regard to Rule 1.13,

ASX may direct the Trading Participant:

- (c) to cease conducting Automated Order Processing until ASX is satisfied that the Trading Participant complies with the Automated Order Processing Requirements; or
- (d) to immediately suspend, limit or prohibit the conduct of Automated Order Processing in respect of:
 - (i) one or more Authorised Persons or clients;
 - (ii) Automated Client Order Processing;
 - (iii) Automated Order Processing; or
 - (iv) one or more Products.

Introduced 11/03/04 Origin ASX 2.2.2(8), 7.5.3.8, ASXF 9.4.8 Amended 28/11/05

13.3.9 Failure to comply with direction

If a Trading Participant fails to comply with a direction given by ASX under Rule 13.3.8 and ASX considers it appropriate, having regard to Rule 1.13, ASX may restrict or prohibit the submission of Trading Messages by means of one or more Open Interface Devices of the Trading Participant. ASX must immediately notify the Trading Participant of action taken by ASX under this Rule 13.3.9.

13.3.10 Direction remains in force

A direction given by ASX under Rule 13.3.8 will remain in force until ASX is satisfied that:

- (a) the Trading Participant complies with the Automated Order Processing Requirements;
or
- (b) the direction is no longer appropriate, having regard to Rule 1.13.

Introduced 11/03/04 Origin ASX 2.2.2(10), 7.5.3.11, ASXF 9.4.10

13.3.11 Trading Participant right to hearing

If requested by a Trading Participant against which action is taken under Rule 13.3.9, ASX must give the Trading Participant an opportunity to either, at the option of the Trading Participant:

- (a) appear in person or be represented before ASX; or
- (b) lodge a written submission for consideration by ASX,

to explain why the restriction or prohibition on the submission of orders through one or more Open Interface Devices is not or is no longer appropriate, having regard to Rule 1.13.

ASX must determine the matter without bias and give the Trading Participant a fair hearing and otherwise observe the rules of procedural fairness.

Introduced 11/03/04 Origin ASX 2.2.2(11), 7.5.3.13, ASXF 9.4.11

13.4 PREVENTION OF MANIPULATIVE TRADING

13.4.1 False or misleading appearance

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

- (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 Product or with respect to the market for, or the price of, any 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 Product or with respect to the market for, or the price of, any Product.

Introduced 11/03/04 Origin ASX 2.2.4(1), 7.5.4.1 Amended 24/05/04, 28/11/05

13.4.2 Circumstances of Order

In considering the circumstances of the Order, the 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 Product;
- (b) whether the Order or execution of the Order would materially alter the market for, or the price of, the 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 Product or with respect to the market for, or the price of, any 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 13.4.2; and
- (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 Product; and
- (h) whether the transaction, bid or offer the execution of which is proposed will involve no change of beneficial ownership.

Introduced 11/03/04 Origin ASX 2.2.4(1), 7.5.4.2 Amended 28/11/05

13.4.3 Change of beneficial ownership in Market Transactions – Traded Products – [Deleted]

Introduced 11/03/04 Origin ASX 2.2.4(3) Deleted 28/11/05

13.4.4 Obligations apply to Automated Order Processing

The obligations imposed on a Market Participant by this Rule 13.4 also apply in respect of Orders the subject of Automated Order Processing.

Introduced 11/03/04 Origin ASX 2.2.4(4), 7.5.4.3

13.5 PROHIBITION ON WASH TRADES, PRE-ARRANGED TRADES AND DUAL TRADING – FUTURES

13.5.1 Application of Rule 13.5

This Rule 13.5 applies to Futures Market Transactions only.

Introduced 11/03/04 Amended 28/11/05

13.5.2 Wash trades

A Market Participant must not effect any Futures Market Transaction where the account on behalf of which the Market Participant enters into the Futures Market Transaction is the same on both sides of that transaction.

Introduced 11/03/04 Origin ASXF 13.4.6 Amended 28/11/05

13.5.3 Pre-arranged trades

A Market Participant must not give or accept a request or instructions that a Futures Market Transaction only be entered into between particular Market Participants. A Market Participant must not arrange a Futures Market Transaction with another Market Participant to the exclusion of other Market Participants.

Introduced 11/03/04 Origin ASXF 13.4.7 Amended 28/11/05

13.5.4 Dual trading

A Market Participant must ensure that arrangements are in place to ensure that a Representative responsible for placing orders for the Market Participant's own account does not have access to orders submitted by clients of the Market Participant before the client orders are transmitted for execution.

Introduced 11/03/04 Origin ASXF 13.4.8 Amended 28/11/05

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SECTION 14 MARKET SUSPENSIONS, TECHNICAL FAILURE AND OTHER ORDERLY MARKET POWERS

Section 14 sets out provisions for the maintenance of a fair and orderly market, including:

- (a) prohibiting Market Participants doing anything which would result in a market for a Product not being fair and orderly and from taking advantage of market break-down;
- (b) requiring Market Participants to comply with the instructions of Market Control;
- (c) requiring Trading Participants to make a DTR available to receive communications when the market is operating;

The section also provides ASX with powers to ensure that its market is fair, orderly and transparent and to deal with emergencies, such as powers to suspend or halt trading in Products or a Trading Platform and to cancel or amend Market Transactions ASX considers contrary to the maintenance of a fair and orderly market.

Provision is also made to deal with and prevent technical and communications failures and to support the integrity of a Trading Platform.

Section 15 sets out the powers of ASX in relation to the cancellation of transactions.

14.1 FAIR AND ORDERLY MARKETS POWER

14.1.1 **Market must remain fair and orderly**

A Market Participant must not do anything which results in a market for a Product not being both fair and orderly, or fail to do anything where that failure has that effect.

Introduced 11/03/04 Origin ASX 2.2.3(1), 7.9.3.1, ASXF 13.4.1

14.1.2 **Market Participant must comply with instructions of Market Control**

A Market Participant must comply with instructions and directions issued by Market Control.

Introduced 11/03/04 Origin ASX 2.2.3(1)(a), 7.9.3.1(a), ASXF 13.4.1(a)

14.1.3 **DTR must be available**

A Trading Participant must ensure that a DTR of the Trading Participant is available to receive communications from other Trading Participants or from ASX during the times set out in the Procedures.

Introduced 11/03/04 Origin ASX 2.2.3(1)(c), 7.9.3.1(b), ASXF 13.4.1(b)

14.1.4 **Must not take advantage of breakdown or malfunction**

A Market Participant must not take advantage of a situation arising as a result of a breakdown or malfunction in ASX's procedures or systems or an error in any Trading Message submitted by ASX.

Introduced 11/03/04 Origin ASX 2.2.3(1)(d), 7.9.3.1(c), ASXF 13.4.1(c)

14.1.5 ASX orderly markets powers

ASX may take any action it considers necessary to ensure that a market for one or more Products is fair, orderly and transparent, including, without limitation:

- (a) suspending or halting trading in one or more Products for any period of time;
- (b) cancelling or amending any Market Transaction pursuant to Section 15;
- (c) directing any Market Participant to take, or not to take, a specified action in connection with the affected markets;
- (d) modifying or restricting access to a Trading Platform by one or more Market Participants;
- (e) taking, or refraining from taking, any other action which ASX considers is appropriate having regard to Rule 1.13; and
- (f) requesting any relevant Approved Clearing Facility (or any relevant Alternative Clearing Facility) to exercise its powers relating to the situation or practice.

Introduced 11/03/04 Origin ASXF 13.5 Amended 28/11/05

14.2 TECHNICAL FAILURE

14.2.1 Suspension or restriction of trading for technical failure

Without limiting ASX's powers under Rule 14.1.5, ASX may suspend or restrict trading in one or more Products if access to a Trading Platform is affected because of a systems or communications failure.

Introduced 11/03/04 Origin ASX 2.3.2(4), 7.9.2.1, ASXF 13.2.1 Amended 28/11/05

14.2.2 Consequences of suspension or restriction of trading for technical failure

If trading is suspended or restricted under Rule 14.2.1, ASX may:

- (a) impose such Session States it considers appropriate in relation to a Product or Products; or
- (b) take any other steps which it considers appropriate having regard to Rule 1.13.

The Procedures may set out further consequences of a suspension or restriction under Rule 14.2.1.

Introduced 11/03/04 Origin ASX 2.3.2(4), 7.9.2.2, ASXF 13.2.2 Amended 28/11/05

14.2.3 Resumption of trading following suspension or restriction of trading for technical failure

Following a suspension or restriction of trading under Rule 14.2.1, ASX will notify Trading Participants of the time at which trading will resume and if it will be possible to restore the Trading Platform to how it appeared prior to the suspension or restriction taking effect. The Procedures may set out further steps prior to the resumption of trading.

Introduced 11/03/04 Origin ASX 2.3.2(4), 7.9.2.3, ASXF 13.2.3 Amended 28/11/05

14.2.4 Notification of Trading Participant connection failure

A Trading Participant must notify ASX as soon as practicable if it is unable to transmit or receive Trading Messages because of a systems or communications failure other than due to an action taken by ASX pursuant to these Rules. The Procedures may set out further steps to be taken by the Trading Participant following the receipt by ASX of a notice under this Rule 14.2.4.

Introduced 11/03/04 Origin ASX 2.3.2(6), 7.9.2.4, ASXF 13.2.4 Amended 28/11/05

14.2.5 Application of Rules 14.2.6 and 14.2.7

Rules 14.2.6 and 14.2.7 apply when:

- (a) a Trading Platform registers that a Trading Participant is no longer able to transmit Trading Messages because of a systems or communications failure; or
- (b) a Trading Participant has notified ASX under Rule 14.2.4,

whichever occurs earlier.

Introduced 11/03/04. Origin ASX 7.9.2.5, ASXF 13.2.5

14.2.6 Consequences of Trading Participant connection failure – Derivatives Market Transactions

After the period set out in the Procedures has elapsed, ASX will cancel in the Trading Platform all Orders of a Market Maker in respect of Derivatives Market Contracts unless, before the cancellation is effected, the Trading Participant has requested ASX not to effect the cancellation.

ASX will not cancel Orders of a Trading Participant that is not a Market Maker unless requested by the Trading Participant to do so by the time and in the manner set out in the Procedures.

Introduced 11/03/04 Origin ASX 7.9.2.6, ASXF 13.2.6 Amended 28/11/05

14.2.7 Emergency facilities

The Trading Participant may request ASX, on a reasonable endeavours basis, to enter, amend and cancel orders in a Trading Platform on the Trading Participant's behalf and make available emergency facilities in accordance with the Procedures. The Trading Participant agrees that ASX has no liability for activities conducted on behalf of a Trading Participant under this Rule 14.2.7.

Introduced 11/03/04 Origin ASX 7.9.2.7, ASXF 13.2.7

14.2.8 Indemnity for emergency assistance

The Trading Participant indemnifies and will keep indemnified ASX against all actions, proceedings, claims, demands, damages, costs, expenses and any other amounts against or incurred by ASX arising out of or in connection with any action taken or any inaction by any of ASX, or its officers, employees, agents, delegates or contractors under Rule 14.2.7.

Introduced 11/03/04 Origin ASXF 13.2.8

14.3 COMMUNICATIONS WITH A TRADING PLATFORM

14.3.1 Testing

If ASX reasonably believes there is some fact or matter which may impair the ability of a Trading Participant to communicate Trading Messages reliably with a Trading Platform or to correctly process those Trading Messages, ASX may on reasonable notice require a Trading Participant to undertake testing as specified by ASX.

Introduced 11/03/04 Origin ASX 2.3.2A(1), 7.9.2A.1, ASXF 13.3.1

14.3.2 ASX powers

If:

- (a) after the Trading Participant has undertaken the testing referred to in Rule 14.3.1, ASX reasonably believes that the ability of the Trading Participant to communicate Trading Messages reliably with a Trading Platform or to correctly process those Trading Messages is or will be impaired; or
- (b) the Trading Participant has not, within the time specified by ASX, complied with ASX's requirement to undertake the testing referred to in Rule 14.3.1,

ASX may immediately, and before the Trading Participant has exercised its right to appear or make submissions under Rule 14.4.3, take any steps which it considers appropriate having regard to Rule 1.13, including, without limitation:

- (c) giving instructions or directions to the Trading Participant to prevent or minimise impairment to those communications of Trading Messages with a Trading Platform or the correct processing of those Trading Messages;
- (d) suspending the Trading Permission of the Trading Participant until ASX is satisfied that the ability of the Trading Participant to communicate Trading Messages reliably with a Trading Platform or to correctly process those Trading Messages is or will no longer be impaired; or
- (e) suspending the connection to a Trading Platform of any Open Interface Device of the Trading Participant until ASX is satisfied that the ability of the Trading Participant to communicate Trading Messages reliably with a Trading Platform, or to correctly process those Trading Messages is or will no longer be impaired.

Introduced 11/03/04 Origin ASX 2.3.2A(2), 7.9.2A.2, ASXF 13.3.2

14.3.3 Trading Participant's obligations

A Trading Participant must observe and give effect to any instructions or directions given by ASX under Rule 14.3.2(c).

Introduced 11/03/04 Origin ASX 2.3.2A(3), 7.9.2A.3, ASXF 13.3.3

14.3.4 Notification to Trading Participant

If ASX takes steps under Rule 14.3.2, ASX must immediately notify the Trading Participant concerned.

Introduced 11/03/04 Origin ASX 2.3.2A(4), 7.9.2A.4, ASXF 13.3.4

14.3.5 Trading Participant's right to hearing

If requested by a Trading Participant referred to in Rule 14.3.2, ASX will give the Trading Participant an opportunity to either, at the option of the Trading Participant:

- (a) appear in person or be represented before ASX; or
- (b) lodge a written submission for consideration by ASX,

to explain why:

- (c) the ability of the Trading Participant to communicate Trading Messages reliably with a Trading Platform or to correctly process those Trading Messages is, or will not, or will no longer, be impaired; or
- (d) the Trading Participant should not be required to undertake the testing referred to in Rule 14.3.1.

ASX must determine the matter without bias and give the Trading Participant a fair hearing and otherwise observe the rules of procedural fairness.

Introduced 11/03/04 Origin ASX 2.3.2A(5), 7.9.2A.5, ASXF 13.3.5

14.4 EFFICIENCY AND INTEGRITY OF MARKET

14.4.1 ASX powers

ASX may take any action it considers appropriate, having regard to Rule 1.13, to maintain the efficiency and integrity of a market or the proper functioning of a Trading Platform. That action may include, without limitation:

- (a) suspending Trading Permission of a Trading Participant whose actions have, in the opinion of ASX, adversely impacted on the efficiency or integrity of a market in one or more Products or the proper functioning of a Trading Platform;
- (b) modifying the access to, or the functioning of, a Trading Platform in respect of that Trading Participant; or
- (c) suspending or modifying the operation of a Trading Platform generally.

Introduced 11/03/04 Origin ASX 2.3.3(1), 7.9.3.3, ASXF 13.4.3 Amended 28/11/05

14.4.2 Notification to Trading Participant

If ASX takes action under Rule 14.4.1 in relation to:

- (a) a Trading Participant referred to in Rule 14.4.1(a); or
- (b) Trading Participants generally,

ASX must immediately notify the Trading Participant concerned or Trading Participants generally, as applicable.

Introduced 11/03/04 Origin ASX 2.3.3(2), 7.9.3.4, ASXF 13.4.4

14.4.3 Trading Participant right to hearing

If requested by a Trading Participant referred to in Rule 14.4.1(a), ASX must give the Trading Participant an opportunity to either, at the option of the Trading Participant:

- (a) appear in person or be represented before ASX; or
- (b) lodge a written submission for consideration by ASX,

to explain why it is not or is no longer appropriate for ASX to exercise or continue to exercise its powers under Rule 14.4.1 in relation to the Trading Participant. ASX must determine the matter without bias and give the Trading Participant a fair hearing and otherwise observe the rules of procedural fairness. For the avoidance of doubt, ASX may exercise its powers under Rule 14.4.1 before giving the Trading Participant an opportunity to appear or make submissions under this Rule 14.4.3.

Introduced 11/03/04 Origin ASX 2.3.2(3), 7.9.3.5, ASXF 13.4.5

14.5 STATE OF EMERGENCY

14.5.1 Action ASX may take in a State of Emergency

If ASX determines that a State of Emergency exists, it may do any or all of the following:

- (a) suspend trading in one or more Products or a Trading Platform;
- (b) direct Market Participants to take, or refrain from taking, a specified action in connection with the affected Products or a Trading Platform;
- (c) take, or refrain from taking, any other action which ASX considers is appropriate having regard to Rule 1.13; and
- (d) request an Approved Clearing Facility (or any relevant Alternative Clearing Facility) to exercise its powers relating to emergencies.

Introduced 11/03/04 Origin ASX 2.3.2(7), 7.10.4, ASXF 13.6 Amended 28/11/05

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SECTION 15 TRADE ERRORS, CANCELLATIONS AND DEALING DISPUTES

Section 15 deals with Market Transactions entered into on the basis of errors and permits the cancellation of such errors if the parties to the transaction agree. In circumstances where a Trading Participant is not aware of the identity of a counterparty to a Market Transaction for the purpose of obtaining the counterparty's agreement to the cancellation, the Trading Participant may request ASX to facilitate the agreement.

The section also deals with disputes arising out of transactions of the type described above (an **"Error Dispute"**) and other Dealing Disputes. Such disputes may be referred to a Dispute Governors' committee, which may make recommendations to ASX as to how best to deal with the dispute. Upon receiving the Dispute Governors' recommendation in relation to an Error Dispute, ASX may take such action as it considers appropriate including cancelling the relevant Market Transaction so as to ensure the maintenance of an orderly Market. In relation to a Dealing Dispute, ASX may make a determination for the resolution of the dispute.

15.1 MEANING OF ERROR

15.1.1 Detail on what will constitute an error under these Rules

In these Rules, an **"Error"** means, in relation to a Market Transaction, an error in a Trading Message submitted by a Trading Participant or by ASX, or other error by a Market Participant or ASX which relates to the Market Transaction, including, without limitation, an error involving:

- (a) a mistake by the Trading Participant as to:
 - (i) the identity or fundamental characteristic of the relevant Product;
 - (ii) the volume or quantity of an Order that the Trading Participant has entered, amended or cancelled; or
 - (iii) the matching of, or correspondence between, the price or value referred to in the Order and the Product referred to in the Order; or
- (b) a transaction effected as a result of:
 - (i) a breakdown or malfunction in ASX's procedures or systems;
 - (ii) an error made over the National Voiceline System; or
 - (iii) an error in entries made by ASX in a Trading Platform, or an error in entries in a Trading Platform, or other process, not being made by ASX such that there is a conflict with the market processes of ASX.

Introduced 11/03/04.

15.2 ERRORS

15.2.1 Obligation to notify ASX of Error

Subject to Rule 15.9, if a Trading Participant considers that a Market Transaction has arisen from an Error and the Trading Participant wishes to have, or retain the right to request to have, that Market Transaction cancelled or amended under this Section 15, the Trading Participant must notify Market Control of that alleged Error by the time and in the manner set out in the Procedures.

Introduced 11/03/04. Origin ASX 2.17.1(3), 2.17.1(4), ASXF 15.1.1 Amended 28/11/05

15.2.2 ASX may notify Market Participants of an Error

If ASX considers it appropriate having regard to Rule 1.13, ASX may notify particular Market Participants or Market Participants generally that it considers that an Error has occurred (whether a Market Participant or ASX identified the alleged Error) and may do one or both of the following:

- (a) direct Market Participants that may have entered into Market Transactions on the basis of the alleged Error or that were affected by the alleged Error to try to cancel or amend those Market Transactions in accordance with Rule 15.2.4; and
- (b) ask Market Participants that may have entered into Market Transactions on the basis of the alleged Error or that were affected by the alleged Error to submit comments to ASX regarding the alleged Error and potential cancellation or amendment of the relevant Market Transactions within the time specified in the Procedures.

Introduced 11/03/04

15.2.3 ASX may impose trading halt

If ASX considers that an Error has occurred in relation to a Market Transaction, ASX may suspend trading in, or impose a trading halt in relation to, one or more Products at any time after it becomes aware of the alleged Error if it considers it appropriate, having regard to Rule 1.13.

Introduced 11/03/04

15.2.4 Errors resolved voluntarily

If, in relation to a Market Transaction:

- (a) a Trading Participant or ASX considers that an Error has occurred in relation to the Market Transaction;
- (b) the Trading Participants which entered into the Market Transaction agree to the cancellation or amendment of the Market Transaction (or the Trading Participant who executed a Crossing determines that it should be cancelled or amended) and notify (or, in the case of such a Crossing, notifies) ASX of that agreement by the time and in the manner set out in the Procedures; and
- (c) the Trading Participant or Trading Participants comply with the directions (if any) of ASX in connection with that cancellation or amendment,

ASX:

- (d) (in the case of a Market Transaction not being a Crossing) will permit the cancellation or amendment of the Market Transaction, unless ASX considers that the cancellation or amendment is not appropriate, having regard to Rule 1.13; or
- (e) (in the case of a Crossing) may:
 - (i) permit the cancellation or amendment if it considers that the transaction was based on an Error, that the Crossing may give rise to circumstances which are contrary to the interests of a fair and orderly market and that the cancellation or amendment is appropriate, having regard to Rule 1.13; or
 - (ii) if it considers appropriate, refer the matter to the Dispute Governors.

A cancellation or amendment under this Rule 15.2.4 must be effected in the manner set out in the Procedures.

Introduced 11/03/04. Origin ASX 2.17.1(5), 7.9.3.7, ASXF 15.1.2 Amended 28/11/05

15.2.5 Cancellation or amendment binding

The cancellation or amendment of a Market Transaction under Rule 15.2.4, and any action taken by the Trading Participants and ASX to give effect to the cancellation or amendment, is binding on those Trading Participants and any Nominating Trading Participant of those Trading Participants.

Introduced 11/03/04. Origin ASXF 15.1.3

15.2.6 Errors not resolved by agreement

If:

- (a) a Trading Participant or ASX considers that an Error has occurred in relation to a Market Transaction; and
- (b) the Trading Participants which entered into the Market Transaction do not agree to amend or cancel the Market Transaction under Rule 15.2.4 in accordance with that Rule,

a Trading Participant which is a party to the Market Transaction may refer the alleged Error to ASX. If a Trading Participant wishes to refer an Error to ASX under this Rule 15.2.6, it must do so by the time and in the manner set out in the Procedures.

Introduced 11/03/04. Origin ASXF 15.1.4

15.2.7 ASX may refer to Dispute Governors Committee

If, in relation to a Market Transaction:

- (a) a Trading Participant refers an alleged Error to ASX in accordance with Rule 15.2.6; or

- (b) ASX considers that an Error may have occurred and the Trading Participants have not agreed to amend or cancel the Market Transaction under Rule 15.2.4 in accordance with that Rule,

ASX may refer the alleged Error (an "**Error Dispute**") to a Dispute Governors Committee if ASX considers that the Market Transaction may give rise to circumstances which are contrary to the interests of a fair and orderly Market.

Introduced 11/03/04.

15.2.8 Request by Trading Participant where counterparty not known

For the purposes of Rule 15.2.4(b), a Trading Participant may request ASX to facilitate an agreement for the cancellation or amendment of a Market Transaction in circumstances where the Trading Participant is not aware of the identity of the counterparty to the transaction by providing ASX with notice providing details sufficient to identify the relevant Market Transaction and to explain the alleged Error. The Trading Participant must make the request by the time and in the manner set out in the Procedures.

Introduced 28/11/05.

15.2.9 ASX action upon receipt of request under Rule 15.2.8

Upon receipt of a request from a Trading Participant that meets the requirements of Rule 15.2.8 to ASX' satisfaction, ASX will use reasonable endeavours to contact the counterparty Trading Participant to ascertain whether the counterparty Trading Participant agrees to the cancellation or amendment of the relevant Market Transaction. ASX will notify the requesting Trading Participant as soon as reasonably practicable of the counterparty Trading Participant's response.

Introduced 28/11/05.

15.2.10 Consequences of action under Rule 15.2.9

If:

- (a) a Trading Participant makes such a request and the counterparty Trading Participant acknowledges its agreement to the cancellation in accordance with Rule 15.2.9 within the time specified in the Procedures, in writing or in such other manner as may be provided for in the Procedures, the Trading Participants will be taken to have agreed to the cancellation or amendment and notified ASX of that agreement by the time and in the manner required under Rule 15.2.4(b); or
- (b) a counterparty Trading Participant contacted under Rule 15.2.9 does not agree to the cancellation of the relevant Market Transaction (or if ASX has not contacted the counterparty) within the time set out in the Procedures, the Trading Participant who made the request referred to in Rule 15.2.9 may refer the alleged Error to ASX under Rule 15.2.6 within the time set out in the Procedures.

Introduced 28/11/05

15.3 OTHER MATTERS REFERRED TO ASX

15.3.1 Dealing Dispute may be referred to ASX

A Market Participant may notify ASX of any dispute (a "**Dealing Dispute**") between the Market Participant and another Market Participant arising in relation to any of the Dealing Rules (other than an Error Dispute, which is governed by Rule 15.2). ASX will promptly refer the dispute to the Dispute Governors Committee.

Introduced 11/03/04. Origin ASX 2.18.2, 7.11.1.2

15.3.2 Crossing Dispute may be referred to ASX [Deleted]

Introduced 11/03/04. Deleted 28/11/05

15.4 RESOLUTION OF ERROR DISPUTES, CROSSING DISPUTES AND DEALING DISPUTES

15.4.1 Appointment of Dispute Governors

ASX may appoint one or more persons as Dispute Governors for a period and on terms and conditions ASX considers appropriate for the purposes of resolving Error Disputes, Crossing Disputes and Dealing Disputes.

Introduced 11/03/04. Origin ASX 2.18.1, 7.11.1.1, ASXF 15.2.3

15.4.2 Dispute Governors Committee to consider dispute

As soon as practicable following the referral of an Error Dispute, Crossing Dispute or Dealing Dispute under Rule 15.2.7 or 15.3, a committee of at least 3 Dispute Governors (including at least one Dispute Governor who is an employee or agent of ASX) will be established to consider the Error Dispute, Crossing Dispute or Dealing Dispute (the "**Dispute Governors Committee**").

Introduced 11/03/04. Origin ASX 7.11.1.4, ASXF 15.2.4

15.4.3 Conflict of interest

A Dispute Governor must not participate in the consideration of an Error Dispute, Crossing Dispute or Dealing Dispute if the Dispute Governor is a Representative of:

- (a) a Market Participant which is a party to the Error Dispute, Crossing Dispute or Dealing Dispute (or a Related Body Corporate of that Trading Participant); or
- (b) a Market Participant (or a Related Body Corporate of that Trading Participant) which has a significant financial interest in the outcome of the determination of the Error Dispute, Crossing Dispute or Dealing Dispute.

Introduced 11/03/04. Origin ASX 2.18.2(3), 7.11.1.5, ASXF 15.2.5

15.4.4 Powers of Dispute Governors Committee

In considering an Error Dispute, Crossing Dispute or Dealing Dispute, the Dispute Governors Committee may:

- (a) make any enquiries which they consider relevant to the Error Dispute, Crossing Dispute or Dealing Dispute;
- (b) seek information (orally or in writing) from the Market Participants involved in the Error Dispute, Crossing Dispute or Dealing Dispute or from other Market Participants;
- (c) determine the manner in which the Error Dispute, Crossing Dispute or Dealing Dispute will be considered; and
- (d) take any other action which they consider appropriate, having regard to Rule 1.13, to consider the Error Dispute, Crossing Dispute or Dealing Dispute.

Introduced 11/03/04. Origin ASX 2.18.2(4), 7.11.1.6, ASXF 15.2.6

15.4.5 Recommendation in relation to the Error Dispute, Crossing Dispute or Dealing Dispute

The Dispute Governors Committee may make any recommendation to ASX it considers appropriate in relation to the Error Dispute, Crossing Dispute or Dealing Dispute and:

- (a) in the case of an Error Dispute, having regard to whether, in the opinion of the Dispute Governors Committee:
 - (i) an Error has been made either by a Trading Participant or ASX itself; and
 - (ii) Trading Participants entered into a Market Transaction on the basis of the Error or that was affected by the Error, which has created circumstances which are contrary to the interests of a fair and orderly Market, and
- (b) in the case of a Crossing Dispute, having regard to whether, in the opinion of the Dispute Governors Committee:
 - (i) an Error has been made either by a Trading Participant or ASX itself; and
 - (ii) the relevant Trading Participant entered into the relevant Principal Crossing on the basis of, or which was affected by, an Error similar to an Error which caused the cancellation of the relevant Associated Transactions under this Section 15 and those circumstances are contrary to the interests of a fair and orderly Market.

Introduced 11/03/04. Origin ASXF 15.2.9

15.4.6 Process of Dispute Governors Committee

The Dispute Governors Committee must use reasonable endeavours to make its recommendation under Rule 15.4.5 as quickly as possible and, if practicable, on the Trading Day on which the Error Dispute, Crossing Dispute or Dealing Dispute was referred to it under Rule 15.2.7 or 15.3. Decisions by a Dispute Governors Committee will be made by a simple majority vote.

Introduced 11/03/04. Origin ASX 2.18.2(5), 7.11.1.8, ASXF 15.2.8

15.4.7 Powers of ASX after recommendation from Dispute Governors Committee in relation to Error Dispute or Crossing Dispute

In relation to an Error Dispute or Crossing Dispute, subject to Rule 15.5, after the Dispute Governors Committee gives ASX its recommendation, ASX may or may not, in its discretion,

implement the recommendation. In doing this, ASX may take any action (or refrain from taking action) and give any directions it considers appropriate having regard to Rule 1.13 including, without limitation, doing any or all of the following:

- (a) cancel or amend a Market Transaction;
- (b) restore an Order which was executed and which gave rise to a Market Transaction cancelled under paragraph (a);
- (c) direct the Trading Participant or Trading Participants who are or were party to the relevant Market Transactions (and, where applicable, any relevant Nominating Trading Participant) to cancel or amend the Market Transaction or to enter into one or more Market Transactions to achieve a substantially similar result; and
- (d) request an Approved Clearing Facility or any Alternative Clearing Facility to examine any process they have under their respective operating rules to give effect to ASX's actions under this Rule including, without limitation, in the case of a Derivatives Market Transaction, to amend or cancel the registration of an Open Contract arising from that Derivatives Market Transaction amended or cancelled under paragraph (a).

Introduced 11/03/04. Origin ASX 7.11.1.9, ASXF 15.2.10 Amended 28/11/05

15.4.8 Powers of ASX after recommendation from Dispute Governors Committee in relation to Dealing Dispute

In relation to a Dealing Dispute, subject to Rule 15.5, after the Dispute Governors Committee gives ASX its recommendation, ASX may, or may not, in its discretion make a determination for the resolution of the dispute.

Introduced 11/03/04.

15.4.9 Decision final and binding

Subject to Rule 15.5, exercise by ASX of its powers under Rule 15.4.7 and 15.4.8 is final and binding on the Trading Participants involved and, where applicable, any Nominating Trading Participant.

Introduced 11/03/04. Origin ASXF 15.2.11

15.4.10 Compliance

Market Participants and any Nominating Trading Participants must comply with any request made, or direction given, by the Dispute Governors Committee or ASX under this Rule 15.4.

Introduced 11/03/04. Origin ASX 7.11.1.10, ASXF 15.2.12

15.4.11 Resolution of Error Dispute or Dealing Dispute by Participants or action by ASX

The process for resolving an Error Dispute, Crossing Dispute or Dealing Dispute under this Rule 15.4 will cease if, before any action is taken by ASX under Rule 15.4.7 or 15.4.8:

- (a) the Trading Participants agree to cancel or amend the Market Transaction the object of the Error Dispute or Dealing Dispute by agreement (and, if the cancellation or amendment of a Market Transaction is involved, ASX permits that cancellation or amendment); or

- (b) ASX exercises any other power under these Rules to cancel or amend the Market Transaction the subject of the Error Dispute or Dealing Dispute.

Introduced 11/03/04. Origin ASXF 15.2.13 Amended 28/11/05

15.4.12 Disciplinary and other action

Nothing in this Section 15 precludes ASX from taking any other action which it is permitted to take under these Rules in connection with the circumstances giving rise to the Error Dispute or Dealing Dispute including, without limitation, the taking of disciplinary action under Rules 28.1 to 28.12 or exercising any power it has under Rules 28.1 to 28.12.

Introduced 11/03/04. Origin ASXF 15.2.14

15.4.13 Fee for Error Dispute or Dealing Dispute

If a Dispute Governors Committee considers an Error Dispute, Crossing Dispute or Dealing Dispute, then the Market Participant that referred that dispute to ASX must pay to ASX the fee set out in the Procedures by the time set out in the Procedures.

Introduced 11/03/04.

15.5 APPEAL OF DECISION OF ASX

15.5.1 Appeal to Appeal Tribunal

If a Market Participant is dissatisfied with:

- (a) the failure of ASX to refer a dispute to a Dispute Governors Committee under Rule 15.2.7; or
- (b) the actions taken (or the failure to take actions) by ASX under either Rule 15.4.7, 15.4.8 or 15.6,

the Market Participant may appeal to the Appeal Tribunal by giving a notice of appeal by the time set out in the Procedures. The notice of appeal must comply with Rule 28.15.1.

Introduced 11/03/04. Origin ASXF 15.3.1

15.5.2 Appeal process and powers of Appeal Tribunal

The appeal process and the powers of the Appeal Tribunal are set out in Rules 28.15 to 28.17, except that:

- (a) Rule 28.16.3 does not apply to an appeal under this Section 15, so that the chairperson or any deputy chairperson need not be a retired judge or a solicitor or barrister; and
- (b) the Appeal Tribunal may vary or waive the time periods and processes referred to in Rules 28.16 and 28.17 in order to expedite the hearing and determination of the appeal.

Introduced 11/03/04. Origin ASXF 15.3.2

15.5.3 Action pending appeal

Unless Rule 15.5.5 applies, ASX must not exercise its powers under Rule 15.4.7 or 15.4.8 until:

- (a) the period for giving a notice of appeal under Rule 15.5.1 expires (unless the Market Participants affected by the decision agree to waive that period); or
- (b) if a notice of appeal is given, the appeal is determined by the Appeal Tribunal under Rule 15.5.2.

Introduced 11/03/04. Origin ASX 7.11.2.4, ASXF 15.3.3

15.5.4 Process of Appeal Tribunal

The Appeal Tribunal must use their reasonable endeavours to make a recommendation on any Error Dispute or Dealing Dispute before 5.00pm on the Trading Day on which the dispute occurs or if the day on which the dispute arose is not a Trading Day or the dispute occurs after 5.00pm on a Trading Day, then before 5.00pm on the following Trading Day.

Introduced 11/03/04. Origin ASX 2.18.2(5)

15.5.5 ASX may take action immediately

ASX may exercise its powers under Rule 15.4.7 immediately following a decision under Rule 15.4 where it considers immediate action appropriate, having regard to Rule 1.13.

Introduced 11/03/04. Origin ASX 7.11.2.5, ASXF 15.3.4

15.6 OVERRIDING POWER OF ASX TO ACT

15.6.1 ASX power not limited

Nothing in this Section 15 limits precludes ASX exercising its powers under Section 14 in relation to circumstances which involve an Error, an alleged Error or a Dealing Dispute.

Introduced 11/03/04.

15.7 NO LIABILITY OF ASX

15.7.1 ASX not liable for bona fide exercise of powers, right or discretion

Without limiting Rule 1.8, none of ASX, its officers, employees, agents or contractors are liable to a Market Participant or any other person for any loss, liability, damage, cost or expense arising in any way (including, without limitation, by negligence) from the bona fide exercise of any power, right or discretion conferred upon ASX by this Section 15.

Introduced 11/03/04.

15.8 NOTIFICATION TO CLIENTS

15.8.1 Market Participants must notify clients

Each Market Participant must notify all of its clients as soon as practicable (and prior to submitting any Trading Messages on behalf of that client) that ASX has the power under the Rules to cancel or amend Market Transactions or Crossings. A Market Participant will be deemed to satisfy this requirement in respect of a client if the Market Participant has notified the client prior to these Rules coming into effect that, upon these Rules coming into effect, ASX will have the power under the Rules to require cancellation or amendment of Market Transactions or Crossings.

Introduced 11/03/04.

15.8.2 Effects of failure to notify clients

To avoid doubt, a failure by a Market Participant to comply with its obligations under Rule 15.8.1 does not:

- (a) invalidate any Trading Message; or
- (b) affect the powers of ASX or the right of any person, including the Market Participant, to take any action under this Section 15.

Introduced 11/03/04.

15.9 CANCELLATIONS PRIOR TO MATCHING

15.9.1 Trading Participant may amend, cancel or withdraw

A Trading Participant may amend, cancel or withdraw any Bid or Offer prior to a transaction being effected in a Trading Platform.

Introduced 11/03/04. Origin ASX 2.17.2(1)

SECTION 16 CASH MARKET PRODUCTS AND CASH ONLY COMBINATIONS

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SECTION 16 CASH MARKET PRODUCTS AND CASH ONLY COMBINATIONS

Section 16 sets out rules pursuant to which Cash Market Products may be traded.

16.1 DEALING IN CASH MARKET PRODUCTS FOR WHICH OFFICIAL QUOTATION IS REQUIRED

16.1.1 Trading Participants may not deal in Cash Market Products for which Official Quotation will be sought

Except as permitted in Rule 16.1.2, a Trading Participant is prohibited, either in its own office or elsewhere, from making quotations or dealing in a new issue or placement of Cash Market Products (except Loan Securities):

- (a) made for the purpose of qualifying a company for admission to the Official List of ASX; or
- (b) for which Official Quotation will be sought,

until those Cash Market Products have been granted Official Quotation.

Introduced 11/03/04 Origin ASX 2.4.1(1) Amended 28/11/05

16.1.2 When Trading Participants may deal in Cash Market Products for which Official Quotation will be sought

Notwithstanding Rule 16.1.1 but subject to any other provisions of these Rules, a Trading Participant may deal in Cash Market Products to which Rule 16.1.1 applies in the following circumstances:

- (a) a Trading Participant may underwrite or sub-underwrite a new issue or placement of Cash Market Products;
- (b) a Trading Participant may dispose of Cash Market Products if those Cash Market Products comprise an underwriting or sub-underwriting shortfall;
- (c) where the Cash Market Products have been issued on a pro rata basis to holders;
- (d) where a listed entity acquires assets and as part or full consideration, issues new Cash Market Products (except Loan Securities) to the vendor and the Trading Participant has made a prior firm arrangement with the vendor to place these Cash Market Products as soon as they are issued. The Trading Participant must then ensure that the details of the issue to the vendor are advised to ASX by the listed entity immediately the Cash Market Products are issued;
- (e) where a Trading Participant:
 - (i) makes a placement of new Cash Market Products (except Loan Securities) for which Official Quotation will be sought, and the Trading Participant ensures that all investors accepting the Cash Market Products are informed in writing that Trading Participants cannot deal in the Cash Market Products

either as Principal or agent until Official Quotation is granted in respect of those Cash Market Products; or

- (ii) accepts selling orders in Cash Market Products (except Loan Securities) for which Official Quotation will be sought, and the Trading Participant takes all reasonable steps to ensure that the Cash Market Products are not sold before the Cash Market Products have been granted Official Quotation; or
- (iii) accepts selling orders in Cash Market Products (except Loan Securities) where the Cash Market Products are of the same class as Cash Market Products which have already been granted Official Quotation and:
 - (a) the Cash Market Products have already been issued by the Issuer; and
 - (b) the fact that the Cash Market Products have been issued has been notified to, and released to the market by, the Company Announcements Office of ASX;
- (f) a Trading Participant may dispose of or acquire ETF Securities which are the subject of a subscription application if:
 - (i) the ETF Securities are in a class of ETF Securities which are quoted on ASX;
 - (ii) the subscription application is irrevocable and subject only to transfer of the subscription consideration from the subscriber to the Issuer;
 - (iii) the disposal or acquisition is made on ASX in accordance with these Rules;
 - (iv) there is an arrangement between the Issuer and ASX under which the ETF Securities will be granted Official Quotation before settlement of the disposal or acquisition; and
 - (v) the number of ETF Securities on issue is regularly reported to ASX on the basis required by ASX.

Introduced 11/03/04 Origin ASX 2.4.1(2) Amended 27/05/05 28/11/05

16.1.3 Dealings in Securities for which Official Quotation will not be sought

A Trading Participant may deal in new Securities issued by a listed entity for which Official Quotation will not be sought after the period specified in the Procedures.

Introduced 11/03/04 Origin ASX 2.4.2 Amended 28/11/05

16.1.4 Dealings in Cash Market Products suspended from Official Quotation

A Trading Participant must not deal in Cash Market Products which have been suspended from Official Quotation unless prior written approval has been given by ASX.

Introduced 11/03/04 Origin ASX 2.4.3 Amended 28/11/05

16.2 DEALINGS IN CASH MARKET PRODUCTS

16.2.1 Dealings on Trading Platform

Except as otherwise permitted in these Rules or permitted in writing by ASX, Cash Market Transactions must be made in a Trading Platform in accordance with Section 31.

Introduced 11/03/04 Origin ASX 2.5.1 Amended 28/11/05

16.2.2 New Zealand Stock Exchange exemption

A Trading Participant may buy or sell (but may not Cross) Cash Market Products through members of the New Zealand Stock Exchange if the sale or purchase:

- (a) is made in Cash Market Products which are quoted on both ASX and the New Zealand Stock Exchange; and
- (b) is made on the New Zealand Stock Exchange during its trading hours.

Introduced 11/03/04 Origin ASX 2.5.2 Amended 28/11/05

16.3 OVERNIGHT TRADING

16.3.1 Order Priority on SEATS – [Deleted]

Introduced 11/03/04 Origin ASX 2.6.1, 2.6.4(2) Deleted 28/11/05 [SEE NEW SECTION 31]

16.3.2 Pre-Opening Phase – [Deleted]

Introduced 11/03/04 Origin ASX 2.6.2 Deleted 28/11/05 [SEE NEW SECTION 31]

16.3.3 Opening Phase – [Deleted]

Introduced 11/03/04 Origin ASX 2.6.3 Deleted 28/11/05

16.3.4 Normal Trading – [Deleted]

Introduced 11/03/04 Origin ASX 2.6.4(1) Deleted 28/11/05

16.3.5 Prohibitions in period prior to commencement of Normal Trading – [Deleted]

Introduced 11/03/04 Origin ASX 2.6.5 Deleted 28/11/05

16.3.6 Closing Single Price Auction – [Deleted]

Introduced 11/03/04 Origin ASX 2.6.5A Amended 28/11/05 Deleted 28/11/05

16.3.7 Closing Phase – [Deleted]

Introduced 11/03/04 Origin ASX 2.6.6 Deleted 28/11/05

16.3.8 After Hours Adjust Phase – [Deleted]

Introduced 11/03/04 Origin ASX 2.6.7 Deleted 28/11/05

16.3.9 The Enquire Phase – [Deleted]

Introduced 11/03/04 Origin ASX 2.6.8 Deleted 28/11/05

16.3.10 Overnight Trading

Notwithstanding Rule 16.2.1, but otherwise subject to these Rules, Trading Participants may deal in Cash Market Products other than on a Trading Platform during the period set out in the Procedures on their own account or in respect of instructions received by them during the period set out in the Procedures. Such dealing may be conducted at any price agreed between the relevant parties.

Introduced 28/11/05

16.4 SUSPENSIONS AND TRADING HALTS

16.4.1 Suspensions

- (a) Cash Market Products which have been suspended from Official Quotation can only be traded with the permission of ASX.
- (b) Bids and Offers in Cash Market Products the subject of the suspension will be placed in suspend.
- (c) At the termination of the period of suspension, trading in the Cash Market Products which are the subject of the suspension proceed to Open Session State after a period of Pre-Open Session State.

Introduced 11/03/04 Origin ASX 2.16.1 Amended 28/11/05

16.4.2 Trading halts

- (a) A trading halt may be imposed by ASX in respect of Cash Market Products if:
 - (i) ASX receives or releases an announcement in relation to an Issuer which, in the opinion of ASX, is market sensitive; or
 - (ii) an Issuer requests a trading halt and ASX agrees to impose a trading halt.
- (b) Cash Market Products subject to a trading halt will be placed into Pre-Open Session State or Trading Halt Session State (as applicable). However, if the trading halt is imposed after the end of Open Session State, the Traded Products subject to a trading halt will be placed into Pre-Open Session State or Trading Halt Session State (as applicable) the next Trading Day.
- (c) Cash Market Products subject to a trading halt must not be traded (including by way of Crossings and Special Crossings) during the period of the trading halt, regardless of whether the Cash Market Products have been placed into Pre-Open Session State.
- (d) A trading halt will end at the earlier of:

- (i) the time announced by ASX that the trading halt will end (and ASX will provide at least ten minutes notice before the end of the trading halt); or
 - (ii) the commencement of Open Session State on the second Trading Day after the day the trading halt is imposed.
- (e) When a trading halt ends, the Cash Market Products will be placed in the Session State applying to the relevant sector of the market unless ASX decides otherwise.

Introduced 11/03/04 Origin ASX 2.16.2 Amended 28/11/05

16.5 ETF SPECIAL TRADES

16.5.1 ETF Special Trade permitted

A Trading Participant may effect an ETF Special Trade, either acting as Principal or as agent, by buying or selling an ETF Portfolio where:

- (a) the other party is either the issuer of ETF Securities or its agent;
- (b) if the Trading Participant is selling an ETF Portfolio, the Trading Participant has applied for the issue of ETF Securities and the sale is required as part of the subscription process; and
- (c) if the Trading Participant is buying an ETF Portfolio, the Trading Participant has requested a redemption of ETF Securities and the purchase is required as part of the redemption process.

Introduced 11/03/04 Origin ASX 2.8A.1

16.5.2 Notification to ASX

Where a Trading Participant effects an ETF Special Trade, the Trading Participant must:

- (a) immediately advise Market Control by the method set out in the Procedures; and
- (b) enter details of the transaction in a Trading Platform by the time and using the condition code set out in the Procedures.

Introduced 11/03/04 Origin ASX 2.8A.2 Amended 28/11/05

16.5.3 No NGF cover for ETF Special Trades

An ETF Special Trade is not reportable to ASX and does not constitute a “reportable transaction” for the purposes of the National Guarantee Fund cover.

Introduced 11/03/04 Origin ASX 2.8A.3

16.6 QUOTATION – CORPORATE ACTIONS

16.6.1 Reflection of corporate actions

ASX may quote a Cash Market Product so as to reflect or take account of corporate actions in respect of the Cash Market Product including, for example:

- (a) entitlements to dividends, interest or capital returns; or
- (b) bonus issues, rights issues, priorities and other entitlements.

The Procedures may set out how and when ASX may quote a Cash Market Product in specified circumstances.

Introduced 11/03/04 Amended 28/11/05

16.7 BASIS OF QUOTATION AND DEALING ON A DIFFERENT BASIS OF QUOTATION

16.7.1 General Rule

Unless Rule 16.7.2 or Rule 16.7.3 applies, all Cash Market Transactions will be entered into and executed on the basis upon which the relevant Cash Market Product is quoted at the time of entry into the Cash Market Transaction.

Introduced 11/03/04 Origin ASX 2.9.1 Amended 28/11/05

16.7.2 Exception if market for dealing is established

A Trading Participant may deal on a Trading Platform in a Cash Market Product on a basis different to the existing quotation if a market for such dealing is established in accordance with the following process:

- (a) the Trading Participant must advise Market Control of the proposal to deal on a different basis of quotation and Market Control may then cause an announcement to be made to Trading Participants, in accordance with the Procedures of the different basis of quotation;
- (b) dealing on the different basis of quotation will not commence until the expiry of a period of Pre-Open Session State specified in the Procedures. Trading Participants may change Bid and Offer prices during that period of Pre-Open Session State; and
- (c) trading on the different basis of quotation will only be permitted on the Trading Day on which the different basis of quotation was announced in accordance with paragraph (a).

Introduced 11/03/04 Origin ASX 2.9.2(1) Amended 28/11/05

16.7.3 Exception for Special Crossings

A Trading Participant may effect a Special Crossing in Cash Market Products in accordance with Section 18 on a basis different to the existing basis of quotation provided the Trading Participant reports that different basis of quotation in a Trading Platform.

Introduced 11/03/04 Origin ASX 2.9.2(2) Amended 28/11/05

16.7.4 Exercise of Options Market Contract giving rise to Cash Market Transaction

For the avoidance of doubt, and subject to Rules 16.7.2 and 16.7.3, where the exercise of an Options Market Contract gives rise to a Cash Market Transaction, that Cash Market Transaction is entered into and is to be executed on the basis of quotation to which the relevant Cash Market Product was subject on the date on which the exercise notice was submitted to the Approved Clearing Facility.

Introduced 28/11/05

16.8 DISCLOSURE OF QUANTITY OF TRADED PRODUCTS BID OR OFFERED

16.8.1 Trading Participant must disclose quantity - Deleted

Introduced 11/03/04 Origin ASX 2.10.1(1) Deleted 28/11/05

16.8.2 Undisclosed quantity - Deleted

Introduced 11/03/04 Origin ASX 2.10.1(2) Deleted 28/11/05

16.8.3 Prohibitions - Deleted

Introduced 11/03/04 Origin ASX 2.10.1(3) Deleted 28/11/05

16.9 CONDITIONAL TRADING

16.9.1 Conditional Sale

Notwithstanding any provision of these Rules to the contrary, a Conditional Sale of Cash Market Products will be cancelled in accordance with this Rule 16.9 if the Condition is not fulfilled.

Introduced 11/03/04 Origin ASX 2.12.1 Amended 28/11/05

16.9.2 When ASX may declare a Conditional Market

ASX may notify Trading Participants, in writing, that a market for a Cash Market Product is or will be a Conditional Market if:

- (a) an Issuer or vendor of Cash Market Products the subject of an offering has:
 - (i) requested ASX in writing to provide a Conditional Market;
 - (ii) specified at least one Condition under Rule 16.9.3(b);
 - (iii) specified the date by which each Condition is required to be satisfied; and
 - (iv) undertaken to notify ASX immediately of the fulfilment or non-fulfilment of each Condition;
- (b) the offering of the Cash Market Products:
 - (i) has a total value of at least the value set out in the Procedures; or

- (ii) anticipates pre-allotment or pre-transfer trading on an overseas market; or
 - (iii) if the Cash Market Products in question are Warrants, a Conditional Market applies in relation to the Underlying Instrument in respect of that Warrant;
- (c) the offer document for the Cash Market Products:
 - (i) states that it is the responsibility of an applicant for Cash Market Products under that offering to verify their holding and sets out procedures to do this; and
 - (ii) describes the basis of pre-allotment or pre-transfer trading in a manner which clearly describes the underlying contingent nature of the issue or sale of Cash Market Products;
- (d) the Issuer or vendor agrees in writing with ASX to observe a dispatch date stipulated by ASX, being a date no later than 5 Business Days after the date of satisfaction of all the Conditions;
- (e) an announcement of the basis of quotation as being conditional has been made in accordance with the Procedures; and
- (f) the Issuer or vendor provides a market announcement of the Conditions for the Conditional Market and any other information required by Listing Rule 3.1 for release to the market.

Introduced 11/03/04 Origin ASX 2.12.2(1), 2.12.2(3) Amended 28/11/05

16.9.3 Conditions

A Conditional Market in Cash Market Products will be subject to the following Conditions:

- (a) the allotment or transfer of the Cash Market Products to successful applicants under the offer; and
- (b) each condition which is specified by the Issuer or vendor of the Cash Market Products and which is:
 - (i) (in the case of a condition specified by an Issuer) a prerequisite to the Issuer allotting Cash Market Products to applicants under the offer;
 - (ii) (in the case of a condition specified by a vendor) a prerequisite to the vendor transferring Cash Market Products to applicants under the offer; and
 - (iii) (in any case) a condition the satisfaction of which cannot be influenced by those who will buy and sell the Cash Market Products on the Conditional Market.

Introduced 11/03/04 Origin ASX 2.12.2(2) Amended 28/11/05

16.9.4 Conditional Market operation

A Conditional Market in Cash Market Products will only be permitted to operate if prior to the commencement of the Conditional Market:

- (a) the issue or sale price of the Cash Market Products the subject of the offering has been determined; and
- (b) the Issuer or vendor has made arrangements satisfactory to ASX to enable applicants for Cash Market Products the subject of the offering to determine their entitlements.

The Conditional Market will only be permitted to operate for the period of time determined by ASX.

Introduced 11/03/04 Origin ASX 2.12.3(1) Amended 28/11/05

16.9.5 Trading on a Conditional Market

Trading of Cash Market Products on a Conditional Market will be on a deferred settlement basis.

Introduced 11/03/04 Origin ASX 2.12.3(2) Amended 28/11/05

16.9.6 Non-fulfilment of Condition

If the Issuer or vendor does not notify ASX of the fulfilment or non-fulfilment of a Condition on the date by which that Condition was required to be satisfied, the Condition will be deemed not to have been fulfilled. If the Issuer or the vendor notifies ASX of the non-fulfilment of a Condition, ASX and the parties to a Conditional Sale are entitled to rely on this notification as conclusive evidence of its non-fulfilment.

Introduced 11/03/04 Origin ASX 2.12.4(1)

16.9.7 Cancellation after non-fulfilment of a Condition

A Conditional Sale (and the corresponding conditional purchase) is cancelled after non-fulfilment of a Condition under Rule 16.9.6. This cancellation is effective:

- (a) if notice of non-fulfilment was given to ASX, upon receipt of that notice; or
- (b) if no notice of fulfilment or non-fulfilment was received by ASX, on the Trading Day immediately following the date on which the Condition was required to be satisfied.

The cancellation occurs without any liability of the Trading Participants concerned other than for the return of any money paid, or Cash Market Products or documents delivered, in connection with settlement of the Conditional Sale (and corresponding conditional purchase). The effect of the cancellation is to avoid the contract for the sale and purchase of Cash Market Products.

Introduced 11/03/04 Origin ASX 2.12.5 Amended 28/11/05

16.9.8 Fulfilment of Condition

If the Issuer or the vendor notifies ASX of the fulfilment of a Condition, ASX and the parties to a Conditional Sale are entitled to rely on this notification as conclusive evidence of its fulfilment. Immediately on receipt of that notice by ASX of fulfilment of all Conditions:

- (a) all sales that were conditional become unconditional;
- (b) ASX will announce that Conditional Sales have become unconditional; and

- (c) subject to Rule 16.9.9, the Settlement Day of all those sales will be the date set out in the Procedures, or otherwise determined and announced by ASX.

Introduced 11/03/04 Origin ASX 2.12.4(2), 2.12.4(3)

16.9.9 Alternative settlement arrangements

Notwithstanding any provision of these Rules to the contrary, parties to a Conditional Sale may:

- (a) agree to a particular settlement date which is a date other than the Settlement Day under Rule 16.9.8; or
- (b) effect delivery obligations other than on that Settlement Day under Rule 16.9.8,

provided that the particular settlement date or the date of effecting delivery obligations is not before the date ASX announces under Rule 16.9.8 that Conditional Sales have become unconditional.

Introduced 11/03/04 Origin ASX 2.12.4(4)

16.10 FORWARD DELIVERY

16.10.1 Requirements for beneficial ownership

A Trading Participant must not sell or offer to sell to any person, Cash Market Products on a forward delivery basis if those Cash Market Products are not beneficially owned by:

- (a) the Trading Participant; or
- (b) the client for whom the Trading Participant is dealing in the transaction.

Introduced 11/03/04 Origin ASX 2.13.1(1) Amended 28/11/05

16.10.2 Clearing Participant compliance a precondition to Forward Delivery Transactions

Before a Trading Participant enters into a Forward Delivery Transaction on behalf of a client, the Trading Participant must ensure that its Relevant Clearing Participant has complied with the provisions of Schedule 7 in relation to that Forward Delivery Transaction.

Introduced 11/03/04 Amended 09/12/04 28/11/05

16.10.3 Dividends

At settlement of a Forward Delivery Transaction, the seller must account to the buyer for all dividends payable by the Issuer of the Cash Market Product to the seller between the date of the Forward Delivery Transaction and settlement of the transaction.

Introduced 11/03/04 Origin ASX 2.13.4 Amended 28/11/05

16.10.4 Reporting

The Trading Participant must report a Forward Delivery Transaction in accordance with Rule 16.12.

Introduced 11/03/04 Origin ASX 2.13.5

16.11 COMBINATIONS

16.11.1 Compliance with Sections 21 and 22 in respect of Derivative/Cash Combinations

Where a Trading Participant in Defined Circumstances has an Order to buy or sell Cash Market Products and that Order is conditional upon the entry into a Derivatives Market Contract in respect of those Cash Market Products, the Trading Participant must comply with Section 21, or in the case of a Crossing, Section 22.

Introduced 11/03/04 Origin ASX 2.14 Amended 28/11/05.

16.11.2 Trading in Cash Only Combinations in the Central Orderbook

A Trading Participant may only enter Trading Messages in respect of Cash Only Combinations in the Central Orderbook in accordance with the Procedures and an appropriate Trading Permission.

Introduced 28/11/05

16.11.3 Trading in Cash Only Combinations in the Bulletin Board

A Trading Participant may enter and transact orders in Cash Only Combinations in the Bulletin Board in accordance with the Procedures and an appropriate Trading Permission, if:

- (a) the combination is not permitted at that time to be entered or traded by any Trading Participants in the Central Orderbook;
- (b) the Trading Participant complies with any requirements of these Rules in relation to the transaction in each component Cash Market Transaction;
- (b) the transaction in each Cash Market Transaction is entered into at or within the then current Bid and Offer for the relevant Cash Market Products as displayed in a Trading Platform; and
- (c) the combination is transacted In Price/Time Priority and in accordance with Procedures.

Introduced 28/11/05

16.11.4 Time of entry into Cash Market Transactions that are component parts of Cash Only Combinations

Each component Cash Market Transaction of a Cash Only Combination is entered into and each component Bid and Offer ceases to be contingent on each other when:

- (a) each such component Bid and Offer has been matched in a Trading Platform;
- (b) a Crossing of the Cash Only Combination is effected under Section 17; or
- (c) a Special Crossing of the Cash Only Combination is effected under Section 18.

Introduced 28/11/05

16.11.5 Obligation to report Cash Market Transactions that form part of a Cash Only Combination

A Trading Participant must promptly report each Cash Market Transaction that forms part of a Cash Only Combination entered into by the Trading Participant in accordance with Rule 16.12.

Introduced 28/11/05

16.12 REPORTING

16.12.1 General obligation to report

A Trading Participant must report to ASX in a Trading Platform the following:

- (a) all sales of Cash Market Products effected by the Trading Participant;
- (b) all Crossings and Special Crossings in Cash Market Products; and
- (c) all transactions effected pursuant to Rules 16.2.2 and 17.6,

except for transactions listed in the Procedures.

Introduced 11/03/04 Origin ASX 2.15.2 Amended 28/11/05

16.12.2 Information generated automatically

A Trading Participant is taken to have reported the information referred to in Rule 16.12.1 if that information is generated automatically and supplied to ASX through facilities provided by ASX in accordance with any applicable Procedures.

Introduced 11/03/04 Origin ASX 7.7.6.2

16.12.3 Procedures for reporting

The transactions covered by this Rule 16.12 must be reported by the time and in the manner set out in the Procedures. Introduced 11/03/04

16.13 MINIMUM BIDS AND OFFERS - DELETED

16.13.1 Only to be entered in prescribed minimum amounts - Deleted

Introduced 11/03/04 Deleted 28/11/05

16.14 DEALING TO ASSIST AN ISSUER TO AGGREGATE SMALL HOLDINGS

16.14.1 Application of Rule

This Rule 16.14 applies where an issuer of Cash Market Products wants to reduce the number of small holdings which:

- (a) constitute less than a Marketable Parcel; or

- (b) have an aggregate market price of less than \$1,000 or such other amount as may be approved by ASX,

(referred to in this Rule as “**Small Parcels**”).

Introduced 11/03/04 Origin ASX 3.2(1) Amended 28/11/05

16.14.2 Trading Participant may send letter offering to buy or sell Small Parcel

A Trading Participant may assist an issuer of Traded Products to meet the objective referred to in Rule 16.4.1 by offering (whether as Principal or on behalf of a client) to buy or sell Small Parcels (which meet the criteria for Small Parcels as at the date of the offer). The offer must be contained in a letter which sets out:

- (a) details of the offer including the basis on which the price at which the Cash Market Products comprised in the Small Parcel will be purchased or sold; and
- (b) the time by which the offer must be accepted.

The price referred to in paragraph (a) must be reasonable, having regard to prevailing market prices. A draft of the letter must have been submitted to ASX and ASX must have notified the Trading Participant that it does not object to the letter prior to dispatch of the letter.

Introduced 11/03/04 Origin ASX 3.2(2) Amended 28/11/05

16.14.3 Disclosure where acting as Principal

Where the Trading Participant acts as Principal, then the letter in Rule 16.14.2 must state that the Trading Participant is acting as Principal.

Introduced 11/03/04 Origin ASX 3.2(3)

16.15 INABILITY TO SATISFY CLIENT ORDER FOR MARKETABLE PARCEL

16.15.1 Trading Participant can resell Cash Market Products

If:

- (a) a Trading Participant enters into a contract or allocates the benefit of a contract to a client to satisfy in part that client's order to buy Cash Market Products;
- (b) the Trading Participant is unable to obtain within the time agreed with the client a sufficient number of Cash Market Products to complete that client's order; and
- (c) upon registration of a transfer in accordance with the contract, the client would hold less than a Marketable Parcel of the Cash Market Products the subject of the contract,

the Trading Participant may re-sell the Cash Market Products the subject of the contract or contracts at the client's risk and expense, which expense may include brokerage.

Introduced 11/03/04 Amended 28/11/05

16.16 EXPENSES

16.16.1 Reimbursement for out-of-pocket expenses

A Trading Participant may charge a client out-of-pocket expenses involved in the purchase or sale of Cash Market Products but that charge must not be covered by an increase or reduction in the price.

Introduced 11/03/04 Amended 28/11/05

16.17 TERMS OF CONTRACT - DELETED

16.17.1 Terms of contract upon matching - Deleted

Introduced 11/03/04 Deleted 28/11/05

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17 CROSSINGS – CASH MARKET PRODUCTS

Section 17 defines “Crossings” in respect of Cash Market Products and sets out the circumstances in which they may occur.

17.1 GENERAL CROSSING RULES

17.1.1 Crossings permitted

A Crossing in Cash Market Products or in a Cash Only Combination may only be effected in accordance with this Section 17 or, if it constitutes a Special Crossing, in accordance with Section 18.

Introduced 11/03/04. Amended 28/11/05

17.1.2 Application of Section

This Section only applies in respect of transactions in Cash Market Products and Cash Only Combinations.

Introduced 28/11/05

17.2 CROSSINGS DURING OPEN SESSION STATE

17.2.1 Crossings permitted during Open Session State

Crossings during Open Session State may be effected in accordance with one of Rules 17.2.2, 17.2.3 or 17.2.4.

Introduced 11/03/04. Origin ASX 2.7.1(1) Amended 28/11/05

17.2.2 Crossings using Automated Order Processing

A Crossing can be effected by matching in a Trading Platform a Bid or Offer entered or amended using Automated Order Processing with a pre-existing or simultaneously entered or amended Bid or Offer of the Trading Participant, if:

- (a) the Trading Participant has made the disclosure required under Rule 7.7;
- (b) the Trading Participant has not pre-arranged the entry of the Bids or Offers; and
- (c) the same Authorised Person does not enter both sides of the Crossing.

Introduced 11/03/04. Origin ASX 2.7.1(1)(a) Amended 28/11/05

17.2.3 Crossings using pre-existing Bid or Offer

A Crossing can be effected by matching in a Trading Platform a Bid or Offer with a pre-existing Bid or Offer of the Trading Participant if:

- (a) the Trading Participant has not pre-arranged the entry of the Bids or Offers; and

- (b) the second Bid or Offer was entered or amended at least 10 seconds after the first Bid or Offer was entered or amended.

The Crossing is then executed In Price/Time Priority.

Introduced 11/03/04. Origin ASX 2.7.1(1)(b) Amended 28/11/05

17.2.4 Priority Crossings

A "Priority Crossing" can be effected in respect of Cash Market Products or Cash Only Combination in a Trading Platform at the Crossing price, if:

- (a) the Trading Participant has an Order in the Trading Platform at the price at which the Trading Participant wants to Cross (i.e. the Trading Participant appears in the market);
- (b) there is a Crossing Market, or the Trading Participant creates a Crossing Market; and
- (c) the Crossing Market has existed for at least 10 seconds.

Introduced 11/03/04 Origin ASX 2.7.1(1)(c).....Amended 28/11/05

17.2.5 Execution of Priority Crossings by the Trading Platform

The Trading Participant executes a Priority Crossing in a Cash Market Product or a Cash Only Combination as follows:

- (a) before the Priority Crossing Order can be executed at the Crossing price, all Bids and Offers in the Trading Platform at better prices are satisfied, as far as possible. The Trading Participant does not satisfy Bids and Offers at the same price, even if they would otherwise have time priority under these Rules;
- (b) in the case of a Crossing of a Cash Only Combination, the net price at which the crossing sought to be transacted must be at or within the best current Bid and Offer for the Combination and at or within the market for the Combination, calculated by reference to the best current Bid and Offer (if any) for the component single Cash Market Products; and
- (b) any remaining part of the Crossing Order is then crossed at the Crossing price under the appropriate condition code in accordance with the Procedures.

Introduced 11/03/04. Origin ASX 2.7.1(1)(c), 2.7.1(2) Amended 28/11/05

17.3 CROSSINGS DURING THE CLOSING PHASE – DELETED

Introduced 11/03/04 Deleted 28/11/05

17.4 CROSSINGS DURING THE AFTER HOURS ADJUST PHASE – DELETED

Introduced 11/03/04 Deleted 28/11/05

17.5 CROSSINGS DURING THE ENQUIRE PHASE – DELETED

Introduced 11/03/04. Origin AXBR 2.7.4 Deleted 28/11/05

17.6 CROSSINGS PRIOR TO COMMENCEMENT OF OPEN SESSION STATE

17.6.1 Crossings permitted prior to the commencement of Open Session State in limited circumstances

Subject to Rule 20.6, a Crossing may be effected at the time, and reported in accordance with Rule 16.12 during the time, set out in the Procedures when:

- (a) an overseas resident client is involved in both sides of the transaction; or
- (b) an overseas resident client is involved in one side and the Trading Participant is acting as Principal on the other side of the transaction; and
- (c) a stock market maintained by a Recognised Stock Exchange either:
 - (i) in the overseas client's country of residence; or
 - (ii) if both sides of the transaction involve overseas resident clients, in the country of residence of one of those clients,is open for trading at that time; and
- (d) it is executed in accordance with the Procedures.

Introduced 11/03/04. Origin AXBR 2.7.4A Amended 28/11/05

17.7 CROSSINGS DURING OVERNIGHT TRADING

17.7.1 When a Trading Participant may effect a Crossing

Subject to Rule 20.6, if a Trading Participant receives an instruction from a client to buy or sell Cash Market Products between the times set out in the Procedures, the Trading Participant may effect a Crossing during those hours in respect of that instruction (the other side of the transaction being either as Principal or on behalf of another client whose instructions were received at any time) at the price:

- (a) if the Trading Participant is acting on behalf of two clients, negotiated on account of the clients; or
- (b) if the Trading Participant sells or buys the Cash Market Products as Principal, agreed between the client and the Trading Participant,

and the Crossing must be reported in accordance with Rule 16.12.

Introduced 28/11/05 Origin AXBR 2.7.4 Old ASX MR 17.5

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SECTION 18 SPECIAL CROSSINGS – CASH MARKET PRODUCTS

Section 18 defines “Special Crossings” in respect of Cash Market Products and sets out the circumstances in which they may occur.

18.1 GENERAL SPECIAL CROSSINGS RULES

18.1.1 Special Crossings permitted

Subject to Rules 16.4 and 20.8.1, a Special Crossing of Cash Market Products and Cash Only Combinations can be effected at any time by a Trading Participant at a price:

- (a) if the Trading Participant is acting on behalf of two clients, negotiated on account of the clients; or
- (b) if the Trading Participant sells or buys the Cash Market Products as Principal (within the meaning of Rule 7.3.5), agreed between the client and the Trading Participant.

Introduced 11/03/04. Origin ASX 2.8.1 Amended 28/11/05

18.1.2 Reporting Special Crossings

A Special Crossing of Cash Market Products must be reported in accordance with Rule 16.12 (and, if applicable, notified under Rule 18.2.2(d)). Each component Cash Market Transaction of a Crossed Cash Only Combination must be simultaneously reported in accordance with Rule 16.12 (and, if applicable, notified under Rule 18.2.2(d))

Introduced 11/03/04. Origin ASX 2.8.1(2) Amended 28/11/05

18.2 BLOCK SPECIAL CROSSINGS

18.2.1 What constitutes a Block Special Crossing

A Crossing of Cash Market Products is a Block Special Crossing and may be effected by a Trading Participant as a Special Crossing if:

- (a) the consideration for the transaction is not less than the amount set out in the Procedures; and
- (b) the Cash Market Products are:
 - (i) either bought or sold (respectively) by the Trading Participant as agent on behalf of one or more clients of the Trading Participant or in both capacities; and
 - (ii) either sold or bought (respectively) by the Trading Participant as Principal (within the meaning of Rule 7.3.5) or as agent on behalf of one client of the Trading Participant (the client may be a Funds Manager acting on behalf of more than one client account).

Where the Cash Market Product is a share, a Market Participant may aggregate for the purposes of a Special Crossing different classes of shares which differ only in relation to the amount of dividend payable.

Introduced 11/03/04. Origin ASX2.8.2, 2.8.3(1), 2.8.3(2) Amended 28/11/05

18.2.2 Facilitated Specified Size Block Special Crossings

A Block Special Crossing (or other trade prescribed by ASX and not objected to by the Commission) of Cash Market Products notified to Trading Participants may be effected by a Trading Participant as a "**Facilitated Specified Size Block Special Crossing**" if:

- (a) the parties to the trade are the Trading Participant acting as Principal (within the meaning of Rule 7.3.5) and the Trading Participant acting as agent on behalf of one client (the client may be a Funds Manager acting on behalf of more than one fund);
- (b) the consideration for the transaction is at least the amount specified in the Procedures in respect of the relevant Cash Market Product;
- (c) the trade is not effected to unwind, close out or liquidate (in whole or in part) a position established by a trade which meets the requirements in paragraphs (a) and (b); and
- (d) the trade is notified to ASX in the time and manner specified in the Procedures.

Introduced 11/03/04. Origin ASX 2.8.3(1A) Amended 28/11/05

18.3 PORTFOLIO SPECIAL CROSSINGS AND SPECIAL CROSSINGS OF CASH ONLY COMBINATIONS

18.3.1 What constitutes a Portfolio Special Crossing

A Crossing of Cash Market Products is a Portfolio Special Crossing and may be effected by a Trading Participant as a Special Crossing if:

- (a) the portfolio comprises a number of purchases and/or sales of different Cash Market Products pursuant to a single agreement for an agreed price;
- (b) the Trading Participant:
 - (i) acts as agent for both the buyer and seller of the portfolio; or
 - (ii) as Principal (within the meaning of Rule 7.3.5) buys from or sells to the client, the portfolio;
- (c) there are at least the number of purchases and/or sales set out in the Procedures of different Cash Market Products which have a consideration of not less than the amount set out in the Procedures, although additional purchases and/or sales of less than the amount set out in the Procedures may be included; and
- (d) the total consideration for all purchases and/or sales making up the portfolio is not less than the amount set out in the Procedures.

ASX may set out in the Procedures Cash Market Products that cannot be included in a Portfolio Special Crossing.

Introduced 11/03/04. Origin ASX 2.8.4 Amended 28/11/05

18.3.2 Special Crossing of Cash Only Combinations

A Special Crossing of Cash Only Combinations, may be effected if:

- (a) the number of component Cash Market Transaction set out in the Procedures constitute Block Special Crossings under Rule 18.2;
- (b) the relevant client (or clients in the case of a Crossing referred to in paragraph (a) of the definition of “**Crossing**”) for the transaction in each component Market Transaction is (or are) the same or the Trading Participant is principal in each component Market Transaction; and
- (e) the Special Crossing is effected in accordance with the Procedures.

Introduced 28/11/05

18.4 INDEX REPLICATING SPECIAL CROSSING

18.4.1 Approved Index

ASX may approve an index as an “**Approved Index**” if:

- (a) at least the percentage set out in the Procedures of the classes of Cash Market Products comprising the index are, in the opinion of ASX, illiquid; and
- (b) it is appropriate to do so, having regard to Rule 1.13.

Introduced 11/03/04. Origin ASX 2.8.4A(1) Amended 28/11/05

18.4.2 What constitutes an Index Replicating Special Crossing

A Crossing in Cash Market Products is an Index Replicating Special Crossing and may be effected by a Trading Participant as a Special Crossing where the Trading Participant is acting as Principal (within the meaning of Rule 7.3.5) and the other party to the Special Crossing is the entity which is acquiring the Cash Market Products and at the time of the Special Crossing:

- (a) the Cash Market Products comprise not less than the percentage of all classes of Cash Market Products set out in the Procedures which are included in an Approved Index; and
- (b) the aggregate value of the Cash Market Products is not less than the minimum amount of the consideration permitted for a Block Special Crossing under Rule 18.2 or the percentage of the value of the Approved Index set out in the Procedures (where the method of valuation is set out in the Procedures), whichever is the greater.

Introduced 11/03/04. Origin ASX 2.8.4A(2) Amended 28/11/05

18.5 UNDERWRITING DISPOSAL SPECIAL CROSSINGS

18.5.1 What constitutes an Underwriting Disposal Special Crossing

A Crossing of Cash Market Products is an Underwriting Disposal Special Crossing and may be effected by a Trading Participant as a Special Crossing where the transaction involves the initial disposal by the Trading Participant of the underwriter's or sub-underwriter's commitment.

Introduced 11/03/04. Origin ASX 2.8.5 Amended 28/11/05

18.6 EXCHANGE APPROVED SPECIAL CROSSINGS

18.6.1 What constitutes an Exchange Approved Special Crossing

A Crossing of Cash Market Products is an Exchange Approved Special Crossing and may be effected by a Trading Participant as a Special Crossing with the prior approval of ASX where:

- (a) the sale is for the purpose of enabling an Issuer to maintain or obtain a spread of holders in accordance with the Listing Rules; or
- (b) the sale results from an approach to holders of Cash Market Products of an Issuer pursuant to Rule 16.14.

Introduced 11/03/04. Origin ASX 2.8.6 Amended 28/11/05

18.7 COMPLETION OF ORDER SPECIAL CROSSINGS

18.7.1 What constitutes a Completion of Order Special Crossing

A Crossing of Cash Market Products is a Completion of Order Special Crossing and may be effected by a Trading Participant as a Special Crossing when the Cash Market Products constituting the sale comprise less than a Marketable Parcel and the sale is made for the purpose and will have the effect of:

- (a) completing a client's order in accordance with the terms of that order; or
- (b) reselling the Cash Market Products pursuant to Rule 16.15.

Introduced 11/03/04. Origin ASX 2.8.7 Amended 28/11/05

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SECTION 19 SHORT SELLING – CASH MARKET PRODUCTS

Section 19 sets out the circumstances in which Trading Participants may short sell Cash Market Products.

19.1 GENERAL RULE

19.1.1 **Application limited to section 1020B products**

This Section 19 applies only to "section 1020B products" within the meaning of section 1020B of the Corporations Act.

Introduced 11/03/04.

19.1.2 **Compliance with Rule and Corporations Act**

A Trading Participant is only permitted to effect a Short Sale in accordance with the Corporations Act and this Section 19.

Introduced 11/03/04. Origin ASX 2.11.1(1)

19.1.3 **Arbitrage transactions**

Rule 19.2 complements the requirements of Section 1020B(4)(b) of the Corporations Act and must be observed when a Trading Participant wants to effect a Short Sale as part of an arbitrage transaction.

Introduced 11/03/04. Origin ASX 2.11.1(2)

19.1.4 **Section 1020B(4)(e) Corporations Act transactions**

Subject to Rule 19.6.1, Rules 19.3 to 19.6 contain requirements which must be observed when a Trading Participant wants to effect a Short Sale in accordance with Section 1020B(4)(e) of the Corporations Act.

Introduced 11/03/04. Origin ASX 2.11.1(3)

19.1.5 **Section 1020B(4)(d) Corporations Act transactions**

Rules 19.6.1(b) and 19.6.2(b) refer to reporting requirements which must be observed when a Trading Participant wishes to effect a Short Sale in accordance with Section 1020B(4)(d) of the Corporations Act.

Introduced 11/03/04. Origin ASX 2.11.1(4)

19.2 ARBITRAGE TRANSACTIONS

19.2.1 Bona fide arbitrage transaction

A Trading Participant which is registered with ASX as an arbitrageur, may sell Cash Market Products before buying the same Cash Market Products on a bona fide arbitrage account in another market. In doing so, either:

- (a) the sale obligation must be covered by the acquisition of Cash Market Products to fill it, prior to the close of business on the second Business Day after the sale; or
- (b) the shortfall in Cash Market Products to meet the sale obligation must be notified to ASX by the time set out in the Procedures, and then daily until the shortfall no longer exists and the sale obligation is covered.

Introduced 11/03/04. Origin ASX 2.11.2(1)&(2) Amended 28/11/05

19.2.2 Not a bona fide arbitrage transaction

If a Trading Participant effects a sale in another market which, in the opinion of ASX, is not a bona fide arbitrage transaction, the registration of the Trading Participant as an arbitrageur will be cancelled.

Introduced 11/03/04. Origin ASX 2.11.2(3)

19.3 PERMITTED SHORT SELLING OF APPROVED SHORT SALE PRODUCTS AND PUBLIC SECURITIES

19.3.1 Short selling permitted

Except if Rule 19.3.2 applies, a Trading Participant may, subject to Rules 19.5, 19.6, 19.7 and 19.8, Short Sell:

- (a) an Approved Short Sale Product; or
- (b) a Public Security,

in accordance with this Rule 19.3. Except as otherwise provided in this Rule 19.3, the Rules apply to these Short Sales as if they were sales in which the vendor has a presently exercisable and unconditional right to vest the relevant Cash Market Product in the purchaser.

Introduced 11/03/04. Origin ASX 2.11.3(1)&(2) Amended 28/11/05

19.3.2 Exception

The provisions of this Rule 19.3 do not apply to Cash Market Products which are bought and sold in accordance with Rule 19.2.

Introduced 11/03/04. Origin ASX 2.11.7 Amended 28/11/05

19.3.3 Short Sale during Open Session State

A Short Sale of an Approved Short Sale Product during Open Session State may only be made if the price is not lower than the price at which the last reported sale of the Approved Short Sale Product was made during Open Session State.

Introduced 11/03/04. Origin ASX 2.11.3(6) Amended 28/11/05

19.3.4 Short Sale during Pre-Open, Pre-Notice Received or Pre-CSPA Session State

Where a Trading Participant enters an order to effect a Short Sale of an Approved Short Sale Product during the Pre-Open Session State, the Pre-Notice Received Session State or the Pre-CSPA Session State, the order must not result in a reduction of the Equilibrium Price displayed on a Trading Platform immediately before the order is entered. If there is no Equilibrium Price displayed on a Trading Platform, the order may only be made if the price is not lower than the price at which the last reported sale of the Approved Short Sale Product was made during Open Session State.

Introduced 11/03/04. Amended 28/11/05

19.3.5 Short Sale during Closing Phase or After Hours Adjust Phase - Deleted

Introduced 11/03/04. Origin ASX 2.11.3(7) Deleted 28/11/05

19.3.6 Short Sale during overnight trading

Where a Trading Participant receives an order to buy or sell Approved Short Sale Products during the period set out in the Procedures, a Short Sale may be made in those Approved Short Sale Products at a price which is agreed between the seller and buyer.

Introduced 11/03/04. Origin ASX 2.11.3(8) Amended 28/11/05

19.3.7 Limitation on consecutive sales

A Trading Participant must not Short Sell an Approved Short Sale Product if the Trading Participant is a party to the last reported sale. This does not apply where:

- (a) the Short Sale is made by the Trading Participant acting as Principal for less than a Marketable Parcel, with the effect of the sale being that a client's order is completed in accordance with the terms of the order;
- (b) Trading Participants, other than the Trading Participant desiring to Short Sell, were involved in dealing at the last reported sale price;
- (c) the party for whom the Trading Participant effects the Short Sale is different from and not associated with the party for whom the Trading Participant dealt in the last reported sale; or
- (d) if the party for whom the Trading Participant effects the Short Sale is the same party or associated with the party for whom the Trading Participant dealt in the last reported sale, the price at which the Short Sale is effected is greater than the price at which the last reported sale of the Approved Short Sale Product was made during Open Session State.

Introduced 11/03/04. Origin ASX 2.11.3(9)&(10) Amended 28/11/05

19.3.8 ASX may prohibit or limit Short Sales

For the purposes of this Rule 19.3 or if it is appropriate having regard to Rule 1.13, ASX may prohibit or limit Short Sales in any Approved Short Sale Product or Public Security or in all Approved Short Sale Products or Public Securities for any period ASX may determine.

Introduced 11/03/04. Origin ASX 2.11.3(13)

19.3.9 Reporting to ASX

A Short Sale effected pursuant to this Rule 19.3 must be reported to ASX in accordance with Rule 16.12.

Introduced 11/03/04. Origin ASX 2.11.8

19.4 PERMITTED SHORT SELLING OF APPROVED SHORT SALE ETFs

19.4.1 Short selling of Approved Short Sale ETFs

Subject to Rules 19.5, 19.6, 19.7 and 19.8, a Trading Participant may Short Sell an Approved Short Sale ETF in accordance with this Rule 19.4. Except as otherwise provided in this Rule 19.4, the Rules apply to these Short Sales as if they were sales in which the vendor has a presently exercisable and unconditional right to vest the relevant Cash Market Product in the purchaser.

Introduced 11/03/04. Origin ASX 2.11.3A(1)&(2) Amended 28/11/05

19.4.2 Short Sale during overnight trading

Where a Trading Participant receives an order to buy or sell Approved Short Sale ETFs during the period set out in the Procedures, a Short Sale may be made in those Approved Short Sale ETFs at a price which is agreed between the seller and buyer.

Introduced 11/03/04. Origin ASX 2.11.3A(7) Amended 28/11/05

19.4.3 ASX may prohibit or limit Short Sales

For the purposes of this Rule 19.4, or if it is appropriate having regard to Rule 1.13, ASX may prohibit or limit Short Sales in any Approved Short Sale ETF for any period ASX may determine.

Introduced 11/03/04. Origin ASX 2.11.3A(8)

19.5 OTHER LIMITATIONS ON SHORT SELLING

19.5.1 Limit on Short Sale volume

ASX may set out in the Procedures limits on the number of Cash Market Products which may be the subject of the Short Sale.

Introduced 11/03/04. Origin ASX 2.11.4(1) Amended 28/11/05

19.5.2 Settlement date for Short Sale of Public Securities

A Short Sale of Public Securities will not be made with a settlement date later than the time set out in the Procedures.

Introduced 11/03/04. Origin ASX 2.11.4(3)

19.5.3 Prohibition of Short Sale during Takeover Bid

Short Sales during a Takeover Bid are subject to the restrictions set out in Rule 20.7.1.

Introduced 28/11/05

19.6 NET SHORT POSITION REPORTING

19.6.1 Reporting of net Short Sale positions of Cash Market Products

Trading Participants must advise ASX (via ASX Online unless otherwise directed by Market Control) by no later than 9:00am on each Trading Day of their net Short Sale position as at 7:00pm on the previous Trading Day. This net Short Sale position must include:

- (a) Cash Market Products (other than Public Securities and ETF Securities) which are short sold pursuant to Rule 19.3;
- (b) Cash Market Products (other than Public Securities and ETF Securities) where, at the time of the sale, the seller:
 - (i) has borrowed the Cash Market Products; or
 - (ii) has entered into a borrowing agreement or arrangement under which he or she will be able to borrow the Cash Market Products in order to be able to deliver the Cash Market Products at settlement; and
- (c) such other types of position as may be set out in the Procedures.

Introduced 11/03/04. Origin ASX 2.11.3(3)&(4) Amended 28/11/05

19.6.2 Net Short Sale position of ETF Securities

Trading Participants must advise ASX (via ASX Online unless otherwise directed by Market Control) by no later than 9:00am on each Trading Day of their net Short Sale position as at 7:00pm on the previous Trading Day. This net Short Sale position must include:

- (a) ETF Securities which are short sold pursuant to Rule 19.4;
- (b) ETF Securities where, at the time of the sale, the seller:
 - (i) has borrowed the ETF Securities; or
 - (ii) has entered into a borrowing agreement or arrangement under which he or she will be able to borrow the ETF Securities in order to be able to deliver the ETF Securities at settlement; and
- (c) such other types of position as may be set out in the Procedures.

Introduced 11/03/04. Origin ASX 2.11.3A(3)&(4) Amended 28/11/05

19.6.3 Net Short Sales of Public Securities

Trading Participants must report to ASX by 10:00am on the first Trading Day in each week all Short Sales of Public Securities which have not been closed out.

Introduced 11/03/04. Origin ASX 2.11.3(12)

19.7 APPROVED SHORT SALE PRODUCTS AND APPROVED SHORT SALE ETFs

19.7.1 Designation of Approved Short Sale Products

ASX may designate a Cash Market Product to be an Approved Short Sale Product if:

- (a) 50 million Cash Market Products of the class have been issued (excluding Cash Market Products of the class issued but held by any entity which ASX considers is related to the Issuer);
- (b) the market capitalisation of the Cash Market Products of the class on issue is not less than \$100 million;
- (c) in the opinion of ASX there is sufficient liquidity in the market for the Cash Market Products of the class; and
- (d) ASX considers that the Cash Market Products should be designated as an “Approved Short Sale Product” for the purposes of these Rules.

Introduced 11/03/04. Origin ASX 2.11.6 Amended 28/11/05

19.7.2 Designation of Approved Short Sale ETFs

ASX may designate an ETF to be an Approved Short Sale ETF if:

- (a) the ETF Securities are in a class of ETF Securities which are quoted on ASX; and
- (b) ASX considers that the ETF should be designated as an “Approved Short Sale ETF” for the purposes of these Rules.

Introduced 11/03/04. Origin ASX 2.11.6A

19.7.3 Amending list of Approved Short Sale Products and Approved Short Sale ETFs

ASX may, from time to time, change its list of Approved Short Sale Products and Approved Short Sale ETFs and will notify Trading Participants of changes to that list.

Introduced 11/03/04.

19.8 CLIENT ARRANGEMENTS

19.8.1 Client must inform Trading Participant of Short Sale

A Trading Participant must inform its client that that client must inform the Trading Participant whenever it places an order to effect a sale of Cash Market Products (other than Public Securities) or an Approved Short Sale ETF which would, if executed, constitute a Short Sale. The Trading Participant must notify its Relevant Clearing Participant if a client has informed the Trading Participant that a sale is a Short Sale.

Introduced 11/03/04. Origin ASX 2.11.3(5)&(5A). Amended 09/12/04 Amended 28/11/05

19.8.2 Margin of cover

Before a Trading Participant makes a Short Sale of an Approved Short Sale Product or an Approved Short Sale ETF on behalf of a client, it must ensure that its Relevant Clearing Participant has secured the initial margin of cover as required under Schedule 6.

Introduced 11/03/04. Origin ASX 2.11.3A(5)&(6). Amended 09/12/04 Amended 28/11/05

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SECTION 20 TAKEOVER BIDS, SCHEMES & BUY-BACKS CONDUCTED ON-MARKET

Section 20 sets out specific rules to be complied with by Market Participants in relation to Cash Market Products subject to takeover bids, schemes and on-market buy-backs. Section 20 also sets out limitations in respect of Short Sales and of Crossings in Cash Market and Derivatives Market Transactions and in Combinations that apply during takeover bids and on-market buy-backs.

20.1 DEED OF INDEMNITY

20.1.1 Deed of indemnity must be given

A Market Participant acting on behalf of a Bidder in relation to a Market Bid must:

- (a) enter into a written agreement with the Bidder which sets out the terms and conditions which govern their relationship. The agreement must include the terms set out in Schedule 10. The agreement may include other terms and conditions provided those terms and conditions are not inconsistent with the terms set out in Schedule 10 (and to the extent that there is any inconsistency, the terms set out in Schedule 10 prevail); and
- (b) give a copy of the agreement to ASX before making an announcement of a Market Bid on behalf of the Bidder or buying Cash Market Products in the Bid Class on behalf of the Bidder, as the case may be.

Introduced 11/03/04 Origin ASX 2.20.1 Amended 28/11/05

20.2 MARKET BID – ANNOUNCEMENTS BY MARKET PARTICIPANT

20.2.1 Announcement of Market Bid

A Market Participant acting on behalf of a Bidder in relation to a Market Bid must announce the bid to ASX. The announcement must include the following information:

- (a) a description of the Bid Class of Cash Market Products in the Target and the total number of Cash Market Products in that Bid Class;
- (b) the price offered for Cash Market Products in the Bid Class;
- (c) the date of the commencement and conclusion of the Offer Period;
- (d) the number of Cash Market Products in the Bid Class that the Bidder had a relevant interest in immediately prior to the announcement (expressed as a percentage of the total number of Cash Market Products in the Bid Class); and
- (e) a statement:
 - (i) as to whether the Bidder will buy Cash Market Products in the Bid Class On-market before the Offer Period commences and, if so, the maximum number of those Cash Market Products to be bought and the price that will be paid;

- (ii) that the Market Bid is an offer to buy all the Cash Market Products in the Bid Class that exist or will exist at any time during the Offer Period for the price offered; and
- (iii) that the Offer Period may be extended and the offer price may be increased in accordance with the Corporations Act.

Introduced 11/03/04 Origin ASX 2.20.2(1) Amended 28/11/05

20.2.2 Announcement of variations to Market Bid

A Market Participant acting on behalf of a Bidder in relation to a Market Bid must announce to ASX in writing of:

- (a) an increase to the offer price;
- (b) an extension to the Offer Period;
- (c) a withdrawal of the Market Bid;
- (d) any other variation to the Market Bid in accordance with the Corporations Act; or
- (e) if it ceases to act on behalf of the Bidder.

Introduced 11/03/04 Origin ASX 2.20.2(2)

20.3 ACQUISITION OF CASH MARKET PRODUCTS DURING THE BID PERIOD

20.3.1 Acquisition of Cash Market Products by Bidder

A Market Participant acting on behalf of a Bidder must not offer to buy on behalf of the Bidder Cash Market Products in the Bid Class On-market during the Bid Period for a price that varies from the consideration offered under the Takeover Bid unless and until an announcement has been made to ASX in accordance with the Procedures. This restriction applies to both Market Bids and Off-Market Bids.

Introduced 11/03/04 Origin ASX 2.20.3(1) Amended 28/11/05

20.3.2 Acquisition of Cash Market Products by another Bidder

Where Cash Market Products are subject to a Market Bid, a Market Participant acting on behalf of another Bidder, must not buy the Cash Market Products in the Bid Class of the Target on behalf of that Bidder unless and until the Market Participant has announced in accordance with the Procedures:

- (a) a Market Bid on behalf of the person pursuant to Rule 20.2.1; or
- (b) an increase in the price offered under a Market Bid for the Cash Market Products pursuant to Rule 20.2.2.

Introduced 11/03/04 Origin ASX 2.20.3(2) Amended 28/11/05

20.4 ACTION ASX WILL TAKE IN RESPECT OF TAKEOVER BIDS AND SCHEMES

20.4.1 Action ASX will take is set out in the Procedures

When ASX receives information in relation to:

- (a) an Off-Market Bid;
- (b) a Market Bid; or
- (c) a Scheme,

ASX will take the action set out in the Procedures.

Introduced 11/03/04 Origin ASX 2.3.5

20.5 MARKET PARTICIPANT ACTING FOR BIDDER OR ISSUER

20.5.1 Market Participant to advise seller if acting for Bidder or Issuer

Where a Market Participant:

- (a) has an order from the Bidder in relation to an Off-Market Bid;
- (b) has made an announcement to ASX on behalf of a Bidder to acquire Cash Market Products under a Market Bid; or
- (c) acts for a company involved in a buy-back under Chapter 2J of the Corporations Act conducted On-market,

the Market Participant will not accept, or transact, an order to sell Cash Market Products in the Bid Class referred to in paragraph (a) or subject to the announcement referred to in paragraph (b) or subject to the buy-back referred to in paragraph (c) unless the Market Participant:

- (d) advises the seller that it is acting for the Bidder or that it is acting for the company involved in the buy-back and is thus unable to give the seller advice in respect of the proposed sale; and
- (e) does not give the seller any advice in respect of the proposed sale.

Introduced 11/03/04 Amended 28/11/05

20.6 LIMITATIONS ON LATE, OVERSEAS AND OVERNIGHT CROSSINGS DURING A TAKEOVER BID OR SCHEME

20.6.1 Late, overseas and overnight Crossings in Cash Market Products

During the Offer Period under a Market Bid or Scheme, a Crossing must not be effected pursuant to Rule 17.6 or Rule 17.7 in a class of Cash Market Products where the Crossing is at a price which is at or below the offer price for that class of Cash Market Products.

20.6.2 Crossings after Trading Close in Derivatives Market Contracts

A Trading Participant must not execute Crossings under Rule 22.4.2 in Derivatives Market Contracts that are over a Cash Market Product in respect of which there is currently an Offer Period for a Takeover Bid or Scheme.

Introduced 28/11/05 Origin ASX MR 22.4.3

20.6.3 Late, overseas and overnight Crossings and Crossings after Trading Close in Combinations

A Trading Participant must not execute a Crossing in a Combination under Rule 17.6, 17.7 (in each case, at a price which is at or below the offer price for the relevant class of Cash Market Products) or under Rule 22.4.2 if a component part of that Combination is:

- (a) a Cash Market Product (other than a Warrant); or
- (b) a Derivatives Market Contract over a Cash Market Product; or
- (c) a Warrant over a Cash Market Product;

in respect of which there is currently an Offer Period for a Takeover Bid or Scheme (in respect of a Crossing under Rule 22.4.2) or an Offer Period for a Market Bid (in respect of a Combination under Rule 17.6 or 17.7).

Introduced 28/11/05 Origin ASMR 22.4.3, ASX 22.4.4

20.7 PROHIBITION ON SHORT SELLING DURING OFFER PERIOD

20.7.1 Short Selling prohibited

Short Sales must not be made in Approved Short Sale Products or Approved Short Sale ETFs during the Offer Period of a Takeover Bid or Scheme in respect of those Approved Short Sale Products or Approved Short Sale ETFs.

Introduced 11/03/04 Origin ASX 2.11.4(2) Amended 27/05/05

20.8 SPECIAL CROSSINGS PROHIBITED DURING OFFER PERIOD

20.8.1 Special Crossings in Cash Market Products (excluding Warrants)

A Special Crossing of any Cash Market Products (excluding Warrants) of an Issuer, must not be effected

during a Bid Period for a Takeover Bid or Scheme for the Cash Market Products (excluding Warrants) of the Issuer.

Introduced 11/03/04 Origin ASX 2.8.8 Amended 27/05/05 28/11/05

20.8.2 Special Crossings in Warrants

A Trading Participant must not execute Special Crossings in Warrants that are over a Cash Market Product in respect of which there is currently a Bid Period for a Takeover Bid or Scheme.

Introduced 11/03/04 Amended 28/11/05

20.8.3 Special Crossings in Derivatives Market Contracts

A Trading Participant must not execute Special Crossings in Derivative Market Contracts over a Cash Market Product in respect of which there is currently an Offer Period for a Takeover Bid or Scheme.

Introduced 28/11/05 Origin ASX MR 22.4.3 Amended 28/11/05

20.8.4 Special Crossings in Combinations

A Trading Participant must not execute a Special Crossing in a Combination if a component part of that Combination is:

- (a) a Cash Market Product (other than a Warrant); or
- (b) a Derivatives Market Contract over a Cash Market Product; or
- (c) a Warrants over a Cash Market Product,

in respect of which there is currently an Offer Period for a Takeover Bid or Scheme.

Introduced 28/11/05 Origin ASX MR 21.3.8, 22.4.3 Amended 28/11/05

20.9 LIMITATIONS ON CROSSINGS DURING BUY-BACK CONDUCTED ON-MARKET

20.9.1 Special Crossing in Cash Market Products (excluding Warrants) on behalf of Issuer

A Special Crossing of any Cash Market Products (excluding Warrants) of an Issuer, must not be effected on behalf of an Issuer during the term of a buy back offer conducted On-market by the Issuer.

Introduced 28/11/05 Origin ASX 2.8.8 Old ASX MR 20.8.1(b)

20.9.2 Crossings after Trading Close and Special Crossings in Derivatives Market Contracts

A Trading Participant must not execute, on behalf of an Issuer:

- (a) Crossings under Rule 22.4.2; or
- (b) Special Crossings,

in Derivatives Market Contracts if those Derivative Market Contracts are over a Cash Market Product of that Issuer in respect of which there is currently a buy-back being conducted On-market.

Introduced 28/11/05 ASX MR 22.4.4

20.9.3 Crossings after Trading Close and Special Crossings in Combinations

A Trading Participant must not execute, on behalf of an Issuer:

- (a) Crossings under Rule 22.4.2; or
- (b) Special Crossings,

in a Combination if a component part of that Combination is:

- (c) a Cash Market Product (other than a Warrant); or
- (d) a Derivatives Market Contract over a Cash Market Product; or
- (e) a Warrant over a Cash Market Product,

during the term of a buy back offer conducted On-market by the Issuer.

Introduced 28/11/05 Origin ASX MR 22.4.4 Amended 28/11/05

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SECTION 21 DERIVATIVES MARKET CONTRACTS AND DERIVATIVES COMBINATIONS

Section 21 sets out Rules pursuant to which Derivatives Market Contracts and Combinations other than Cash Market Combinations are dealt with in a Trading Platform.

21.1 THE DTP - DELETED

21.1.1 The DTP - Deleted

Introduced 11/03/04. Origin ASX 7.7.1.1, ASXF 11.1.1, Deleted 28/11/05

21.1.2 The Central Orderbook - Deleted

Introduced 11/03/04. Origin ASX 7.7.1.2, ASXF 11.1.2, Deleted 28/11/05

21.1.3 The Bulletin Board - Deleted

Introduced 11/03/04. Origin ASX 7.7.1.3, ASXF 11.1.3, Deleted 28/11/05

21.1.4 Terms of Contract - Deleted

Introduced 11/03/04. Deleted 28/11/05

21.2 DERIVATIVES MARKET TRANSACTIONS AND COMBINATIONS

21.2.1 Derivatives Market Transactions to be entered into the Central Orderbook or Bulletin Board during Trading Hours

Unless the Rules expressly provide otherwise, Trading Participants must only enter into a Derivatives Market Transaction:

- (a) in accordance with an appropriate Trading Permission;
- (b) in the Central Orderbook or Bulletin Board; and
- (c) during Trading Hours.

Introduced 11/03/04. Origin ASX 7.7.2.1, ASXF 11.2.1 Amended 28/11/05

21.2.2 Entering into a Derivatives Market Transaction

A Derivatives Market Transaction is entered into when:

- (a) an Order of one Trading Participant is matched with an Order of another Trading Participant in the Central Orderbook under Rule 31.2;
- (b) an Order of one Trading Participant is transacted by another Trading Participant in the Bulletin Board under Rule 21.4 and 31.3;

- (c) a Crossing is effected under Rule 22.2 or 22.3;
- (d) Trading Participants enter into a transaction for Derivatives Market Contracts in accordance with Rule 21.6; or
- (e) a transaction is effected on behalf of an overseas client in accordance with Rule 21.7.

Introduced 11/03/04. Origin ASX 7.7.2.2, ASXF 11.2.2 Amended 28/11/05

21.2.3 Single Contract Series and Combinations

Trading Participants can enter into Derivatives Market Transactions by trading single Contract Series or by trading Combinations.

Introduced 11/03/04. Origin ASX 7.7.2.3, ASXF 11.2.3 Amended 28/11/05

21.2.4 Combinations - Deleted

Introduced 11/03/04. Origin ASX 7.7.2.4, ASXF 11.2.4 Deleted 28/11/05

21.2.5 Time of entry into Market Transactions forming part of a Derivatives Only Combination or Derivative/Cash Combination

Each component Market Transaction of a Derivatives Only Combination or a Derivative/Cash Combination is entered into and ceases to be contingent on each other when:

- (a) each such Market Transaction has been matched in the Central Orderbook or transacted in the Bulletin Board (as applicable); or
- (b) a Crossing of the Combination is effected under Rule 22.2; or
- (c) a Special Crossing of the Combination is effected under Rule 22.3.

Introduced 11/03/04. Origin ASX 7.7.2.5, ASXF 11.2.5, Amended 28/11/05

21.2.6 DTP Transactions and Non-DTP Contracts comprising a Cross-Platform Combination – Deleted

Introduced 11/03/04. Origin ASX 7.7.2.3, ASXF 11.2.6 Deleted 28/11/05

21.2.7 Market Transactions and Non-ASX Contracts comprising a Cross-Market Combination

The Market Transactions and the transactions in the Non-ASX Contracts, which constitute a Cross-Market Combination are entered into and cease to be contingent on each other when:

- (a) both of the following have occurred:
 - (i) the Market Transactions are matched in a Trading Platform; and
 - (ii) the transactions in the Non-ASX Contracts are confirmed on the basis set out in the Procedures; or
- (b) a Crossing of the Combination is effected under Rule 22.2; or
- (c) a Special Crossing of the Combination is effected under Rule 22.3.

Introduced 11/03/04. Origin ASX 7.7.2.3, ASXF 11.2.6 Amended 28/11/05

21.3 THE CENTRAL ORDERBOOK

21.3.1 Orders – Deleted

Introduced 11/03/04. Origin ASX 7.7.3.1, ASXF 11.3.1 Deleted 28/11/05

21.3.2 Standard Combination specifications– Deleted

Introduced 11/03/04. Origin ASX 7.7.3.2, ASXF 11.3.2 Deleted 28/11/05

21.3.3 Creation of Standard Combinations– Deleted

Introduced 11/03/04. Origin ASX 7.7.3.3, ASXF 11.3.3 Deleted 28/11/05

21.3.4 Tailor-Made Combination specifications– Deleted

Introduced 11/03/04. Origin ASX 7.7.3.4, ASXF 11.3.4 Deleted 28/11/05

21.3.5 Creation of Tailor-Made Combinations– Deleted

Introduced 11/03/04. Origin ASX 7.7.3.5, ASXF 11.3.5 Deleted 28/11/05

21.3.6 Changes to Tailor-Made Combinations– Deleted

Introduced 11/03/04 Origin ASX 7.7.3.6, ASXF 11.3.6 Deleted 28/11/05

21.3.7 Recording of Combinations and Derived Orders – Deleted

Introduced 11/03/04. Origin ASX 7.7.3.7, ASXF 11.3.7 Deleted 28/11/05

21.3.8 Treatment of Standard and Tailor-Made Combinations – Deleted

Introduced 11/03/04. Origin ASX 7.7.3.8, ASXF 11.3.8 Deleted 28/11/05

21.3.9 Priority of Orders in the Central Orderbook – Deleted

Introduced 11/03/04. Origin ASX 7.7.3.9, ASXF 11.3.9 Deleted 28/11/05

21.3.10 Time priority for Combinations and Derived Orders – Deleted

Introduced 11/03/04. Origin ASX 7.7.3.10, ASXF 11.3.10 Deleted 28/11/05

21.3.11 Effect of amendment of Orders by Trading Participants on priority – Deleted

Introduced 11/03/04. Origin ASX 7.7.3.11, ASXF 11.3.11 Deleted 28/11/05

21.3.12 Removal of Orders at end of day - Deleted

Introduced 11/03/04. Origin ASX 7.7.3.12, ASXF 11.3.12 Deleted 28/11/05

21.3.13 Order matching – Deleted

Introduced 11/03/04 Origin ASX 7.7.3.13, ASXF 11.3.13 Deleted 28/11/05

21.3.14 Matching of Combinations - Deleted

Introduced 11/03/04. Origin ASX 7.7.3.14, ASXF 11.3.14 Amended 28/11/05

21.3.15 No matching of orders from the same Trading Participant - Deleted

Introduced 11/03/04. Origin ASX 7.7.3.15, ASXF 11.3.15 Deleted 28/11/05

21.4 BULLETIN BOARD

21.4.1 Advertising interest - Deleted

Introduced 11/03/04. Origin ASX 7.7.4.1, ASXF 11.4.1 Deleted 28/11/05

21.4.2 Orders in the Bulletin Board Deleted

Introduced 11/03/04. Origin ASX 7.7.4.2, ASXF 11.4.2 Deleted 28/11/05

21.4.3 Combinations in the Bulletin Board Deleted

Introduced 11/03/04. Origin ASX 7.7.4.3, ASXF 11.4.3 Deleted 28/11/05

21.4.4 Net price for different Contract Sizes Deleted

Introduced 11/03/04. Origin ASX 7.7.4.4, ASXF 11.4.4 Deleted 28/11/05

21.4.5 Priority of Orders in the Bulletin Board Deleted

Introduced 11/03/04. Origin ASX 7.7.4.5, ASXF 11.4.5 Deleted 28/11/05

21.4.6 Amendment and removal of items appearing in the Bulletin Board Deleted

Introduced 11/03/04. Origin ASX 7.7.4.6, ASXF 11.4.6 Deleted 28/11/05

21.4.7 Clearing of the Bulletin Board at end of day - Deleted

Introduced 11/03/04. Origin ASX 7.7.4.7, ASXF 11.4.7 Deleted 28/11/05

21.4.8 Transaction of Derivatives Only Combinations in the Bulletin Board

A Trading Participant may transact a Derivatives Only Combination in the Bulletin Board if:

- (a) each order complies with Rule 31.3.3;
- (b) the price for each component Contract Series of the Combination is at or within the best current Bid and the best current Offer for the relevant Contract Series (if any); and
- (c) it is transacted In Price/Time Priority and in accordance with the Procedures.

21.4.9 Transaction of Derivative/Cash Combinations in the Bulletin Board

A Trading Participant may transact a Derivative/Cash Combination in the Bulletin Board if:

- (a) each Order complies with Rule 31.3.3;
- (b) the price for each component Derivatives Market Transaction is at or within the best current Bid and the best current Offer for the relevant Contract Series (if any);
- (c) the Trading Participant complies with any requirements of these Rules in relation to the transaction in the Cash Market Transaction;
- (d) the transaction in the Cash Market Transaction is entered into at or within the then current Bid and Offer for the relevant Cash Market Products as displayed in a Trading Platform; and
- (f) it is transacted In Price/Time Priority and in accordance with Procedures.

Introduced 11/03/04. Origin ASX 7.7.4.9, ASXF 11.4.9 Amended 28/11/05

21.4.10 Transaction of Cross-Market Combinations in the Bulletin Board

A Trading Participant may transact a Cross-Market Combination in the Bulletin Board if:

- (a) each Order complies with Rule 31.3.3;
- (b) the price for each component Derivatives Market Transaction is at or within the best current Bid and the best current Offer for the relevant Contract Series (if any);
- (c) the Trading Participant complies with any operating rules and other requirements of ASX or of any relevant Non-ASX Market in relation to the transaction in the Non-ASX Contract;
- (d) the transaction in the Non-ASX Contract is entered into at or within the then current Bid and Offer for those Non-ASX Contracts as displayed in the relevant trading system identified in the Procedures;
- (e) the transaction in the Non-ASX Contract is immediately reported to the relevant Non-ASX Market; and
- (f) it is transacted In Price/Time Priority and in accordance with the Procedures.

Introduced 11/03/04. Origin ASX 7.7.4.9, ASXF 11.4.9 Amended 28/11/05

21.4.11 Trading Participant may not trade with own orders Deleted

Introduced 11/03/04. Origin ASX 7.7.4.10, ASXF 11.4.10 Deleted 28/11/05

21.5 REPORTING AND REGISTRATION OF DERIVATIVES MARKET TRANSACTIONS AND THE COMPONENT PARTS OF DERIVATIVES COMBINATIONS

21.5.1 Obligation to report Derivatives Market Transactions

Subject to Rule 21.5.2, a Trading Participant must promptly report each Derivatives Market Transaction entered into by the Trading Participant by lodging details of the transaction with ASX in the manner and form set out in the Procedures.

Introduced 11/03/04. Origin ASX 7.7.6.1, ASXF 11.5.1 Amended 28/11/05

21.5.2 Information generated automatically

A Trading Participant is taken to have lodged the information referred to in Rule 21.5.1 if that information is generated automatically and supplied to ASX through facilities provided by ASX in accordance with the Procedures.

Introduced 11/03/04. Origin ASX 7.7.6.2, ASXF 11.5.2

21.5.3 Registration of Derivatives Market Contracts with an Approved Clearing Facility

A Trading Participant (and, if applicable, its Nominating Trading Participant) must ensure that all Derivatives Market Contracts which form part of Derivatives Market Transactions entered into by the Trading Participant are registered with an Approved Clearing Facility in accordance with these Rules and the Clearing Rules, unless the Derivatives Market Contract is cleared through an Alternative Clearing Facility under Rule 5.8.

Introduced 11/03/04. Origin ASX 7.7.6.3, ASXF 11.5.3 Amended 28/11/05

21.5.4 Derivatives Market Contracts subject to Clearing Rules

Each Derivatives Market Contract registered with an Approved Clearing Facility is subject to the Clearing Rules.

Introduced 11/03/04. Origin ASX 7.7.6.4 Amended 28/11/05

21.5.5 Obligation to report Cash Market Transactions that form part of a Derivatives/Cash Combination

A Trading Participant must promptly report each Cash Market Transaction that forms part of a Derivatives/Cash Combination entered into by the Trading Participant by lodging details of the transaction with ASX in accordance with Rule 16.12.

Introduced 28/11/05

21.6 LATE TRADING

21.6.1 Late trading

A Trading Participant may only enter into a Derivatives Market Transaction after Trading Close and before the time set out in the Procedures if the Trading Participant complies with this Rule 21.6.

Introduced 11/03/04. Origin ASX 7.7.5.1, ASXF 11.10.1 Amended 28/11/05

21.6.2 Procedures for late trading

If a Trading Participant intends to enter into a Derivatives Market Transaction during the period referred to in Rule 21.6.1, the Trading Participant must:

- (a) use their best endeavours to contact all Market Makers with obligations in the Class in which they intend to deal;
- (b) use their best endeavours to contact all Trading Participants who are Recorded Buyers and Recorded Sellers (as the case may be) and inform them of the Trading Participant's intention to deal and the price at which the Trading Participant intends to deal;
- (c) if any of the Recorded Buyers or Recorded Sellers (as the case may be) or the Market Makers wish to trade at the Trading Participant's specified price, deal only with them and allow them to participate equally; and
- (d) only enter into a Derivatives Market Transaction with a Trading Participant, other than those Recorded Buyers, Recorded Sellers and Market Makers, after their Orders have been filled.

Introduced 11/03/04 Origin ASX 7.7.5.2, ASXF 11.10.2 Amended 28/11/05

21.6.3 Cancellation and amendment of orders during late trading

During the period referred to in Rule 21.6.1, a Trading Participant may cancel Orders or amend Orders (by reducing the number of contracts) which the Trading Participant has entered into the Central Orderbook or the Bulletin Board prior to Trading Close.

Introduced 11/03/04. Origin ASX 7.7.5.4, ASXF 11.10.4

21.6.4 Trading Participant must amend orders

If a Trading Participant enters into Derivatives Market Transactions under this Rule 21.6, the Trading Participant must cancel Orders or amend Orders (by reducing the number of contracts) which the Trading Participant has entered into the Central Orderbook or the Bulletin Board to reflect those Derivatives Market Transactions.

Introduced 11/03/04. Origin ASX 7.7.5.5, ASXF 11.10.5 Amended 28/11/05

21.7 TRADING ON BEHALF OF OVERSEAS CLIENTS

21.7.1 Instructions received by Trading Participant outside Trading Hours

A Trading Participant may enter into a Derivatives Market Transaction between the times set out in the Procedures if:

- (a) the Trading Participant (or the other Trading Participant in the Derivatives Market Transaction) is acting on behalf of a client who is not resident in Australia; and
- (b) the instructions from that client to enter into that Derivatives Market Transaction are transmitted from outside Australia and received by the relevant Trading Participant outside Trading Hours.

Introduced 11/03/04. Origin ASX 7.7.5.6, ASXF 11.1 Amended 28/11/05

21.8 EXCESSIVE ORDERS, TAILOR-MADE COMBINATIONS AND QUOTE REQUESTS – DELETED

21.8.1 Trading Participant not to submit excessive orders – Deleted

Introduced 11/03/04. Origin ASX 7.9.3.2, ASXF 13.4.2 Deleted 28/11/05

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SECTION 22 CROSSINGS - DERIVATIVES MARKET PRODUCTS

Section 22 defines “Crossings” in respect of Derivatives Market Transactions and Derivatives Combinations and sets out the circumstances in which they may occur

22.1 GENERAL CROSSINGS RULES

22.1.1 Crossings permitted

Subject to Rule 22.4, a Crossing may be effected in accordance with Rule 22.2 or, if it constitutes a Special Crossing, in accordance with Rule 22.3. A Crossing must not be effected other than in accordance with this Rule 22.1.1.

Introduced 11/03/04

22.1.2 Application of Section

This Section 22 only applies to Derivatives Market Transactions and transactions in Derivatives Combinations.

Introduced 28/11/05

22.2 CROSSINGS

22.2.1 Crossing Orders in a single Contract Series

A Trading Participant may effect a Crossing of Orders in a single Contract Series by using:

- (a) the Cross Single Series Function; or
- (b) the Cross with Central Orderbook Function.

Introduced 11/03/04. Origin ASX 7.8.2.1, ASXF 11.7.1

22.2.2 Cross Single Series Function

A Trading Participant may only effect a Crossing of Orders in a single Contract Series using the Cross Single Series Function in the Central Orderbook if:

- (a) the price at which the Crossing is sought to be transacted is at or within the Established Market (if any) and at or within the best current Bid and Offer for the single Contract Series after initiating the Crossing in accordance with the Procedures and waiting the period set out in the Procedures;
- (b) the Trading Participant first offers to sell and then buy (or to buy and then sell) 50% of the number of contracts which the Trading Participant wishes to cross and enters into any Derivatives Market Transactions arising from acceptance of those offers to sell and buy; and
- (c) the Crossing is transacted in accordance with the Procedures.

Introduced 11/03/04. Origin ASX 7.8.2.2, ASXF 11.7.2

22.2.3 Cross with Central Orderbook Function

A Trading Participant may only effect a Crossing of Orders in a single Contract Series using the Cross with Central Orderbook Function in the Central Orderbook if:

- (a) one of the Orders sought to be crossed has been in the Central Orderbook for the period set out in the Procedures; and
- (b) the Crossing is transacted in accordance with the Procedures.

Introduced 11/03/04. Origin ASX 7.8.2.3, ASXF 11.7.3

22.2.4 Crossing of Derivatives Only Combinations that are Standard Combinations in the Central Orderbook

A Trading Participant may only effect a Crossing of Orders for a Standard Combination in the Central Orderbook if:

- (a) the Trading Participant issues a Quote Request for the Standard Combination;
- (b) the net price at which the Crossing is sought to be transacted is at or within the best current Bid and Offer for the Standard Combination and at or within the market for the combination, calculated by reference to the best current Bid and Offer (if any) for the component single Contract Series after issuing the Quote Request and waiting the period set out in the Procedures;
- (c) the Trading Participant first offers to sell and then buy (or to buy and then sell) 50% of the combination which the Trading Participant wishes to cross and enters into any Derivatives Market Transactions arising from acceptance of those offers to sell and buy; and
- (d) the Crossing is transacted in accordance with the Procedures.

Introduced 11/03/04. Origin ASX 7.8.2.4, ASXF 11.7.4 Amended 28/11/05

22.2.5 Crossing of other Derivatives Only Combinations

A Trading Participant may only effect a Crossing of Orders for a Derivative Only Combination which is not a Standard Combination in the Central Orderbook or in the Bulletin Board if:

- (a) the Trading Participant issues Quote Requests for the component single Contract Series;
- (b) the net price at which the Crossing is sought to be transacted is at or within the best current Bid and Offer for the combination and at or within the market for the combination, calculated by reference to the best current Bid and Offer (if any) for the component single Contract Series after issuing Quote Requests under (a) and waiting the period set out in the Procedures;
- (c) the Trading Participant enters an Order in the Central Orderbook or in the Bulletin Board (as applicable) to sell and then buy (or to buy and then sell) 50% of the combination which the Trading Participant wishes to cross and enters into any Derivatives Market Transactions arising from acceptance of those offers to sell and buy; and
- (d) the Crossing is transacted in accordance with the Procedures.

Introduced 11/03/04. Origin ASX 7.8.2.5, ASXF 11.7.5 Amended 28/11/05

22.2.6 Crossing of Derivative/Cash Combinations

A Trading Participant may only effect a Crossing of Orders for a Derivative/Cash Combination in the Central Orderbook or in the Bulletin Board if:

- (a) the relevant client (or clients in the case of a Crossing referred to in paragraph (a) of the definition of “**Crossing**”) for each component Market Transaction is (or are) the same;
- (b) the Trading Participant issues Quote Requests for the component single Contract Series;
- (c) the net price at which the Crossing is sought to be transacted is at or within the best current Bid and Offer for the combination and at or within the market for the combination, calculated by reference to:
 - (i) the best current Bid and Offer (if any) for the component single Contract Series after issuing Quote Requests for those Contract Series and waiting the period set out in the Procedures; and
 - (ii) the then current Bid and Offer for the component Cash Market Products as displayed in a Trading Platform ;
- (d) the Trading Participant enters an Order in the Central Orderbook or Bulletin Board (as applicable) to sell and then to buy (or to buy and then sell) 50% of the Combination which the Trading Participant wishes to cross; and
- (e) the Crossing is transacted in accordance with the Procedures.

Introduced 11/03/04. Origin ASX 7.8.2.6, ASXF 11.7.6 Amended 28/11/05

22.2.7 Crossing of Cross-Market Combinations

A Trading Participant may only effect a Crossing of Orders for a Cross-Market Combination in the Central Orderbook or in the Bulletin Board if:

- (a) the relevant client (or clients in the case of a Crossing referred to in paragraph (a) of the definition of “**Crossing**”) for the transaction in the Non-ASX Contracts and the Market Transactions is (or are) the same;
- (b) the Trading Participant issues Quote Requests for the component single Contract Series and where applicable the Non-ASX Contract comprising the Cross-Market Combination;
- (c) the net price at which the Crossing is sought to be transacted is at or within the best current Bid and Offer for the Cross-Market Combination and at or within the market for the Cross-Market Combination, calculated by reference to:
 - (i) the best current Bid and Offer (if any) for the component single Contract Series after issuing Quote Requests for those Contract Series and waiting the period set out in the Procedures; and
 - (ii) the then current Bid and Offer for the Non-ASX Contracts as displayed in the relevant trading system identified in the Procedures;
- (d) the Trading Participant enters an Order in the Central Orderbook or Bulletin Board (as applicable) to sell and then to buy (or to buy and then sell) 50% of the Cross-Market Combination which the Trading Participant wishes to cross;

- (e) the Trading Participant complies with any operating rules and other requirements of the relevant Non-ASX Market applicable to Cross-Market Combinations in relation to the transaction in the Non-ASX Contract; and
- (f) the Crossing is transacted in accordance with the Procedures.

Introduced 11/03/04. Origin ASXF 11.7.6 Amended 28/11/05

22.2.8 Reporting to ASX

The Trading Participant must report a Crossing under Rule 21.5 and must report each component Market Transaction pursuant to Rule 21.5 or 16.12 (as applicable) simultaneously. In relation to a Cross-Market Combination the transaction in each Non-ASX Contract and each Market Transaction must be reported to ASX and the Non-ASX Market simultaneously.

Introduced 11/03/04. Origin ASX 7.8.2.7, ASXF 11.7.7 Amended 28/11/05

22.2.9 Crossings using Automated Order Processing

A Crossing can be effected by matching in a Trading Platform a Bid or Offer entered or amended using Automated Order Processing with a pre-existing or simultaneously entered or amended Bid or Offer of the Trading Participant, if:

- (a) the Trading Participant has made the disclosure required under Rule 7.7;
- (b) the Trading Participant has not pre-arranged the entry of the Bids or Offers; and
- (c) the same Authorised Person does not enter both sides of the Crossing.

Introduced 28/11/05

22.3 SPECIAL CROSSINGS

22.3.1 Special Crossings permitted

Subject to Rule 22.4, a Special Crossing can be effected at any time by a Trading Participant at a price:

- (a) if the Trading Participant is acting on behalf of two clients, negotiated on account of the clients; or
- (b) if the Trading Participant enters into the transaction as Principal (within the meaning of Rule 7.3.5), agreed between the client and the Trading Participant.

Introduced 11/03/04.

22.3.2 Special Crossing of single Contract Series

Subject to Rules 22.3.6 and 22.4, a Trading Participant may effect a Crossing of orders in a single Contract Series as a Special Crossing, without complying with Rule 22.2, if at least one side of the Derivatives Market Transaction:

- (a) is greater than or equal to the Special Size; and

- (b) is entered into by the Trading Participant for a single client.

Introduced 11/03/04 Origin ASX 7.8.3.1, ASXF 11.8.1 Amended 27/05/05, 28/11/05

22.3.3 Special Crossing of Derivatives Only Combinations

Subject to Rule 22.4, a Trading Participant may effect a Crossing of Orders for a Derivatives Only Combination as a Special Crossing, without complying with Rule 22.2, if:

- (a) the number of components of the combination which are greater than or equal to the Special Size is equal to at least the number set out in the Procedures;
- (b) the components which are not greater than or equal to the Special Size are transacted at or within the best current Bid and Offer for the relevant Contract Series after issuing Quote Requests for those Contract Series and waiting the period set out in the Procedures;
- (c) the relevant client (or clients in the case of a Crossing referred to in paragraph (a) of the definition of “**Crossing**”) for the Derivatives Market Transactions comprising the combination is (or are) the same; and
- (d) the Special Crossing is transacted in accordance with the Procedures.

Introduced 11/03/04. Origin ASX 7.8.3.2, ASXF 11.8.2 Amended 28/11/05

22.3.4 Special Crossing of Derivative/Cash Combinations

Subject to Rule 22.4, a Trading Participant may effect a Crossing of orders for a Derivative/Cash Combination as a Special Crossing, without complying with Rule 22.2, if:

- (a) each component Cash Market Transaction in the combination constitutes a Block Special Crossing under Rule 18.2;
- (b) the number of component Derivative Market Transactions of the combination which are greater than or equal to the Special Size is equal to at least the number set out in the Procedures;
- (c) the component Derivative Market Transactions which are not greater than or equal to the Special Size are transacted at or within the best current Bid and Offer for the relevant Contract Series after issuing Quote Requests for those Contract Series and waiting the period set out in the Procedures;
- (d) the relevant client (or clients in the case of a Crossing referred to in paragraph (a) of the definition of “**Crossing**”) for the transaction in each component Market Transaction is (or are) the same; and
- (e) the Special Crossing is effected in accordance with the Procedures.

Introduced 11/03/04. Origin ASX 7.8.3.3, ASXF 11.8.3 Amended 28/11/05

22.3.5 Special Crossing of Cross-Market Combinations

Subject to Rule 22.4, a Trading Participant may effect a Crossing of orders for a Cross-Market Combination as a Special Crossing, without complying with Rule 22.2, if:

- (a) the transaction in the Non-ASX Contract which forms part of the combination complies with the operating rules and other requirements of the relevant Non-ASX Market relating to large crossings;
- (b) the number of component Derivatives Market Transactions of the combination which are greater than or equal to the Special Size is equal to at least the number set out in the Procedures;
- (c) the component Derivatives Market Transactions which are not greater than or equal to the Special Size are transacted at or within the best current Bid and Offer for the relevant Contract Series after issuing Quote Requests for those Contract Series and waiting the period set out in the Procedures;
- (d) the relevant client (or clients in the case of a Crossing referred to in Rule 22.1.1(a)) for the transaction in each component Non-ASX Contract and Market Transaction is (or are) the same; and
- (e) the Special Crossing is effected in accordance with the Procedures.

Introduced 11/03/04. Origin ASX 7.8.3.3, ASXF 11.8.3 Amended 28/11/05

22.3.6 Aggregation of orders

Provided that one side of a Derivatives Market Transaction (or a Derivatives Combination, as the case may be) meets the requirements of Rule 22.3.1, a Trading Participant may effect the Derivatives Market Transaction (or combination) as a Special Crossing where it has combined:

- (a) for a single Contract Series, orders of more than one client or on their own account on the other side of the Derivatives Market Transaction; or
- (b) for a combination, orders of more than one client or orders on their own account on the other side of the combination, but only provided that the orders for each of the components are combined in the same proportions.

Introduced 11/03/04 Origin ASX 7.8.3.4 ASXF 11.8.4 Amended 27/05/05, 28/11/05

22.3.7 Reporting of Special Crossings

- (a) A Trading Participant must report a Special Crossing of orders for single Contract Series under Rule 21.5.
- (b) In relation to Special Crossings of Derivatives Only Combinations under Rule 22.3.3, each component Market Transaction must be reported to ASX simultaneously.
- (c) In relation to Special Crossings of a Derivative/Cash Combination under Rule 22.3.4, each component Market Transaction must be reported to ASX simultaneously.
- (d) In relation to Special Crossings of a Cross-Market Combination under Rule 22.3.5, each component Market Transaction and each component transaction for a Non-ASX Contract must be reported to ASX and the Non-ASX Market simultaneously.

Introduced 11/03/04. Origin ASX 7.8.3.5, ASXF 11.8.5 Amended 28/11/05

22.4 RESTRICTIONS ON CROSSINGS IN CERTAIN CIRCUMSTANCES

22.4.1 Crossing while transacting another Crossing

A Trading Participant must not commence a Crossing in any single Contract Series or Combination until any previous Crossing by that Trading Participant in that Contract Series or Combination has been effected.

Introduced 11/03/04. Origin ASX 7.8.4.1, ASXF 11.9.1

22.4.2 Crossings after Trading Close

Unless Rules 22.4.3 or 20.6.3 apply, a Trading Participant may effect a Crossing (even though it is not a Special Crossing) within the period after Trading Close referred to in Rule 21.6.1, provided that the Trading Participant complies with Rule 21.6. If the Trading Participant obtains a market quote from Market Makers contacted under Rule 21.6.2(a), the Crossing must be effected within the market established by those quotes.

Introduced 11/03/04. Origin ASX 7.8.4.2, ASXF 11.9.2 Amended 28/11/05

22.4.3 Crossings during Offer Period or buy-back

Crossings of Derivative Market Transactions over Cash Market Products or Derivatives Combinations which include Cash Market Transactions or Derivatives Market Transactions over Cash Market Products, during an Offer Period or during the currency of a buy-back offer, in each case, over such Cash Market Products are subject to the restrictions set out in Section 20.

Introduced 11/03/04. Origin ASX 7.8.4.3, ASXF 11.9.3 Amended 28/11/05

22.4.4 Crossings during On-market buy-back - deleted

Introduced 11/03/04. Origin ASX 7.8.4.4, ASXF 11.9.4 Deleted 28/11/05

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SECTION 23 MARKET MAKERS – DERIVATIVES MARKET CONTRACTS

Section 23 sets out provisions in relation to regulation and on-going obligations in respect of Market Participants who act as Market Makers in respect of one or more Derivatives Market Contracts.

23.1 REGISTRATION OF MARKET MAKERS

23.1.1 Registration by ASX

Subject to this Rule 23.1, ASX may, upon receipt of an application in writing from a person in the form set out in the Procedures, register the person as a Market Maker for one or more Derivatives Market Contracts.

Introduced 11/03/04. Origin ASX 7.2.4.1, ASXF 12.1.1 Amended 28/11/05

23.1.2 Registration criteria

To be eligible for registration as a Market Maker in respect of a Derivatives Market Contract, a person must:

- (a) be a Trading Participant with Trading Permission in respect of that Derivatives Market Contract; and
- (b) accept obligations to make markets in Classes assigned by ASX under Rule 23.1.5.

These criteria must continue to be satisfied at all times.

Introduced 11/03/04. Origin ASX 7.2.4.2, 7.2.4.5, ASXF 12.1.2 Amended 28/11/05

23.1.3 ASX may give conditional registration

ASX may register a person as a Market Maker subject to any conditions it considers appropriate in the interests of maintaining a fair and orderly market.

Introduced 11/03/04. Origin ASX 7.2.4.4, ASXF 12.1.3

23.1.4 Applicant may specify Class preferences

In an application under this Rule 23.1, the applicant may specify:

- (a) one or more Classes as the applicant's preferred Classes in which to make markets; and
- (b) any Class which the applicant does not wish to have assigned as a Class in which to make markets.

Introduced 11/03/04. Origin ASX 7.2.5.2, ASXF 12.1.4

23.1.5 ASX to assign Classes

ASX will assign Classes to a Market Maker, having regard to factors including:

- (a) any preferences specified by the Market Maker under Rule 23.1.4; and
- (b) the aim of achieving coverage of the Market with at least one Market Maker with obligations in each Class.

Introduced 11/03/04. Origin ASX 7.2.5.3, ASXF 12.1.5

23.1.6 Changes to assigned Classes

ASX may re-assign Classes to a Market Maker having regard to the matters specified in Rule 23.1.5.

Introduced 11/03/04. Origin ASX 7.2.5.4, ASXF 12.1.6

23.1.7 Notification of assignments

ASX will notify Trading Participants of the assignment of Classes to a Market Maker.

Introduced 11/03/04. Origin ASX 7.2.5.6, ASXF 12.1.7

23.1.8 Appeal

An applicant may appeal to the Appeal Tribunal against:

- (a) a decision to reject its application to be registered as a Market Maker;
- (b) the assignment of a Class to a Market Maker under Rule 23.1.5; or
- (c) a decision to re-assign a Class to a Market Maker under Rule 23.1.6,

by giving a notice of appeal to ASX that complies with Rule 28.15.1.

Introduced 11/03/04. Origin ASX 7.2.5.5, 7.12.2.1(d), ASXF 12.1.8

23.2 SEPARATION OF MARKET MAKER FUNCTIONS

23.2.1 Trading Participant must separate Market Maker activities

A Trading Participant must separate effectively its Market Maker activities (including, without limitation, trading in assigned Classes) from its other activities including:

- (a) using designated Open Interface Devices exclusively for Market Maker activities; and
- (b) ensuring that the DTRs performing Market Maker activities do not execute client orders or have access to client orders or client information.

Introduced 11/03/04. Origin ASX 7.2.7.1, 7.2.7.2, ASXF 12.2.1

23.2.2 Throughput Capacity

Subject to ASX's powers under Rule 14.4.1, a Market Maker who uses a server system to operate multiple Open Interface Devices in parallel for trading in their capacity as a Market

Maker, is entitled to a maximum number of Open Interface Devices and a maximum aggregate Throughput Capacity for those Open Interface Devices, as set out in the Procedures.

Introduced 11/03/04. Origin ASX 7.2.7.4, ASXF 12.2.2

23.2.3 Orders in Classes with obligations

A Market Maker to which Rule 23.2.2 applies, must ensure that at least the percentage set out in the Procedures of orders submitted into a Trading Platform using the Open Interface Devices operating in parallel, are in Classes assigned to the Market Maker.

Introduced 11/03/04. Origin ASX 7.2.7.5, ASXF 12.2.3 Amended 28/11/05

23.2.4 Separate Accounts for Market Maker transactions

A Market Maker must ensure that the Clearing Participant which clears its Derivatives Market Transactions establishes a separate Account solely for the registration of Derivatives Market Transactions entered into by the Market Maker pursuant to its Market Maker activities referred to in Rule 23.2.1.

Introduced 11/03/04. Origin ASXF 12.2.4 Amended 28/11/05

23.3 GENERAL MARKET MAKING OBLIGATIONS

23.3.1 Market Maker obligations

A Market Maker must make markets during the Relevant Period in Classes assigned to the Market Maker. When ASX assigns a Class to a Market Maker, ASX will specify whether the Market Maker must make markets in that Class:

- (a) on a continuous basis under Rule 23.4;
- (b) in response to Quote Requests under Rule 23.5; or
- (c) on a continuous basis and in response to Quote Requests.

ASX will set out in the Procedures the Contract Series within each Class for which Market Makers assigned to that Class must make markets.

Introduced 11/03/04. Origin ASX 7.6.1.1, ASXF 12.3.1

23.3.2 Minimum quantity

ASX will set out in the Procedures a minimum quantity for the Contract Series in a Class in which a Market Maker must make a market.

Introduced 11/03/04. Origin ASX 7.6.1.2, ASXF 12.3.2

23.3.3 Maximum spreads

ASX will set out in the Procedures a maximum spread (being the maximum difference allowed between the Bid and the Offer) for the Contract Series in a Class in which a Market Maker must make a market.

Introduced 11/03/04. Origin ASX 7.6.1.3, ASXF 12.3.3

23.3.4 Markets in Classes not assigned

Subject to Rule 23.2.3 and the other provisions of these Rules, a Market Maker may enter into Derivatives Market Transactions in, but is not required to make a market in, any Class which has not been assigned to the Market Maker.

Introduced 11/03/04. Origin ASX 7.6.1.4, ASXF 12.3.4 Amended 28/11/05

23.3.5 Quote Requests from ASX

ASX may at any time during the Relevant Period request a Market Maker to make a market in a Class assigned to the Market Maker whether by ASX issuing Quote Requests or otherwise, in which case the Market Maker must make a market in accordance with the Rules.

Introduced 11/03/04. Origin ASX 7.6.3.7, ASXF 12.3.5 Amended 28/11/05

23.4 MAKING A MARKET ON A CONTINUOUS BASIS

23.4.1 Obligations

A Market Maker assigned a Class on the basis referred to in either paragraph (a) or (c) of Rule 23.3.1 must make markets on a continuous basis for the Contract Series set out in the Procedures and enter into any resulting Derivatives Market Transactions.

Introduced 11/03/04. Origin ASX 7.6.2.1, ASXF 12.4.1 Amended 28/11/05

23.4.2 Making a market on a continuous basis

For the purposes of Rule 23.4.1, making a market on a continuous basis means making a market (which may be amended) for at least the percentage (set out in the Procedures) of the Relevant Period.

Introduced 11/03/04. Origin ASX 7.6.2.2, ASXF 12.4.2

23.4.3 Market Maker's Bid or Offer matches with another Order

If a Market Maker's Bid or Offer (or part of the Bid or Offer) is matched with another order in the Central Orderbook and the effect of the matching is that the Market Maker is no longer making a market, the Market Maker is not required to make a market again until the expiry of the period set out in the Procedures. During this period if the Market Maker does not choose to make a new market, any balance of the Bid or Offer which is not matched must remain in the Central Orderbook and may only be amended for:

- (a) quantity, if the minimum quantity requirement is met; and
- (b) price, if the maximum spread requirement is met (unless there is no balance of either the Bid or the Offer remaining).

Introduced 11/03/04. Origin ASX 7.6.2.3, ASXF 12.4.3

23.5 MAKING A MARKET IN RESPONSE TO QUOTE REQUESTS

23.5.1 Receipt of Quote Requests

Quote Requests for single Contract Series and Standard Combinations are only sent to Market Makers who have been assigned the relevant Class, unless there are no Market Makers in the relevant Class, in which case the Quote Requests are sent to all Trading Participants with Trading Permission in respect of the relevant Product.

Introduced 11/03/04. Origin ASX 7.6.3.1, ASXF 12.5.1 Amended 28/11/05

23.5.2 Obligations

A Market Maker assigned a Class on the basis referred to in either Rule 23.3.1(b) or 23.3.1(c) must make markets upon receipt of a Quote Request for Contract Series set out in the Procedures and enter into any resulting Derivatives Market Transactions.

Introduced 11/03/04. Origin ASX 7.6.3.2, ASXF 12.5.2 Amended 28/11/05

23.5.3 Response to Quote Requests

A Market Maker must:

- (a) respond to a Quote Request by making a market for the single Contract Series in the Central Orderbook within the period set out in the Procedures; and
- (b) subject to Rules 23.5.4 and 23.5.5, maintain the Bid and Offer in the Central Orderbook for the period set out in the Procedures.

Introduced 11/03/04. Origin ASX 7.6.3.3, ASXF 12.5.3

23.5.4 Market Maker may amend Bids and Offers

Unless Rule 23.5.5 applies, a Market Maker may amend a Bid and Offer entered in response to a Quote Request for:

- (a) quantity, if the minimum quantity requirement is met; and
- (b) price, if the maximum spread requirement is met.

Introduced 11/03/04. Origin ASX 7.6.3.4, ASXF 12.5.4

23.5.5 Market Maker's Bid or Offer matches with another Order

If a Market Maker's Bid or Offer (or part of the Bid or Offer) is matched with another Order in the Central Orderbook during the period referred to in Rule 23.5.3(b) and the effect of the matching is that the Market Maker is no longer making a market, the Market Maker is not required to make a market again during that period. If the Market Maker does not choose to make a market again, any balance of the Bid or Offer which is not matched must remain in the Central Orderbook for the period set out in the Procedures and may only be amended for:

- (a) quantity, if the minimum quantity requirement is met; and
- (b) price, if the maximum spread requirement is met (unless there is no balance of either the Bid or the Offer remaining).

Introduced 11/03/04. Origin ASX 7.6.3.5, ASXF 12.5.5

23.5.6 Response frequency

A Market Maker must respond in accordance with Rule 23.5.3 to at least the percentage of Quote Requests set out in the Procedures.

Introduced 11/03/04. Origin ASX 7.6.3.6, ASXF 12.5.6

23.6 SUSPENSION AND RESUMPTION OF MARKET MAKING OBLIGATIONS

23.6.1 Suspension of market making obligations

If ASX considers the obligations of a Market Maker to make a market in a Class under this Section 23 should be suspended:

- (a) to maintain a fair and orderly market in that Class; or
- (b) for any other reason ASX considers appropriate having regard to Rule 1.13,

ASX may suspend the obligations to make markets on a continuous basis or in response to Quote Requests (or both) in that Class and notify the Market Maker that it is not required to comply with those obligations during the period of suspension. ASX must as soon as practicable notify all Trading Participants of a suspension effected under this Rule 23.6.1.

Introduced 11/03/04. Origin ASX 7.6.4.1, ASXF 12.6.1

23.6.2 Resumption of market making obligations

A Market Maker's obligations which have been suspended under Rule 23.6.1 resume when ASX notifies the Market Maker. ASX must as soon as practicable notify all Trading Participants of a resumption of obligations under this Rule 23.6.2.

Introduced 11/03/04. Origin ASX 7.6.4.2, ASXF 12.6.2

23.7 SUSPENSION OF CLASS ASSIGNED TO MARKET MAKER

23.7.1 ASX may suspend assignment of a Class

ASX may suspend the assignment of a Class to a Market Maker if ASX considers:

- (a) the Market Maker has failed to comply with the Rules, directions, decisions or requirements of ASX in respect of the Class;
- (b) the Market Maker has failed to perform the obligations of a Market Maker in the Class; or
- (c) it is appropriate having regard to Rule 1.13.

ASX must notify the Market Maker in writing of the suspension of the assignment of the Class and the reasons for the suspension of the assignment.

Introduced 11/03/04. Origin ASX 7.2.5A.1, ASXF 12.7.1

23.7.2 Effect of suspension of assignment of a Class

If ASX suspends the assignment of a Class to a Market Maker under Rule 23.7.1:

- (a) the initial period of suspension must not exceed one month although ASX may extend that period for additional periods of not more than one month at a time if it reasonably believes an extension is necessary or desirable; and
- (b) the Market Maker must not hold themselves out as a Market Maker in that Class during a period of suspension.

Introduced 11/03/04. Origin ASX 7.2.5A.2, ASXF12.7.2

23.7.3 Appeal

A Market Maker may appeal to the Appeal Tribunal against a decision to suspend the assignment of a Class by giving a notice of appeal to ASX that complies with Rule 28.15.1.

Introduced 11/03/04. Origin ASX 7.2.5A.3, 7.12.2.1(e), ASXF 12.7.3.

23.8 SUSPENSION AND WITHDRAWAL OF MARKET MAKERS

23.8.1 ASX may suspend or withdraw registration

ASX may suspend and, subject to Rule 23.8.3, withdraw the registration of a Market Maker for one or more types of Derivatives Market Contracts, if ASX considers:

- (a) the Market Maker has failed to comply with the Rules, directions, decisions or requirements of ASX;
- (b) ASX has suspended an assignment of any Class to the Market Maker under Rule 23.7.1 twice in any 12 month period;
- (c) the person has failed to perform the obligations of a Market Maker;
- (d) the person has failed to comply with any conditions imposed under Rule 23.1.3; or
- (e) it is appropriate having regard to Rule 1.13.

ASX must notify the Market Maker in writing of the suspension or withdrawal of registration and reasons for the suspension or withdrawal.

Introduced 11/03/04. Origin ASX 7.2.6.1, ASXF 12.8.1 Amended 28/11/05

23.8.2 Effect of suspension

If ASX suspends the registration of a person as a Market Maker under Rule 23.8.1:

- (a) the initial period of suspension must not exceed one month although ASX may extend that period for additional periods of not more than one month at a time if it reasonably believes an extension is necessary or desirable;
- (b) the person must not hold themselves out as a Market Maker during a period of suspension; and
- (c) subject to Rule 23.8.3, during a period of suspension, ASX may withdraw the registration of the person as a Market Maker.

While a person's registration as a Market Maker is suspended, the person is not taken to be a Market Maker under these Rules.

Introduced 11/03/04. Origin ASX 7.2.6.2, ASXF 12.8.2

23.8.3 Withdrawal of registration under Rule 23.8.1

ASX must not withdraw the registration of a Market Maker unless ASX first gives the Market Maker an opportunity to either, at the option of the Market Maker:

- (a) appear in person or be represented before ASX; or
- (b) lodge a written submission for consideration by ASX in relation to the proposed withdrawal.

Introduced 11/03/04. Origin ASX 7.12.2.1(b), ASXF 12.8.3 Amended 28/11/05

23.8.4 Appeal

A Market Maker may appeal to the Appeal Tribunal against a decision to suspend or withdraw its registration as a Market Maker by giving a notice of appeal to ASX that complies with Rule 28.15.1.

Introduced 11/03/04. Origin ASX 7.12.2.1(e), ASXF 12.8.4

23.9 RESIGNATION OF MARKET MAKERS

23.9.1 Resignation as Market Maker

A Market Maker must notify ASX in writing of their intention to resign as a Market Maker in a Class at least two weeks before the date the Market Maker proposes the resignation to be effective, unless ASX consents in writing to a lesser period of notice. The resignation does not take effect until it is accepted by ASX. ASX must not unreasonably refuse to accept a resignation.

Introduced 11/03/04. Origin ASX 7.2.6.3, ASXF 12.9.1

23.9.2 Continuation as Market Maker

Without limiting the discretion of ASX to reject a resignation, ASX may require the Market Maker to continue as a Market Maker in the relevant Class until Trading Close on the date on which Contract Series in the Class next expire or mature following the lapse of the two week notification period.

Introduced 11/03/04. Origin ASX 7.2.6.4, ASXF 12.9.2

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SECTION 24 EXCHANGE FOR PHYSICAL (EFP) TRANSACTIONS – FUTURES MARKET TRANSACTIONS

Section 24 provides for “exchange for physical” (“EFP”) transactions which comprise:

- (a) a Futures Market Transaction; and
- (b) a transaction in a physical commodity or instrument.

The Sections describes when EFPs may be entered into and how they must be reported.

24.1 EXCHANGE FOR PHYSICAL (EFP)

24.1.1 General

An Exchange for Physical (EFP) consists of two separate but related transactions, being:

- (a) a Futures Market Transaction; and
- (b) a transaction in a physical commodity or instrument.

Introduced 11/03/04. Origin ASXF 9.5.1 Amended 28/11/05

24.2 PERMITTED EFPs

24.2.1 Conditions

EFPs may only be effected in accordance with this Section 24 and the Procedures.

Introduced 11/03/04. Origin ASXF 9.5.2

24.3 ENTRY INTO EFPs

24.3.1 Conditions

An EFP may only be entered into where:

- (a) a genuine transaction in a physical commodity or instrument is executed whereby actual physical delivery occurs either at the time the transaction is effected or at a later time as agreed between both parties;
- (b) at or about the same time as the transaction referred to in paragraph (a) is agreed a Trading Participant or Trading Participants enter into a Futures Market Transaction opposite in effect to the transaction referred to in paragraph (a);
- (c) the buyer of the Futures Market Transaction in paragraph (b) is the seller of the physical transaction in paragraph (a) and the seller of the Futures Market Transaction in paragraph (b) is the buyer of the physical transaction in paragraph (a); and

- (d) the physical transaction referred to in paragraph (a) is for the same or substantially similar value or amount of the commodity or instrument, (or a substantially similar commodity or instrument), as the subject of entered into in the Futures Market Transaction referred to in paragraph (b) as determined by reference to the Procedures.

Introduced 11/03/04. Origin ASXF 9.5.3 Amended 28/11/05

24.4 REPORTING OF EFPS

24.4.1 Reporting

EFPS must be reported to ASX in accordance with Rule 21.5.

Introduced 11/03/04. Origin ASXF 9.5.4

24.5 REPORTING AND REGISTRATION OF THE FUTURES MARKET TRANSACTION

24.5.1 Transaction effective only when Futures Market Transaction confirmed by ASX

The Futures Market Transaction component of an EFP reported to ASX is only effective once ASX confirms the Futures Market Transaction in accordance with the Procedures and is otherwise satisfied with the EFP. Futures Market Transactions confirmed by ASX will be registered in accordance with Rule 21.5.

Introduced 11/03/04. Origin ASXF 9.5.5 Amended 28/11/05

24.6 PARTIES TO EFP TRANSACTIONS

24.6.1 Restriction

For the purposes of Rule 24.3 an EFP cannot be effected where a Trading Participant acts for a person or party that is transacting as the buyer of both the physical transaction and the Futures Market Transaction components of the EFP, or the seller of both the physical transaction and the Futures Market Transaction components of the EFP.

Introduced 11/03/04. Origin ASXF 9.5.6 Amended 28/11/05

24.7 RETENTION OF RECORDS

24.7.1 Appropriate evidence must be retained

Trading Participants must retain appropriate evidence of physical transactions entered into under an EFP.

Introduced 11/03/04. Origin ASXF 9.5.7

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SECTION 25 TRADING RESTRICTIONS AND LIMITS – DERIVATIVES MARKET CONTRACTS

Section 25 provides that ASX may set out restrictions and limitations on:

- (a) the number of Derivatives Market Contracts in a Contract Series or Class that may be entered into;
- (b) the exercise of Options Market Contracts in a Contract Series or Class;
- (c) Trading Participants offering, or bidding for, Options Market Contracts over an Underlying Cash Market Product where they have received orders which may materially affect the market price in the Underlying Financial Product.

25.1 POSITION LIMITS

25.1.1 ASX may prescribe Position Limits

ASX may set out in the Procedures (or otherwise notify to Trading Participants) a limit on the number of Derivatives Market Contracts in a Contract Series or Class which may be entered into or registered with an Approved Clearing Facility (either generally or in one or more Accounts or in respect of one or more persons).

Introduced 11/03/04. Origin ASX 7.10.1.1, ASXF 14.1.1 Amended 28/11/05

25.1.2 Trading Participant not to breach Position Limit

A Trading Participant must not enter into a Derivatives Market Transaction if the registration of that Derivatives Market Transaction with an Approved Clearing Facility or entering that Derivatives Market Transaction will have the effect that a Position Limit is exceeded.

Introduced 11/03/04. Origin ASX 7.10.1.2, ASXF 14.1.2 Amended 28/11/05

25.1.3 Notice of change in Position Limit

ASX will notify Trading Participants of a change to a Position Limit before the change becomes effective.

Introduced 11/03/04. Origin ASX 7.10.1.3, ASXF 14.1.3

25.2 EXERCISE LIMITS

25.2.1 ASX may prescribe Exercise Limits

ASX may set out in the Procedures (or otherwise notify to Trading Participants) a limit on the exercise of Options Market Contracts in a Contract Series or Class (either generally or in one or more accounts or in respect of one or more persons).

Introduced 11/03/04. Origin ASX 7.10.2.1, ASXF 14.2.1 Amended 28/11/05

25.2.2 Trading Participant not to breach Exercise Limit

A Trading Participant must not exercise an Options Market Contract if the exercise will have the effect that an Exercise Limit is exceeded.

Introduced 11/03/04. Origin ASX 7.10.2.2, ASXF 14.2.2 Amended 28/11/05

25.2.3 Notice of change in Exercise Limit

ASX will notify Trading Participants of a change to an Exercise Limit before the change becomes effective.

Introduced 11/03/04. Origin ASX 7.10.2.3, ASXF 14.2.3

25.3 RESTRICTIONS ON EXERCISE

25.3.1 ASX may impose restrictions

ASX may at any time impose a restriction on the exercise of Options Market Contracts if it considers the restriction is appropriate having regard to Rule 1.13.

Introduced 11/03/04. Origin ASX 7.10.3.1, ASXF 14.3.1 Amended 28/11/05

25.3.2 Consequences of restriction

If ASX imposes a restriction on exercise under Rule 25.3.1, a Trading Participant must only exercise Options Market Contracts in accordance with the terms of the restriction.

Introduced 11/03/04. Origin ASX 7.10.3.2, ASXF 14.3.2 Amended 28/11/05

25.3.3 Restriction to lapse

Unless ASX specifically directs to the contrary, any restriction imposed under Rule 25.3.1 and any Exercise Limit ceases to be effective during the 10 Business Days immediately prior to and including the date on which the relevant Option Series expires.

Introduced 11/03/04. Origin ASX 7.10.3.3, ASXF 14.3.3 Amended 28/11/05

25.4 UNEXECUTED ORDER IN UNDERLYING FINANCIAL PRODUCTS

25.4.1 Trading Participant not to make Bids or Offers

If a Trading Participant has or receives an Order to buy or sell an Underlying Financial Product in the Underlying Market which may materially affect:

- (a) the market price of the Underlying Financial Product in the Underlying Market; or
- (b) the level of an Underlying Index, the level of which is calculated by reference to the value of that Underlying Financial Product and other Products,

the Trading Participant must not make Bids or Offers to enter into an Options Market Transaction over that Underlying Financial Product as Principal (within the meaning of Rule

7.3.5) until the order in the Underlying Financial Product has been executed in the Underlying Market.

Introduced 11/03/04. Amended 28/11/05

25.5 BREACH OF RESTRICTIONS

25.5.1 Actions of ASX

Where a Trading Participant has breached, or, where applicable, caused its Clearing Participant or Nominating Trading Participant to breach, a Position Limit or an Exercise Limit or a restriction imposed under Rule 25.2 or Rule 25.3, without limiting the other powers which ASX has under these Rules, ASX may do any or all of the following in connection with the enforcement of those limits or restrictions:

- (a) direct the Trading Participant, or its Clearing Participant or Nominating Trading Participant, to take, or not to take, a specified action;
- (b) take, or refrain from taking, any other action which ASX considers is appropriate having regard to Rule 1.13; and
- (c) request an Approved Clearing Facility to exercise its powers under the Clearing Rules.

Introduced 11/03/04. Origin ASXF 14.4

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SECTION 26 WHOLESALE LOAN SECURITIES

Section 26 sets out specific rules for the Wholesale Loan Securities Market.

26.1 APPLICATION OF SECTION 16

26.1.1 **Effect of Rule**

Rule 16.2.1 does not apply to dealings in Wholesale Loan Securities made in accordance with this Section 26. This Section 26 regulates the rights and obligations of Trading Participants who use the information displayed on the Wholesale Loan Securities Market to execute transactions.

Introduced 11/03/04. Origin ASX 2D.2.1, 2D.2.2

26.1.2 **Trading Participants must enter a Bid and an Offer**

If a Trading Participant wishes to deal with another Trading Participant that has entered a Bid or Offer (whichever is applicable) in the Wholesale Loan Securities Market, the Trading Participant must also have entered an Offer or Bid (whichever is applicable) in the same class of Wholesale Loan Securities.

Introduced 11/03/04. Origin ASX 2D.2.3

26.2 DEALINGS IN THE WHOLESALE LOAN SECURITIES MARKET

26.2.1 **Application of Rule 26.2**

This Rule 26.2 applies to transactions in Wholesale Loan Securities quoted on the Wholesale Loan Securities Market instead of Rule 31.4.

Introduced 11/03/04. Origin ASX 2D.4.1 Amended 28/11/05

26.2.2 **Minimum value**

All Bids or Offers entered into the Wholesale Loan Securities Market must be for the value of at least \$500,000.

Introduced 11/03/04. Origin ASX 2D.4.2

26.2.3 **Prohibition on consolidation of orders**

A Trading Participant must not aggregate client Orders which individually have a value of less than \$500,000 so as to be able to place one consolidated Order in the Wholesale Loan Securities Market under Rule 26.2.2.

Introduced 11/03/04. Origin ASX 20.4.3

26.2.4 Priority of Orders (Deleted)

Introduced 11/03/04. Origin ASX 20.4.4 Deleted 28/11/05

26.2.5 Remaining Offer less than certain value

Where a transaction in Wholesale Loan Securities entered into between a buying Trading Participant and a selling Trading Participant, results in the selling Trading Participant having a remaining Offer with a value of less than \$500,000 then the selling Trading Participant will either:

- (a) amend the Offer so that it is not less than \$500,000; or
- (b) remove the Offer from the Wholesale Loan Securities Market.

Introduced 11/03/04. Origin ASX 20.4.5

26.2.6 Trading Participant chooses counterparty

A Trading Participant that wishes to participate in the Wholesale Loan Securities Market must choose the counterparty with which it wishes to trade, subject to the following:

- (a) the Trading Participant must enter a Bid or Offer (whichever is applicable) into the Wholesale Loan Securities Market in respect of the class of Wholesale Loan Securities it wishes to trade;
- (b) the proposed counterparty must have entered a corresponding Offer or Bid (whichever is applicable) into the Wholesale Loan Securities Market in respect of the same class of Wholesale Loan Securities;
- (c) a Trading Participant must take immediate action to manually amend any Bid or Offer which is partly satisfied or remove any Bid or Offer which is fully satisfied; and
- (d) a Trading Participant who executes a transaction in accordance with Section 26 must notify that transaction to ASX in a manner specified in the Procedures. Such a notification will constitute confirmation of the transaction, however failure to notify the transaction will not affect the validity of the transaction.

Introduced 11/03/04. Origin ASX 20.4.6 Amended 28/11/05

26.2.7 Communication of Bids and Offers

The Trading Participant may communicate the Bid or Offer (whichever is applicable) in Wholesale Loan Securities to sellers or buyers (whichever is relevant) by telephone or any other form of communication acceptable to the parties. Any agreement arising from that communication must be able to be verified.

Introduced 11/03/04. Origin ASX 20.4.7

26.2.8 When transaction binding

A transaction in respect of Wholesale Loan Securities will be binding from the time that both Trading Participants agree to the terms of the transaction.

Introduced 11/03/04. Origin 20.4.8

26.2.9 Reporting of transactions

The provisions of Rule 16.12 do not apply to transactions in Wholesale Loan Securities.

Introduced 11/03/04. Origin 20.4.9

26.2.10 When transaction settled

Unless otherwise agreed, the transaction in Wholesale Loan Securities will be settled at the time set out in the Procedures.

Introduced 11/03/04. Origin 20.4.10

26.3 NO NGF COVER FOR WHOLESALE LOAN SECURITIES TRANSACTIONS

26.3.1 Not reportable transactions

A transaction in Wholesale Loan Securities which is notified to ASX in accordance with Rule 26.2.6, will not constitute a “reportable transaction” for the purposes of National Guarantee Fund cover and will not be a reportable transaction for the purposes of Rule 16.12.

Introduced 11/03/04. Origin ASX 2D.5

26.4 CROSSINGS

26.4.1 Application of Section 17 and Section 18

Section 17 and Section 18 do not apply to the Wholesale Loan Securities Market.

Introduced 11/03/04. Origin ASX 2D.6.1

26.4.2 Trading Participant must notify ASX of a Crossing

A Trading Participant who initiates a Crossing in Wholesale Loan Securities must notify the Crossing to ASX in the manner set out in the Procedures.

Introduced 11/03/04. Origin ASX 2D.6.2

26.5 SUSPENSIONS

26.5.1 Suspension of Wholesale Loan Security

If a Wholesale Loan Security is suspended from quotation and placed in suspend (which phase will be governed by the Rules applicable to suspend in Rule 16.4.1), no trading can take place in relation to those Wholesale Loan Securities without the written permission of ASX.

Introduced 11/03/04. Origin ASX 2D.7.1

26.5.2 Trading Permission suspended

If the Trading Permission of a Trading Participant is suspended either generally or in respect of Wholesale Loan Securities, in accordance with Section 12 or Section 14 then the Trading Participant will also be prohibited from seeking to enter into transactions in the Wholesale Loan Securities Market pursuant to this section 26.

Introduced 11/03/04. Origin ASX 2D.7.2 Amended 28/11/05

26.5.3 Suspension of the Wholesale Loan Securities Market or Wholesale Loan Securities

If ASX considers it is appropriate having regard to Rule 1.13, it may suspend the operation of the Wholesale Loan Securities Market generally, or the Wholesale Loan Securities Market in relation to a particular Wholesale Loan Security or class of Wholesale Loan Securities.

Introduced 11/03/04. Origin ASX 2D.7.3

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SECTION 27 OVERSEAS MARKET LINKAGES

Section 27 sets out the rules pursuant to which Portal Dealers and Market Participants may access the ASX World Link service.

27.1 SCOPE OF SECTION 27

27.1.1 Application of Section 27

This Section 27 applies only to Portal Dealers and to Market Participants that are permitted, in accordance with the provisions of an ASX World Link Agreement, to access the ASX World Link service to place Orders and to execute transactions in Participating International Financial Products on Participating Overseas Exchanges, to the extent provided.

Introduced 11/03/04. Origin ASX 15.2.1, Amended 11/04/05

27.1.2 Portal Dealer references

References in this Section 27 to a Market Participant do not include a Portal Dealer, but references to Market Participants in other Rules do apply to each Portal Dealer except to the extent specifically excluded by this Section 27.

Introduced 11/03/04. Origin ASX 15.2.2

27.1.3 ASX World Link Agreement – Section 27 prevails

If any part of this Section 27 is inconsistent with the provisions of an ASX World Link Agreement, this Section 27 takes precedence.

Introduced 11/03/04. Origin ASX 15.2.3

27.1.4 Application of other ASX Market Rules

A Market Participant to which this Section 27 applies and a Portal Dealer, when dealing in Participating International Financial Products, must comply not only with this Section 27 but also with those Rules which apply to all Market Participants trading in Financial Products not available for trading in a Trading Platform.

Introduced 11/03/04. Origin ASX 15.2.4. Amended 11/04/05 28/11/05

27.2 PORTAL DEALER - ROLE AND RESPONSIBILITIES

27.2.1 Portal Dealer must be a Market Participant

A Portal Dealer is a Market Participant that has been granted Trading Permission under Rule 27.3.1 and has either:

- (a) been approved as a Clearing Participant under the Clearing Rules; or

- (b) entered into a Clearing Agreement with a Clearing Participant which will clear all trades in Participating ASX Cash Market Products.

A Portal Dealer acts in that capacity only in relation to such Participating Overseas Markets as ASX may from time to time prescribe. ASX may prescribe more than one Portal Dealer at any time for the ASX World Link service.

Introduced 11/03/04. Origin ASX 15.3.1, Amended 11/04/05 28/11/05

27.2.2 Functions of Portal Dealer – outgoing trades

A Portal Dealer provides support for the trading, clearing and settlement of Participating International Financial Products by:

- (a) acting as agent for buy or sell Orders (or instructions to cancel or adjust previous Orders) that it receives from another Market Participant for submission by an Overseas Portal Dealer into the trading system of the applicable Participating Overseas Market;
- (b) providing trade confirmation to that Market Participant of any Order executed in that Participating Overseas Market;
- (c) discharging any resulting Participating Overseas Market foreign currency payment obligation or financial product delivery obligation, as applicable, owed by it (in its capacity as a client of the Overseas Portal Dealer) to that Overseas Portal Dealer;
- (d) discharging any equivalent payment obligation or securities delivery obligation, as applicable, owed by it to the Market Participant referred to in paragraph (a) in accordance with the Clearing Rules and the Settlement Rules; and
- (e) making custody arrangements for Participating International Financial Products acquired through the ASX World Link service.

Introduced 11/03/04. Origin ASX 15.3.2, Amended 11/04/05

27.2.3 Functions of Portal Dealer – incoming trades

A Portal Dealer provides support for the trading, clearing and settlement of Participating ASX Cash Market Products by:

- (a) acting as agent for buy or sell Orders (or instructions to cancel or adjust previous buy or sell instructions) from an Overseas Portal Dealer, as client, into and executing a transaction in a Trading Platform;
- (b) providing confirmation to the Overseas Portal Dealer of transactions so executed;
- (c) clearing or arranging for the clearing of all trades resulting from the execution of the transactions in accordance with the Clearing Rules; and
- (d) effecting or arranging for settlement on a basis agreed with its client Overseas Portal Dealer and discharging the related settlement obligation in accordance with the Settlement Rules.

Introduced 11/03/04. Origin ASX 15.3.3, Amended 11/04/05 28/11/05

27.2.4 Restrictions on Portal Dealer's activities

A Portal Dealer must not, in that capacity:

- (a) transact business other than as contemplated by Rules 27.2.1, 27.2.2 or 27.2.3;
- (b) subject to paragraph (d), transact business for persons other than:
 - (i) a Market Participant; or
 - (ii) an Overseas Portal Dealer;
- (c) deal in a market otherwise than in relation to Participating International Financial Products and Participating ASX Cash Market Products; or
- (d) deal in a market for its own account except where:
 - (i) in the reasonable opinion of the Portal Dealer; and
 - (ii) having due regard to its responsibilities as contemplated in these Rules,

it is necessary or desirable to do so in order to manage risk prudently (for example to close out a position in excess of any permitted position limit) or to correct any error on its part.

Introduced 11/03/04. Origin ASX 15.3.4 28/11/05

27.3 APPLICATION OF RULES TO PORTAL DEALER

27.3.1 Admission as Market Participant

Notwithstanding any other provision of these Rules, where ASX satisfies itself that a prospective Portal Dealer has or has access to facilities, procedures, personnel and financial resources which are adequate:

- (a) to facilitate the expeditious and orderly transaction of business through the ASX World Link service in connection with any Participating Overseas Market for which it proposes to act as Portal Dealer; and
- (b) to manage risk likely to arise in the course of its activities in that capacity,

ASX may admit that entity as a Market Participant if it has an Australian Financial Services Licence which authorises it to engage in its activities under these Rules, to the extent they require authorisation.

Introduced 11/03/04. Origin ASX 15.4.1, Amended 11/04/05

27.3.2 Trading Permission

A prospective Portal Dealer that has been approved as a Market Participant will be granted Trading Permission by ASX in respect of Participating ASX Cash Market Products.

Introduced 11/03/04, Amended 11/04/05 28/11/05

27.3.3 Suspension of Trading Permission

If:

- (a) a Portal Dealer ceases to comply with the requirements in Rule 27.3.1;
- (b) a Portal Dealer is suspended from any or all of the rights or privileges of admission as a Market Participant of ASX; or
- (c) a Portal Dealer or a Clearing Participant with which the Portal Dealer has a Clearing Agreement either:
 - (i) has its participation in an Approved Clearing Facility suspended or restricted by the Approved Clearing Facility; or
 - (ii) is suspended from the privileges of being a Clearing Participant, has restrictions imposed on its rights or privileges as a Clearing Participant or has its admission as a Clearing Participant suspended or terminated under the Clearing Rules,

ASX may suspend the Trading Permission and the entitlement of the Portal Dealer to enter into transactions for Participating ASX Cash Market Products and remove all Bids and Offers of the Portal Dealer from a Trading Platform until such time as:

- (d) (if the suspension occurred under paragraph (a)), the Portal Dealer complies with the requirements of Rule 27.3.1; or
- (e) (if the suspension occurred under paragraph (b) or paragraph (c)), the relevant suspension or restriction is lifted or, where the suspension or restriction relates to a Clearing Participant with which the Portal Dealer has a Clearing Agreement, the Portal Dealer has made other clearing and settlement arrangements satisfactory to ASX.

Introduced 11/03/04. Origin ASX 15.4.2. Amended 09/12/04, Amended 11/04/05 28/11/05

27.3.4 Change of status

If:

- (a) a Portal Dealer which is a Trading Participant and a Clearing Participant, no longer wishes to be a Clearing Participant, the Portal Dealer must advise ASX and the relevant Approved Clearing Facility in writing of its proposed change of status and of the name of the Clearing Participant or Clearing Participants which will settle all Market Transactions of the Portal Dealer. The Portal Dealer may have third party clearing arrangements with a maximum of two Clearing Participants at any time for clearing of its Market Transactions. The Portal Dealer must also maintain a Clearing Agreement or Clearing Agreements, provide ASX with a copy of the Clearing Agreements and otherwise comply with Section 5 at all times;
- (b) a Portal Dealer which is not a Clearing Participant, wishes to be a Clearing Participant, the Portal Dealer must advise ASX and the relevant Approved Clearing Facility in writing by completing a change of status form and must comply with the Clearing Rules; or
- (c) a Portal Dealer which is a Clearing Participant and a Trading Participant, no longer wishes to be a Trading Participant, the Portal Dealer must advise ASX in writing of its proposed change of status.

27.3.5 Incoming trades

In relation to incoming trades:

- (a) Section 7 will not apply to a Portal Dealer when it is providing services to an Overseas Portal Dealer, except for Rules 7.5, 7.6, 7.11–7.17 and 7.19–7.21.
- (b) Except as otherwise specified in paragraphs (a) and (c), a Portal Dealer must, when executing a transaction in Participating ASX Cash Market Products through the ASX World Link service, at all times act in accordance with all applicable requirements imposed by these Rules and by the Clearing Rules, if it is a Clearing Participant, including without limitation the capital liquidity requirements set out in Section 5.
- (c) The following rules do not apply to a Portal Dealer:
 - (i) section 3;
 - (ii) rules 4.1-4.4, 4.5.2, 4.6-4.8, 4.13, 4.19.2;
 - (iii) section 5 except for rules 5.6-5.8;
 - (iv) rule 8.2;
 - (v) section 12 except for rule 12.5.2(a);
 - (vi) rules 13.1.6, 13.1.10(a), 13.2-13.4;
 - (vii) rule 14.1.3;
 - (viii) section 15 except for rules 15.3-15.5 and 15.9;
 - (ix) rules 16.14-16.16;
 - (x) section 18;
 - (xi) section 19;
 - (xii) rules 20.6-20.8; and
 - (xiii) section 30.

Introduced 11/03/04. Origin ASX 15.4.4, Amended 11/04/05 28/11/05

27.3.6 Outgoing trades

In relation to ongoing trades, a Portal Dealer, in providing services to Market Participants dealing in Participating International Financial Products:

- (a) must ensure that it has the facility to receive communications from other Trading Participants or ASX during Open Session State;
- (b) must maintain records for the period specified in the Procedures in relation to the orders referred to in Rules 27.2.2 (a) and 27.2.3(a) and the trades resulting from those orders;

- (c) has no discretion to act on instructions from Market Participants other than in the sequence in which it receives them (subject to rejection of any Order in accordance with the terms of ASX World Link Agreement);
- (d) must do all things necessary to ensure it is able to allocate sales and purchases of Participating International Financial Products fairly; and
- (e) is not subject to the provisions of Section 7, except for rules 7.5, 7.11 and 7.16.

Introduced 11/03/04. Origin ASX 15.4.5, Amended 11/04/05 28/11/05

27.3.7 Security

A Portal Dealer must establish, maintain and enforce at all times security arrangements designed to prevent unauthorised persons from accessing the Portal Dealer's systems and facilities relating to the ASX World Link service (including any device used to place Orders) which are reasonably adequate for that purpose.

Introduced 11/03/04. Origin ASX 15.4.6

27.4 CORE TRADING RULES

27.4.1 Purpose

The Core Trading Rules set out in this Rule 27.4:

- (a) describe dealers' responsibilities that are widely recognised as fundamental to the efficient and proper functioning, and integrity, of financial product markets;
- (b) will form part of ASX's reciprocal arrangements with other Participating Overseas Exchanges in connection with the ASX World Link service, with a view to promoting consistency of dealing standards across the relevant markets; and
- (c) apply only to Market Participants dealing in Participating International Financial Products through the ASX World Link service. They do not apply to other Market Participants nor to a Portal Dealer, except where a Portal Dealer is acting as Principal when dealing in Participating Overseas Securities through the ASX World Link service.

Introduced 11/03/04. Origin ASX 15.5.1, Amended 11/04/05

27.4.2 Application of Core Trading Rules

Subject to this Rule 27.4, the Core Trading Rules apply to the dealing activities of:

- (a) a Market Participant for the time being authorised to use the ASX World Link service, in connection with Orders effected on its behalf in any Participating Overseas Market; and
- (b) a Portal Dealer in connection with Orders placed by it as Principal in any Participating Overseas Market.

The provisions of any ASX World Link Agreement are to be construed so as not to derogate from the Core Trading Rules, and having regard to Rule 27.4.3.

27.4.3 Interpretation

The Core Trading Rules must be interpreted and applied:

- (a) in accordance with their spirit, intention and purpose;
- (b) by looking beyond form to substance; and
- (c) without in any way limiting or derogating from any other provision of this Section 27; and
- (d) so that references to a “Market Participant” are references to a Market Participant or a Portal Dealer as described in Rule 27.4.2.

Introduced 11/03/04. Origin ASX 15.5.3

27.4.4 Prevention of manipulative trading

A Market Participant must not place or execute an Order for Participating International Financial Products with the intention of creating a false or misleading appearance of active trading in, or in any way so as to manipulate the market for, or the price of, those Participating International Financial Products.

Introduced 11/03/04. Origin ASX 15.5.4

27.4.5 Prevention of disorderly markets

A Market Participant must, to the extent applicable:

- (a) comply, and ensure each of its Authorised Users complies, with instructions and directions issued from time to time by ASX;
- (b) ensure that an Authorised User is available to receive communications from the applicable Portal Dealer at all times reasonably required by the Portal Dealer;
- (c) not intentionally take advantage, and ensure none of its Authorised Users takes advantage, of any situation arising as a result of a breakdown, malfunction or error relation to a Participating Overseas Exchange’s systems, procedures or trading entries; and
- (d) not otherwise engage, and ensure none of its Authorised Users engages, in any other Unprofessional Conduct that might adversely affect the conduct of an orderly market in Participating International Financial Products.

Introduced 11/03/04. Origin ASX 15.5.5

27.4.6 Cancellation

If a Market Participant becomes aware of a transaction effected on its behalf in a Participating Overseas Market as a result of:

- (a) any of the matters set out in Rule 27.4.5; or

- (b) an error in the entry of a bid or offer submitted into a Participating Overseas Market on its behalf,

it must immediately:

- (c) through the ASX World Link service and the relevant Portal Dealer, seek cancellation of the transaction; and
- (d) if cancellation can be and is effected, reimburse the Portal Dealer on demand for the costs (if any) incurred by it in effecting cancellation.

Introduced 11/03/04. Origin ASX 15.5.6

27.4.7 Prevention of dealings in suspended products

A Market Participant must not deal, or give instructions to deal, in Participating International Financial Products during any period in which those Products are suspended from official quotation, except with the prior approval of the applicable Participating Overseas Exchange.

Introduced 11/03/04. Origin ASX 15.5.7

27.4.8 Short selling

A Market Participant must not place an Order to sell a number of Participating International Financial Products, whether on its own account or for a client if:

- (a) in respect of principal trading, the aggregate effect of all buy and sell Orders; or
- (b) in respect of trading on behalf of a client, the aggregate effect of all buy and sell Orders,

to be settled on any particular day after taking into account any existing or reasonably proposed holding of FDIs by the Market Participant as Principal, or that client, would be likely to result in a holding deficiency of FDIs available for the purpose of settling such Orders in the Participating Overseas Market on that day.

Introduced 11/03/04. Origin ASX 15.5.8 Amended 11/04/05

27.4.9 Corners

A Market Participant must not act, or act in concert with one or more persons, to acquire control of any Participating International Financial Product with a view to precluding its delivery on existing contracts except at prices or on terms dictated by the Market Participant, or by the Market Participant acting in concert with those persons, which terms are unfair, harsh or unconscionable.

Introduced 11/03/04. Origin ASX 15.5.9

27.4.10 Compliance with conditions designated by Participating Overseas Exchanges

Each Market Participant acknowledges that a Participating Overseas Exchange may be empowered, where it has a concern that trading in any Participating International Financial Product may be subject to manipulation or excessive speculation, to declare conditions that will apply to all dealings in that Participating International Financial Product, for the period of the declaration. A Market Participant must comply with any such condition that has been declared

by a Participating Overseas Exchange from time to time, for as long as that condition remains in force.

Introduced 11/03/04. Origin ASX 15.5.10

27.5 MARKET PARTICIPANTS' OTHER RESPONSIBILITIES

27.5.1 Business governance rules apply

No Market Participant that effects transactions through the ASX World Link service using a Portal Dealer is, by virtue of such agency arrangements, relieved of any obligation or liability otherwise applicable to it under the Rules as a Market Participant in connection with those transactions.

Introduced 11/03/04. Origin ASX 15.6.1

27.5.2 Responsibility for Trading Messages

A Market Participant must ensure the accuracy of details, the integrity and the bona fides of all Orders or other trading messages that it enters into the ASX World Link service network, whether or not an Authorised User of that Market Participant is involved in their submission. For the purposes of this Rule 27.5, a Market Participant is taken to have authorised any message delivered to the Portal Dealer that bears the Market Participant's unique identifier.

Introduced 11/03/04. Origin ASX 15.6.2

27.5.3 Settlement obligations

Where a Portal Dealer, as Principal, has the settlement obligation in respect of an Order executed in a Participating Overseas Market on behalf of a Market Participant (whether the Market Participant is acting on its own behalf or on behalf of a client), the Market Participant owes its settlement obligation to the Portal Dealer.

Introduced 11/03/04. Origin ASX 15.6.3

27.6 RESPONSIBILITIES OF ASX

27.6.1 No bias

In relation to any Market Participant that is a Portal Dealer, ASX must carry out its functions on an arms' length basis and without bias.

Introduced 11/03/04. Origin ASX 15.7.1

27.6.2 No obligation to provide market information

ASX, through the ASX World Link service, offers to Market Participants the functionality to receive data originating from a Participating Overseas Market in relation to Participating International Financial Products, but ASX does not accept any liability for the accuracy of the information or when transmitting or attempting to transmit such information for omissions or malfunctions.

Introduced 11/03/04. Origin ASX 15.7.2

27.7 NON-COMPLIANCE WITH CORE TRADING RULES

27.7.1 ASX may take action

Where ASX becomes aware of an apparent or an alleged event of non-compliance with a Core Trading Rule by a Market Participant, ASX may:

- (a) initiate an inspection of that Market Participant, pursuant to Rule 28.1.1;
- (b) direct an investigation of that Market Participant, pursuant to either Rule 28.1.5 or 28.1.6; or
- (c) without in any way otherwise limiting the powers, rights and remedies of ASX to take action against a Market Participant under Section 28, withdraw that Market Participant's permission to access the ASX World Link service (that is, a privilege of its status as a Market Participant),

as applicable, and the provisions of Section 28 will in each case apply.

Introduced 11/03/04. Origin ASX 15.8

27.8 DISCLOSURE OF INFORMATION

27.8.1 ASX may disclosure information

For the avoidance of doubt, Rule 1.7 applies to the Portal Dealer and Market Participants in relation to clients of any Market Participant or Portal Dealer that accesses the ASX World Link service.

Introduced 11/03/04. Origin ASX 15.9

27.9 LIABILITY

27.9.1 Rule 1.8 does not apply to Portal Dealer subsidiary of ASX

A Portal Dealer which is a subsidiary of ASX may not take the benefit of a right conferred on ASX subsidiaries under Rule 1.8, when acting in its capacity as Portal Dealer.

Introduced 11/03/04. Origin ASX 15.10

SECTION 28 SUPERVISION, DISCIPLINARY MATTERS, TRIBUNAL PROCEEDINGS AND APPEALS

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SECTION 28 SUPERVISION, DISCIPLINARY MATTERS, TRIBUNAL PROCEEDINGS AND APPEALS

This Section deals with supervision and disciplinary matters including:

- investigating the activities of a Regulated Person and the powers of ASX to obtain information, inspect records and obtain an Accountant's report at the cost of a Regulated Person;
- the requirement that a Regulated Person must report certain matters to ASX;
- the taking of disciplinary action and the conduct of proceedings before the Disciplinary Tribunal;
- the exercise of powers of the Disciplinary Tribunal where a Regulated Person has breached the Rules or Procedures;
- the process of appeal to the Appeal Tribunal;
- enforcement action including the power of ASX to suspend or terminate a Regulated Person;
- the consolidation of investigations, proceedings and appeals; and
- the recording and announcement of determinations made by the Tribunals.

This section also deals with the establishment and composition of the Tribunal Panel, the Disciplinary Tribunal and the Appeal Tribunal and sets out:

- the powers of those Tribunals; and
- how proceedings before the Disciplinary Tribunal and the Appeal Tribunal are to be conducted.

28.1 MONITORING COMPLIANCE

28.1.1 Obtaining information

ASX may at any time investigate the activities of a Regulated Person. As part of any investigation, ASX may require a Regulated Person to do one or both of the following:

- (a) to provide any information known to the Regulated Person; and
- (b) by notice in writing, to provide or permit inspection at the offices of the Regulated Person or any other place notified by ASX of any records in the custody, control or possession of the Regulated Person,

in connection with the performance by the Regulated Person or the relevant Market Participant of their obligations under the Rules.

ASX may also require, by notice in writing, that a Regulated Person provide specified information relating to the terms and circumstances of, and the parties to, any dealings in Products by clients and former clients of the relevant Market Participant.

28.1.2 Regulated Person to comply

If a Regulated Person is required to provide information or receives a notice under Rule 28.1.1, the Regulated Person must:

- (a) provide the information, or provide or permit inspection of the records in accordance with the notice;
- (b) provide assistance to ASX as ASX may reasonably require in relation to the information required or the notice; and
- (c) bear any costs incurred by the Regulated Person in connection with providing the information or complying with the notice or providing assistance to ASX.

Introduced 11/03/04. Origin ASXF 17.1.2

28.1.3 Attendance of individuals before ASX

Without limiting the powers under Rule 28.1.1, ASX may, in connection with an investigation, require a Regulated Person and, if the Regulated Person and its Employees to appear for interviews before ASX or a Tribunal to give any information required by ASX or Tribunal in relation to the business of the relevant Market Participant or to enable ASX or the Tribunal to consider whether or not the Market Participant continues to comply with the Admission Requirements and whether the Regulated Person has complied with the Regulated Person's obligations under these Rules. A Regulated Person must comply, and must ensure that its Employees, comply with any requirement of ASX under this Rule 28.1.3.

Introduced 11/03/04. Origin ASX 13.1(1), ASXF 17.1.4

28.1.4 Other requirements of investigation

ASX may, in connection with any investigation, do one or more of the following:

- (a) give directions about who may be present at an interview of another person;
- (b) impose conditions on the attendance of a person, including in relation to appropriate undertakings as to confidentiality; and
- (c) impose any other requirement which ASX considers to be reasonably necessary to preserve the integrity of the investigation.

A Regulated Person must comply, and ensure that its Employees comply, with any requirement imposed under this Rule 28.1.4.

Introduced 11/03/04. Origin ASXF 17.1.5

28.1.5 ASX may request Accountant's report

ASX may direct a Regulated Person at any time to supply to ASX a report of an Accountant approved by ASX in a form and within a time determined by ASX.

If ASX considers that the information contained in the report warrants a further investigation it may direct the Regulated Person to give to ASX or the Accountant further information which ASX considers appropriate having regard to Rule 1.13 or require the Regulated Person to cause the Accountant to submit a further report covering further matters specified by ASX.

Introduced 11/03/04. Origin ASX 13.2.1(1), ASXF 17.1.6

28.1.6 ASX may appoint Accountant

If a Regulated Person fails to comply with a direction by ASX under Rule 28.1.5, ASX may appoint an Accountant to investigate the Regulated Person and prepare a report in a form and within a time determined by ASX. The Regulated Person must give all necessary assistance required by the Accountant to prepare the report and must at the request of the Accountant direct third parties to make available all information the Accountant requires.

Introduced 11/03/04. Origin ASX 13.2.1(2), ASXF 17.1.7

28.1.7 Authority of Accountant appointed by ASX

An Accountant appointed by ASX under Rule 28.1.6 is taken to be the Regulated Person's attorney for the purpose of obtaining any information or documents from third parties which in the opinion of the Accountant or ASX are necessary for the Accountant to prepare the report or further report.

Introduced 11/03/04. Origin ASX 13.2.2(1), ASXF 17.1.8

28.1.8 Cost of Accountant

Unless ASX otherwise determines, the relevant Regulated Person must pay the costs of the report of the Accountant prepared under this Rule 28.1.

Introduced 11/03/04. Origin ASX 13.2.2(2), 17.1.9

28.2 PROVISION OF AUDIT REPORT TO ASX

28.2.1 Audit of Regulated Persons

ASX may by notice to a Regulated Person require the Regulated Person to provide a report from an independent auditor or other expert approved by ASX expressing an opinion as to:

- (a) the performance by the Regulated Person and any third party provider of the Regulated Person of the Regulated Person's obligations under the Rules;
- (b) the Regulated Person's capacity to continue to meet the requirements for admission as a Regulated Person; or
- (c) any other matter which in the opinion of ASX is necessary to assist ASX in the discharge of its functions under these Rules.

Introduced 11/03/04. Amended 27/05/05

28.2.2 Notice, reporting and costs of audit of obligations

If ASX gives notice to a Regulated Person requiring that Regulated Person to provide a report under Rule 28.2.1,

- (a) ASX must specify in that notice the date and time by which the Regulated Person is to provide the report and that date must be a date not less than one month from that date that ASX gives the notice; and
- (b) the Regulated Person must:
 - (i) provide that report to ASX within the time specified in the notice; and

- (ii) bear any costs incurred by the Regulated Person in obtaining the report.

Introduced 11/03/04.

28.2.3 Notice by Regulated Person

A Regulated Person must notify ASX in writing immediately if:

- (a) it becomes aware that it has breached any of the Rules and that breach is significant;
- (b) the Regulated Person is also a Clearing Participant and any circumstance exists which constitutes an event of default under the operating rules of an Approved Clearing Facility;
- (c) the Regulated Person or any of its Employees is the subject of any regulatory or disciplinary action by any exchange, market operator, clearing and settlement facility, the Commission or any other regulatory authority (or if the Market Participant becomes aware that any Clearing Participant through which it clears Market Transactions or any of the Clearing Participant's Employees is the subject of any action of that type);
- (d) the Regulated Person suspects or becomes aware that any Employee has engaged in fraudulent conduct or other conduct which might constitute Unprofessional Conduct; or
- (e) the Regulated Person becomes aware or has reasonable grounds for suspecting the existence of any other event or circumstance which adversely affects or may adversely affect its financial position or solvency or its ability to comply with the Rules.

For the purposes of determining whether a breach is significant for the purposes of paragraph (a), a Regulated Person must have regard to the following:

- (f) the number or frequency of similar breaches;
- (g) the impact of the breach on the Market Participant's ability to comply with any other Rule or Procedure or to conduct its business operations;
- (h) the extent to which the breach indicates that a Market Participant's arrangements to ensure compliance with the Rules and Procedures is inadequate;
- (i) the actual or potential financial loss to clients of the Market Participant, or the Market Participant itself, arising from the breach; and
- (j) any other matters specified by ASX from time to time.

Introduced 11/03/04.

28.2.4 Notice by other Regulated Person

A Regulated Person (other than a Market Participant) must notify ASX in writing immediately if the Regulated Person:

- (a) fails to perform any of his or her responsibilities under these Rules;
- (b) is the subject of any regulatory or disciplinary action by any market operator, clearing and settlement facility, the Commission or any other regulatory authority; or
- (c) becomes aware of any other event or circumstance which adversely affects or may adversely affect his or her ability to perform any of his or her responsibilities under these Rules, or the Market Participant's ability to perform any of its responsibilities under these Rules.

Introduced 11/03/04.

28.3 DISCIPLINARY ACTION

28.3.1 Grounds for disciplinary action

ASX may take disciplinary action under this Rule 28.3 if ASX considers that a Regulated Person has contravened the Rules or engaged in Unprofessional Conduct.

Introduced 11/03/04. Amended 24/05/04. Origin ASX 13.5.1(1), ASXF 17.2.1.

28.3.2 Expedited disciplinary procedure

If ASX considers that a Regulated Person has contravened the Rules, ASX may request that the Disciplinary Tribunal deal with the matter on an expedited basis, whereby the Disciplinary Tribunal may, after reviewing a report prepared by ASX, by giving notice to the Regulated Person, do one or more of the following:

- (a) censure the Regulated Person;
- (b) require the Market Participant to pay to ASX all or part of the total commission or gross profit arising from any Market Transaction or Open Contract the subject of the disciplinary action, and ASX may deal with that amount in any manner it determines;
- (c) impose a fine not exceeding \$20,000 on the Market Participant for each contravention by it or any of its Responsible Executives; and
- (d) in the case of a contravention by a Regulated Person other than a Market Participant, direct the relevant Market Participant to suspend that person's role as a Regulated Person of that Market Participant for a period not exceeding one month upon such terms and conditions as the Disciplinary Tribunal thinks fit.

Introduced 11/03/04. Origin ASX 13.5.1(6)(a) ASXF 17.2.2. Amended 12/10/04.

28.3.3 Regulated Person may elect for Disciplinary Tribunal hearing

If the Disciplinary Tribunal takes any action against a Regulated Person under Rule 28.3.2, the Regulated Person may, within 10 Business Days of the Disciplinary Tribunal giving notice under Rule 28.3.2, elect by giving notice in writing to the Disciplinary Tribunal that the matter be dealt with by a hearing before the Disciplinary Tribunal. If the Disciplinary Tribunal receives a notice from the Regulated Person under this Rule 28.3.3:

- (a) any action taken under Rule 28.3.2 is set aside; and
- (b) ASX must give a notice to the Regulated Person under Rule 28.3.5.

Introduced 11/03/04. Origin ASX 13.5.1(6)(b), ASXF 17.2.3

28.3.4 Action to enforce expedited determination

ASX must not take any action to enforce a determination imposed by the Disciplinary Tribunal under Rule 28.3.2 until the expiry of the period referred to in Rule 28.3.3.

Introduced 11/03/04. Origin ASX 13.5.1(6)(b), ASXF 17.2.4

28.3.5 Commencement of disciplinary proceedings

In order to instigate disciplinary proceedings before the Disciplinary Tribunal against a Regulated Person under Rule 28.3.1, ASX must:

- (a) give a contravention notice to the Regulated Person setting out the details on which the disciplinary action is based; and
- (b) give a copy of the contravention notice to the chairperson of the Disciplinary Tribunal.

Introduced 11/03/04. Origin ASX 13.5.1(1), ASXF 17.2.5

28.3.6 Proceedings of Disciplinary Tribunal

After ASX has given a notice under Rule 28.3.5, a Disciplinary Tribunal will be convened and the proceedings of the Disciplinary Tribunal will be conducted in accordance with the relevant provisions of this Section 28. Where a Regulated Person gives a notice electing that the matter be dealt with under Rule 28.3.3, unless ASX and the Regulated Person both agree in writing, no member of the Disciplinary Tribunal hearing the matter is to be the same as those which considered the matter under Rule 28.3.2.

Introduced 11/03/04. Origin ASX 14.2.1(4), ASXF 17.2.6

28.3.7 Exercise of powers of Disciplinary Tribunal in disciplinary proceedings

If the Disciplinary Tribunal determines that a Regulated Person has contravened the Rules or has engaged in Unprofessional Conduct, the Disciplinary Tribunal may exercise the following powers:

- (a) censure the Regulated Person;
- (b) impose a fine not exceeding \$250,000 on the Market Participant for each contravention by it or any of its Responsible Executives;
- (c) suspend the Market Participant from all or any of the privileges of being a Market Participant or Trading Participant for one or more Products under these Rules;
- (d) prohibit the Regulated Person from transacting any business with ASX or with or through any Market Participant in respect of one or more Products for a period not exceeding 3 months, upon terms which the Disciplinary Tribunal considers appropriate;
- (e) require that the Regulated Person institute, in a form directed by ASX or upgrade to the satisfaction of the Disciplinary Tribunal, an education and compliance programme designed to prevent future contravention of the Rules by the Regulated Person and its Employees;
- (f) where the contravention arose from conduct of a particular individual involved in the business of the Market Participant, direct that the Market Participant cease to permit that individual to remain involved or that the Market Participant change that individual's role in the business in some way;
- (g) require the Market Participant to pay to ASX all or part of the total commission or gross profit arising from any Market Transaction or Open Contract the subject of the proceedings, and ASX may deal with that amount in any manner the Disciplinary Tribunal considers appropriate;
- (h) terminate the admission of the Market Participant;
- (i) where the Regulated Person against which disciplinary action is taken is not a Market Participant, direct the relevant Market Participant to:
 - (i) suspend that person's role as a Regulated Person of that Market Participant for a period not exceeding 3 months upon such terms and conditions as the Disciplinary Tribunal thinks fit; or

- (ii) where the Disciplinary Tribunal makes a finding of Unprofessional Conduct, terminate that person's role as a Regulated Person of that Market Participant; and
- (j) where the Regulated Person determined to have contravened the Rules is not a Market Participant, make an order that the Regulated Person not be employed, or otherwise appointed, as a Responsible Executive for a period the Disciplinary Tribunal thinks fit.

Introduced 11/03/04. Origin ASX 13.5.1(3), ASXF 17.2.7. Amended 24/05/04. Amended 12/10/04 28/11/05.

28.3.8 Register of banned Regulated Persons

ASX will enter the name of a person in respect of whom an order is made under Rule 28.3.7(j) on a register made available to all Market Participants.

Introduced 12/10/04 Amended 28/11/05.

28.4 IMMEDIATE ACTION WHERE EVENT OF DEFAULT

28.4.1 Action pursuant to Rule 28.4

ASX may not exercise its powers under this Rule 28.4 to suspend or terminate the admission of a Market Participant from all or any of the privileges of being a Market Participant for one or more Products without following the procedures set out in Rule 28.3. Action by ASX under this Rule 28.4 does not prevent ASX from commencing proceedings under Rule 28.3 in connection with the circumstances giving rise to that action or from taking any other action under this Rule 28.4.

Introduced 11/03/04. Origin ASXF 17.3.1 Amended 28/11/05

28.4.2 Events of default

ASX may regard any of the following events as an event of default by a Market Participant:

- (a) if the Market Participant is a Clearing Participant, the Market Participant ceases to be a Clearing Participant under the Clearing Rules and does not then comply with Section 5;
- (b) if the Market Participant is a Clearing Participant, the Market Participant is suspended from being a Clearing Participant, or suspended from clearing certain categories of Market Transaction under the Clearing Rules and does not then comply with Section 5;
- (c) if the Market Participant is not a Clearing Participant, the Market Participant does not comply with Section 5;
- (d) the Market Participant fails to pay any amount due and payable to ASX or an Approved Clearing Facility or fails to perform any of its obligations to ASX or an Approved Clearing Facility or fails to comply with any reasonable direction, decision or requirement of ASX or an Approved Clearing Facility;
- (e) the Market Participant indicates that it will or may suspend payment to ASX, an Approved Clearing Facility or to creditors;
- (f) the Market Participant is or states that it is insolvent under administration, or ceases or indicates that it will or may cease to carry on business;

- (g) the Market Participant becomes, or the Market Participant or any other person takes any step which might result in the Market Participant becoming, an externally-administered body corporate or an insolvent under administration (as those terms are defined in section 9 of the Corporations Act);
- (h) any distress, execution or other process is levied or enforced or served upon or against any property of the Market Participant;
- (i) an investigator, inspector or other officer is appointed, or an investigation directed or commenced under the Corporations Act or other legislation to investigate all or part of the affairs of the Market Participant or a related entity, in circumstances which are, in the opinion of ASX, material to the capacity of the Market Participant to meet its obligations to other Market Participants, ASX or an Approved Clearing Facility;
- (j) the Market Participant does not have the level of capital required under Section 6 (or fails to comply with any exemption under Rule 6.3);
- (k) the Market Participant no longer satisfies the criteria for admission as a Market Participant or fails to comply with any condition of admission as a Market Participant;
- (l) the Market Participant made a wilful omission or misstatement in respect of a material matter prior to, or in connection with, its application for admission as a Market Participant;
- (m) the Market Participant has failed to comply with Rule 28.1;
- (n) the Market Participant has failed to comply with a determination made under Rule 28.3.7;
- (o) the Market Participant is suspended, expelled or terminated as a member or participant of any Australian or overseas derivatives, securities, commodity or stock exchange or market or any clearing house or clearing and/or settlement facility or is subject to sanctions imposed by an Australian or overseas regulatory authority; and
- (p) if the Market Participant is an individual, he or she dies.

Introduced 11/03/04. Origin ASXF 17.3.2

28.4.3 Other significant events

If an event, or series of events whether related or not, occurs in relation to a Market Participant or a related entity of a Market Participant, which is not an event of default under Rule 28.4.2, including without limitation:

- (a) the Market Participant fails to comply, or indicates that it will or may fail to comply with any of the Rules or the terms of any agreement with ASX;
- (b) the Market Participant fails to comply, or indicates that it will or may fail to comply with any of the rules of, or the terms of any agreement with, an Approved Clearing Facility; or
- (c) ASX is informed by another derivatives, securities, commodity or stock exchange or market or any clearing house or clearing and/or settlement facility that the Market Participant or a Related Body Corporate of the Market Participant is not complying with its obligations to that exchange, market, clearing house or clearing and/or settlement facility,

and ASX considers the event or series of events has or may have a material adverse effect on:

- (d) the capacity of the Market Participant to meet all its obligations to ASX, a related entity of ASX or an Approved Clearing Facility or other Market Participants;
- (e) the financial position of ASX, an Approved Clearing Facility or the Market Participant; or

- (f) the Market or an Underlying Market,

ASX immediately after giving written notice to the Market Participant of its intention to rely on this Rule, may take any or all of the actions set out in Rule 28.4.4 in relation to the Market Participant as if an event of default under Rule 28.4.2 had occurred.

Introduced 11/03/04. Origin ASXF 17.3.3

28.4.4 Powers

If ASX considers that an event of default under Rule 28.4.2 has occurred, or if Rule 28.4.3 applies, ASX may take any or all of the following actions in respect of the Market Participant, in the name of (if appropriate) and at the expense of the Market Participant, in any order immediately or at any other time ASX determines, and without the need for any prior notice to or consent of the Market Participant or any other person:

- (a) cancel a Derivatives Market Transaction effected by the Market Participant which has not been reported to an Approved Clearing Facility for registration;
- (b) subject to Rule 28.5, suspend or terminate the Market Participant's admission as a Market Participant, or impose restrictions on its rights or privileges as a Market Participant;
- (c) without prejudice to any other rights which ASX may have under the Rules, under statute, at law or in equity, take any other action, or take no action, or direct the Market Participant to take any action or no action, in order to eliminate or minimise risk with respect to Market Transactions entered into by the Market Participant or which ASX considers appropriate for the protection of ASX, an Approved Clearing Facility, the Market or other Market Participants.

Introduced 11/03/04. Origin ASXF17.3.4 Amended 28/11/05

28.4.5 Notification to Market Participants of ASX action

ASX will, as soon as practicable, notify the Market Participant of action taken by ASX under this Rule 28.4, and its reasons for taking that action. If ASX cancels a Market Transaction under Rule 28.4.4(a), ASX will notify the other Market Participant which was party to that Market Transaction of that cancellation.

Introduced 11/03/04. Origin ASXF 17.3.5

28.4.6 Appointment of ASX as agent

Each Market Participant irrevocably appoints severally ASX, and every officer, employee, agent and other representative for the time being of ASX, at the option of ASX, to be the agent of the Market Participant and irrevocably authorises ASX and every officer, employee, agent and other representative for the time being of ASX, at the option of ASX, to do all acts and execute all documents on its behalf for the purpose of exercising the powers conferred on ASX by this Rule 28.4.

Introduced 11/03/04. Origin ASXF 17.3.6

28.4.7 No liability of ASX

Without limiting Rule 1.8, none of ASX, its officers, representatives, agents or contractors are liable to a Market Participant or to any other person for any loss, liability, damage, cost or

expense arising in any way (including, without limitation, by negligence) from the bona fide exercise of any power, right or discretion conferred upon ASX by this Rule 28.4.

Introduced 11/03/04. Origin ASXF 17.3.7

28.4.8 Indemnity

Each Market Participant indemnifies and will keep indemnified ASX and its officers, representatives, agents and contractors against all actions, proceedings, claims, demands, damages, costs, expenses and any other amounts against or incurred by any of ASX or its officers, employees, agents or contractors arising out of or in connection with any event of default under Rule 28.4.2, any circumstances under Rule 28.4.3 or any action taken by, or any inaction by, any of ASX or its officers, employees, agents or contractors under this Rule 28.4.

Introduced 11/03/04. Origin ASXF 17.3.8

28.4.9 Protection of third parties

No person need enquire whether any action taken under this Rule 28.4 is properly or validly taken nor will a person be affected by any notice or claim that any action taken under this Rule 28.4 is improper or unnecessary.

Introduced 11/03/04. Origin ASXF 17.3.9

28.4.10 Survival of powers

The rights, powers and remedies of ASX under this Rule 28.4 in relation to a Market Participant survive the termination of the Market Participant's admission as a Market Participant.

Introduced 11/03/04. Origin ASXF 17.3.10

28.4.11 Notice of suspension or termination

ASX will, as soon as practicable, notify the Market Participant of action taken by ASX under this Rule 28.4 to suspend or terminate the Market Participant, and its reasons for taking that action.

28.4.12 Failure to pay sums payable

If any Market Participant fails to pay any levy, fee, fine or any sum of money (in this Rule 28.4.12, a "Sum") for which it is liable to ASX or any Related Party of ASX, within 1 month from the time when such sum became payable, the amount of such sum will carry interest at the rate determined in accordance with Schedule J of the Rules of the Supreme Court of New South Wales.

Introduced 11/03/04. Amended 24/05/04.

28.5 SUSPENSION AND TERMINATION OF MARKET PARTICIPANTS

28.5.1 Suspension

If ASX suspends a Market Participant from the privileges of being a Market Participant under Rule 28.4.4:

- (a) the initial period of suspension must not exceed one month although ASX may extend that period for additional periods of not more than one month at a time if it reasonably believes an extension is necessary or desirable;
- (b) the Market Participant must not hold itself out as a Market Participant during a period of suspension; and
- (c) during a period of suspension, ASX may, pursuant to its powers under Rule 28.4.4(b) but subject to Rule 28.5.2, terminate the admission of the Market Participant.

Introduced 11/03/04. Origin ASX 13.3.2(2)&(4), ASXF 17.4.1

28.5.2 No termination without hearing

ASX must not terminate the admission of a Market Participant under Rule 28.4.4 (except if the Market Participant commits an event of default under Rule 28.4.2, paragraph (a), (d), (f), (g) or (h)) unless ASX first gives the Market Participant an opportunity to do one or both of the following, at the option of the Market Participant:

- (a) appear in person or be represented before ASX; and
- (b) lodge with ASX a written submission for consideration by ASX, in relation to the proposed termination.

ASX must determine the matter without bias and must give the Market Participant a fair hearing and otherwise observe the rules of procedural fairness.

Introduced 11/03/04. Origin ASXF 17.4.2

28.6 SUSPENSION AND TERMINATION OF OTHER REGULATED PERSONS

28.6.1 Regulated Person declared a defaulter

Where a Regulated Person (other than a Market Participant):

- (a) in the opinion of ASX, has failed or is unable to fulfil the person's obligations or responsibilities under the Rules;
- (b) becomes an insolvent under administration; or
- (c) is a director or partner of a Market Participant whose admission as a Market Participant is terminated by ASX under these Rules,

ASX may, by notice to the Regulated Person, declare the Regulated Person a defaulter. The recognition of the person as a Regulated Person ceases on the issue of that notice.

Introduced 11/03/04.

28.6.2 Suspension or termination in interests of ASX

ASX may suspend or terminate the recognition of the Regulated Person (other than a Market Participant), if, in the opinion of ASX, having regard to Rule 1.13, it is appropriate.

Introduced 11/03/04.

28.6.3 Suspension

If ASX suspends the recognition of a Regulated Person under Rule 28.6.1:

- (a) the initial period of suspension must not exceed one month although ASX may extend that period for additional periods of not more than one month at a time if it reasonably believes an extension is necessary or desirable;
- (b) the Regulated Person must not hold itself out as a Regulated Person during a period of suspension; and
- (c) during a period of suspension, ASX may, pursuant to its powers under Rule 28.6.1 but subject to Rule 28.6.4, terminate the recognition of the Regulated Person.

Introduced 11/03/04.

28.6.4 No termination without hearing

ASX must not terminate the recognition of a Regulated Person under Rule 28.6.1 unless ASX first gives the Regulated Person an opportunity to do one or both of the following, at the option of the Regulated Person:

- (a) appear in person or be represented before ASX; and
- (b) lodge with ASX a written submission for consideration by ASX, in relation to the proposed termination.

ASX must determine the matter without bias and must give the Regulated Person a fair hearing and otherwise observe the rules of procedural fairness.

Introduced 11/03/04.

28.7 APPEALS

28.7.1 Appeal from decision of Disciplinary Tribunal

If a Regulated Person or ASX is dissatisfied with a determination of the Disciplinary Tribunal under Rule 28.3.7 or any sanction imposed under that Rule, the Regulated Person or ASX (as applicable) may appeal to the Appeal Tribunal by giving a notice of appeal in accordance with Rule 28.15.1 or 28.15.2.

Introduced 11/03/04. Origin ASX 13.7.1, ASXF 17.5.2

28.7.2 Appeal from decision of ASX under Rule 28.4

If a Market Participant is dissatisfied with a decision of ASX to suspend or terminate the admission of a Market Participant under Rule 28.4, the Market Participant may appeal to the Appeal Tribunal by giving a notice of appeal in accordance with Rule 28.15.1.

Introduced 11/03/04.

28.7.3 Appeal from decision of ASX under Rule 28.6.2

If a Regulated Person is dissatisfied with a decision of ASX to suspend or terminate the recognition of a Regulated Person under Rule 28.6.2, the Regulated Person may appeal to the Appeal Tribunal by giving a notice of appeal in accordance with Rule 28.15.1.

Introduced 11/03/04.

28.7.4 Action which may be implemented pending appeal

ASX may implement and announce a decision to suspend a Market Participant pursuant to Rule 28.4 or a Regulated Person under Rule 28.6.2 before the expiry of the time for giving a notice of appeal or before the appeal is determined, if ASX considers it appropriate having regard to Rule 1.13 to do so.

Introduced 11/03/04. Origin ASXF 17.5.3

28.7.5 Action which may not be implemented pending appeal

Neither ASX, nor the Disciplinary Tribunal, may implement or announce a decision to:

- (a) discipline a Regulated Person under Rule 28.3.7;
- (b) terminate a Market Participant's admission as a Market Participant under Rule 28.3 or Rule 28.4; or
- (c) terminate a Regulated Person's recognition as a Regulated Person under Rule 28.6.2,

before the expiry of the time for giving a notice of appeal or, if a notice of appeal is given, before the appeal is determined.

Introduced 11/03/04. Origin ASX 13.7.1(5)

28.8 RECORD OF ACTION AND ANNOUNCEMENT

28.8.1 Record to be made

ASX will record details of any determination against a Regulated Person under this Section 28 in a register which must be maintained for at least 3 years from the date of the last entry.

The register will be made available for inspection by any person during normal business hours in a form determined by ASX (including electronically). The information recorded in the register will include:

- (a) the name of the Regulated Person;
- (b) details of any penalty imposed or action taken; and
- (c) the period of any suspension,

and may include such other information as ASX, the Disciplinary Tribunal or Appeal Tribunal authorises in relation to the outcome of the proceedings as a whole, including without limitation the name of the relevant Market Participant, where the Regulated Person is not a Market Participant.

Introduced 11/03/04. Origin ASX 13.9.1(1)&(2), ASXF 17.6.1

28.8.2 Action pending appeal

No record will be made in the register under Rule 28.8.1 until expiry of the time allowed for an appeal, or, where a notice of appeal is lodged in accordance with the Rules, until the appeal is

determined. After an appeal, the details recorded in the register will reflect the outcome of the proceedings as a whole.

Introduced 11/03/04. Origin ASX 13.9.1(4), ASXF 17.6.2

28.8.3 Announcement

Subject to Rules 28.7.4 and 28.7.5, ASX may in its discretion make public, in the form and manner it considers appropriate having regard to Rule 1.13, any of the following matters:

- (a) the disciplining of a Regulated Person under Rule 28.3;
- (b) the suspension or termination of a Market Participant's admission as a Market Participant under Rule 28.4;
- (c) a management letter issued by ASX to a Regulated Person; or
- (d) the settlement of any disciplinary proceedings.

ASX may specify in the announcement or publication the name of the Regulated Person and any other information which ASX considers relevant to those matters, including, without limitation, the name of the relevant Market Participant, where the Regulated Person is not a Market Participant.

Introduced 11/03/04. Origin ASX 13.9.2, ASXF 17.6.3

28.8.4 Disclosure

A Regulated Person must not take (and must procure that its Employees do not take) any action or proceeding against any person for publishing or circulating any announcement made under Rule 28.8.3 or making any record in the register under Rule 28.8.1. Any person against whom an action or proceeding is taken in breach of this Rule 28.7.4 may rely on this Rule 28.8.4 as a defence to that action or proceeding.

Introduced 11/03/04. Origin ASX 13.9.3, ASXF 17.6.4

28.9 CONSOLIDATION OF INVESTIGATIONS AND PROCEEDINGS – RELATED BODIES CORPORATE

28.9.1 ASX may consolidate investigation

Subject to Rule 28.9.4, if:

- (a) ASX is entitled to exercise its powers against a Regulated Person under Rule 28.1 in respect of particular circumstances; and
- (b) a Related Body Corporate of ASX has similar powers under its operating rules and is entitled to exercise those powers against the same Regulated Person in respect of the same or similar circumstances,

ASX need not exercise those powers separately but may, exercise those powers together with the exercise by the Related Body Corporate of its powers.

Introduced 11/03/04. Origin ASXF 17.7.1

28.9.2 ASX may consolidate disciplinary proceedings

Subject to Rule 28.9.4, if:

- (a) ASX is entitled to take disciplinary action against a Regulated Person under Rule 28.3 in respect of particular circumstances; and
- (b) a Related Body Corporate of ASX has similar powers under its operating rules and is entitled to exercise those powers against the same Regulated Person in respect of the same or similar circumstances,

ASX and the Disciplinary Tribunal need not exercise their powers separately but may, exercise those powers together with the exercise by the Related Body Corporate and the disciplinary tribunal of that Related Body Corporate of their powers. Without limiting this Rule 28.9.2, persons constituting the Disciplinary Tribunal appointed to hear the proceedings commenced by ASX may at the same time, hear disciplinary proceedings commenced by the Related Body Corporate, in their capacity as members of a tribunal constituted under the rules of that Related Body Corporate.

Introduced 11/03/04. Origin ASXF 17.7.2

28.9.3 ASX may consolidate appeal proceedings

Subject to Rule 28.9.4, if:

- (a) proceedings of a Disciplinary Tribunal are consolidated with disciplinary proceedings of a Related Body Corporate under Rule 28.9.4; and
- (b) ASX, or a Regulated Person appeals a decision of the Disciplinary Tribunal under these Rules to the Appeal Tribunal and the Related Body Corporate, or the Regulated Person appeals a decision of the disciplinary tribunal of the Related Body Corporate to an appeal tribunal of the Related Body Corporate,

ASX and the Appeal Tribunal need not exercise their powers separately but may exercise those powers together with the exercise by the Related Body Corporate and the appeal tribunal of that Related Body Corporate of their powers.

Without limiting this Rule 28.9.3, persons constituting the Appeal Tribunal appointed to hear the proceedings commenced by ASX may at the same time, hear appeal proceedings relating to the Related Body Corporate, in their capacity as members of a tribunal constituted under the rules of that Related Body Corporate.

Introduced 11/03/04. Origin ASXF 17.7.3

28.9.4 Consolidation does not affect powers

Even though the exercise of powers or hearings are consolidated under this Rule 28.9, ASX and any Tribunal must comply with the Rules which govern those powers and hearings. The consolidation of the exercise of powers or hearings under this Rule 28.9 does not confer on ASX or any Tribunal or on the Related Body Corporate or its tribunal any powers in addition to those conferred on them by these Rules or the rules of the Related Body Corporate.

Introduced 11/03/04. Origin ASXF 17.7.4

28.10 CONSOLIDATION OF INVESTIGATIONS AND PROCEEDINGS – REGULATED PERSONS

28.10.1 ASX may combine proceedings

Where ASX is entitled to take disciplinary action against more than one Regulated Person in respect of the same or similar circumstances, ASX may indicate in the notice given under Rule 28.3.5 that it proposes that the Disciplinary Tribunal deal with the proceedings at a combined hearing.

Introduced 11/03/04.

28.10.2 Right to object

Any of the Regulated Persons referred to in Rule 28.10.1 may, within 10 Business Days following the receipt of the notice under Rule 28.3.5, give a notice addressed to the chairperson of the Disciplinary Tribunal to the effect that the Regulated Person objects to a combined hearing. Any Regulated Person who gives a notice of objection under this Rule 28.10.2 is entitled to a separate hearing. Nothing in this Rule 28.10 precludes any member of one Disciplinary Tribunal from participating as a member of another Disciplinary Tribunal in relation to proceedings involving the same or similar circumstances but different Regulated Persons.

Introduced 11/03/04.

28.10.3 Appeals

Where a Disciplinary Tribunal has dealt with proceedings against more than one Regulated Person at a combined hearing, an Appeal Tribunal is also entitled to hear any appeal from a determination of the Disciplinary Tribunal at a combined hearing.

Introduced 11/03/04.

28.11 CORPORATIONS ACT COMPLIANCE AND CONTRAVENTIONS

28.11.1 Enforcement of contractual provisions

Where these Rules require a Regulated Person to comply with a provision of the Corporations Act (and therefore, contemplate that ASX may take action against a Regulated Person for a contravention of that provision):

- (a) ASX may enforce that provision as if it were repeated as a Rule;
- (b) any action taken or determination by ASX or a Tribunal is not to be regarded as taking action or making a determination under the Corporations Act but rather as taking action or making a determination under the contract constituted by these Rules in relation to a contravention of the contractual term referred to in paragraph (a);
- (c) ASX and any Tribunal may take action or make a determination under this Section 28 regardless of whether a court, the Commission or any other authority has commenced or completed any investigation, prosecution or other action in relation to the alleged contravention of that provision; and

- (d) any action or determination by ASX or any Tribunal is not affected by any previous or subsequent action or determination by any court, the Commission or any other authority in relation to an alleged contravention of that provision.

Introduced 11/03/04. Origin ASXF 17.8.1 Amended 28/11/05

28.11.2 Interpretation

In Rule 28.11:

- (a) **"taking action"** includes commencing or continuing any inquiry or investigation, holding any hearing or engaging in any procedure; and
- (b) **"determination"** includes any decision of an interim nature.

Introduced 11/03/04. Origin ASXF 17.8.2

28.12 CERTAIN OBLIGATIONS OF CERTAIN REGULATED PERSONS CONTINUE

28.12.1 Jurisdiction continues

After a Regulated Person, other than a Market Participant, ceases to be a Regulated Person under these Rules:

- (a) the Rules continue to apply and ASX will continue to have jurisdiction in respect of the Regulated Person concerning any conduct or any failure to comply with the Rules which occurred before the Regulated Person ceased to be a Regulated Person, whether that conduct or failure was by the Regulated Person or by any other person for whose conduct the Regulated Person was responsible;
- (b) the Regulated Person continues to be bound by any indemnity given by the Regulated Person under these Rules; and
- (c) other Rules continue to apply in respect of the Regulated Person to the extent required to give effect to paragraphs (a) and (b).

Introduced 11/03/04.

28.13 TRIBUNAL PANEL

28.13.1 Composition of Tribunal Panel

ASX will establish a Tribunal Panel comprising not less than 10 persons nominated by ASX from time to time.

Introduced 11/03/04. Origin ASX 14.2.1. ASXF 18.2

28.14 DISCIPLINARY TRIBUNAL

28.14.1 Disciplinary Tribunal

Where the Rules provide for a hearing by the Disciplinary Tribunal, the hearing must be conducted in accordance with Rules 28.13 to 28.19.

Introduced 11/03/04. Origin ASXF 18.11

28.14.2 Role of Tribunal

There will be a Disciplinary Tribunal for the purposes of:

- (a) hearing disciplinary proceedings under Rule 28.3; and
- (b) performing any other function given to the Disciplinary Tribunal under the Rules.

Introduced 11/03/04. Origin ASX 14.2.1(1)(a), ASXF 18.3.1

28.14.3 Chairperson and deputy chairperson

ASX will appoint a chairperson and deputy chairperson of the Disciplinary Tribunal for the period determined by ASX.

Introduced 11/03/04. Origin asx 14.2.1(1)(b), ASXF 18.3.2

28.14.4 Composition of Tribunal

The Disciplinary Tribunal will, when it is meeting, comprise either:

- (a) the chairperson or, in that person's absence, the deputy chairperson appointed pursuant to Rule 28.14.3, who will act as chairperson of the proceedings, and 2 persons selected by the chairperson from the Tribunal Panel; or
- (b) where neither the chairperson nor deputy chairperson appointed pursuant to Rule 28.14.3 is willing or able to act in connection with a particular proceeding, 3 persons selected by the chairperson from the Tribunal Panel, one of whom has been nominated by the chairperson to act as the chairperson for the purposes of the particular proceeding.

Introduced 11/03/04. Origin ASX 14.2.1(1)(c), ASXF 18.3.3

28.14.5 Hearing date

The chairperson of the proceedings will appoint a date, time and place for the hearing and cause reasonable notice to be given to each of ASX and the relevant Regulated Person of that date, time and place. The date and time when the matter will be heard by the Disciplinary Tribunal must be at least 5 Business Days after the date when the notice is received by the Regulated Person. The Disciplinary Tribunal may vacate a hearing date for which notice has previously been given and appoint a substitute hearing date provided reasonable notice of the new date is given to the parties and may adjourn and re-convene its proceedings as it thinks fit.

Introduced 11/03/04. Origin ASX 14.2.1(2), ASXF 18.3.4

28.14.6 Powers of Disciplinary Tribunal

The Disciplinary Tribunal has the powers set out in 28.3.7.

Introduced 11/03/04. Origin ASXF 18.3.5

28.14.7 Reasons for decision

The Disciplinary Tribunal will, within 30 Business Days of making its decision, notify ASX and the relevant Regulated Person of the decision and the reasons for its decision in writing.

Introduced 11/03/04. Origin ASX 14.2.1(3), ASXF 18.3.6

28.14.8 Conduct of proceedings

The proceedings of the Disciplinary Tribunal will be conducted in accordance with the requirements set out in Rule 28.17.

Introduced 11/03/04. Origin ASX 14.2.1(4), ASXF 18.3.7

28.15 APPEAL PROCESS

28.15.1 Notice of appeal by person other than ASX

A person (other than ASX) who wishes to, and is entitled under the Rules, to appeal to the Appeal Tribunal must give to ASX a notice (and 3 additional copies) that:

- (a) identifies the decision against which the appeal is made; and
- (b) sets out the grounds of the appeal.

The notice (and the 3 additional copies) must be received by ASX no later than 10 Business Days after receipt by the person of the reasons for the determination from ASX or Disciplinary Tribunal (as applicable), or any shorter time which is specified in the relevant Rule pursuant to which the appeal is made.

Introduced 11/03/04. Origin ASXF 18.4.1

28.15.2 Notice of appeal by ASX

If ASX wishes to appeal a decision of the Disciplinary Tribunal to the Appeal Tribunal, ASX will give to the Regulated Person the subject of the proceedings a notice which:

- (a) identifies the decision against which the appeal is made; and
- (b) sets out the grounds of the appeal.

The notice must be given by ASX to the Regulated Person no later than 10 Business Days after receipt by ASX of the reasons for the decision of the Disciplinary Tribunal under Rule 28.14.7.

Introduced 11/03/04. Origin ASX 13.7.1(3), ASXF 18.4.2

28.15.3 ASX to notify relevant Tribunal

If either:

- (a) ASX receives a notice of appeal which complies with Rule 28.15.1; or
- (b) ASX gives a notice of appeal which complies with Rule 28.15.2,

ASX must promptly give a copy of that notice to the chairperson of the Appeal Tribunal and an Appeal Tribunal will be convened in accordance with Rule 28.16.

Introduced 11/03/04. Origin ASXF 18.4.3

28.16 APPEAL TRIBUNAL

28.16.1 Appeal Tribunal

Where the Rules provide for an appeal to the Appeal Tribunal, the appeal must be conducted in accordance with Rules 28.15 to 28.19. An appeal to the Appeal Tribunal under Rules 28.15 to 28.19 is only available where it is expressly provided for in the Rules. An appeal may be made to the Appeal Tribunal from any determination of the Disciplinary Tribunal under Rule 28.3.7.

Introduced 11/03/04. Origin ASXF 18.1.2

28.16.2 Role of Appeal Tribunal

There will be an Appeal Tribunal consisting of 3 persons for the purposes of hearing of appeals against a decision of the Disciplinary Tribunal, or a decision of ASX in respect of which the Rules expressly provide for an appeal direct to the Appeal Tribunal.

Introduced 11/03/04. Origin ASX 14.2.2(1)(c), ASXF 18.5.1

28.16.3 Chairperson and deputy chairperson

The chairperson and, if appointed, deputy chairperson must be a retired Judge or a barrister or a solicitor of a State or Territory of Australia or of the High Court of Australia (except in respect of an Appeal Tribunal constituted for an appeal under Rule 3.7.3, 8.2.10, 8.12 or 15.5, in which case the chairperson and any deputy chairperson may be any member of the Tribunal Panel). Those persons will be appointed for the period determined by ASX.

Introduced 11/03/04. Origin ASX 14.2.2(1)(b), ASXF 18.5.2

28.16.4 Composition of Appeal Tribunal

The Appeal Tribunal will, when it is meeting, comprise the chairperson, or in that person's absence, the deputy chairperson appointed pursuant to Rule 28.16.3 who will act as chairperson of the proceedings and 2 persons selected by the chairperson appointed pursuant to Rule 28.16.3 from the Tribunal Panel. A person who participated in the making of the decision under appeal must not be a member of the Appeal Tribunal constituted to hear the appeal.

Introduced 11/03/04. Origin ASX 14.2.2(1)(c), ASXF 18.5.3

28.16.5 Hearing date

Within 10 Business Days of receipt of notice of appeal, the chairperson or in his absence the deputy chairperson appointed pursuant to Rule 28.16.4 will appoint a date, time and place for the appeal hearing and cause notice in writing of the date, time and place to be given to the parties. The date appointed for the hearing will be not more than 45 Business Days and not less than 15 Business Days after the date of the notice to the parties.

The Appeal Tribunal may vacate the hearing date and appoint a substitute hearing date provided that reasonable notice of the new date is given to the parties and may adjourn and re-convene its proceedings as it thinks fit.

Introduced 11/03/04. Origin ASX 14.2.2(2), ASXF 18.5.4

28.16.6 Powers of Appeal Tribunal

An appeal will not be conducted as a re-hearing, but the Appeal Tribunal may review any findings reached in the decision under appeal. The Appeal Tribunal may affirm, vary or set aside the appealed decision and any penalty.

Introduced 11/03/04. Origin ASX 14.2.2(3), ASXF 18.5.5

28.16.7 Ability of the Appeal Tribunal to award costs

If the Appeal Tribunal considers that a party to the appeal, or to the proceedings the subject of the appeal, has acted vexatiously, frivolously or unreasonably, it may order that party to pay to another party to the proceedings, the whole or part of the costs and expenses incurred by the other party.

Introduced 11/03/04. Origin ASX 14.2.2(4), ASXF 18.5.6

28.16.8 Ability of the Appeal Tribunal to award costs incurred at the Disciplinary Tribunal

If the Appeal Tribunal considers that a decision of the Disciplinary Tribunal is unreasonable, it may order ASX to pay to another party to the proceedings, the whole or part of the costs and expense incurred by the other party.

Introduced 11/03/04.

28.16.9 Order for costs

An order for costs:

- (a) may be for a specified amount or an unspecified amount;
- (b) if for an unspecified amount, must specify the basis on which the amount is to be determined;
- (c) may specify the terms on which the costs must be paid.

Introduced 11/03/04.

28.16.10 Reasons for decision

The Appeal Tribunal must, within 30 Business Days of making its decision, notify ASX and the other party of the decision and the reasons for its decision in writing. In the case of an appeal

from the Disciplinary Tribunal, the Appeal Tribunal must also give a copy of those reasons to the chairperson of the Disciplinary Tribunal.

Introduced 11/03/04. Origin ASX 14.2.2(5), ASXF 18.5.7

28.16.11 Decision final and binding

A decision of the Appeal Tribunal in relation to the matter the subject of the appeal, and any decision as to costs is final and binding on ASX and the other party.

Introduced 11/03/04. Origin ASXF 18.5.8

28.16.12 Conduct of proceedings

The proceedings of the Appeal Tribunal will be conducted in accordance with the requirements set out in Rule 28.17.

Introduced 11/03/04. Origin ASX 14.2.2(6), ASXF 18.5.9

28.17 CONDUCT OF TRIBUNAL PROCEEDINGS

28.17.1 Attendance

Proceedings of a Tribunal will take place in private. The parties may have up to 2 representatives present to make submissions and, with permission of the Tribunal, the parties may have more than 2 representatives present to make submissions. A representative may be a member or employee of the party represented or any other person approved by the Tribunal or a barrister or solicitor of the Supreme Court of a State or Territory of Australia or of the High Court of Australia. ASX may specify one or more other persons who may attend the Tribunal proceedings as observers.

Introduced 11/03/04. Origin ASX 13.8, 14.2.3(1), ASXF 18.6.1

28.17.2 Written submissions

Any party which does not wish to appear in person or be represented before the Tribunal may, not less than 5 Business Days before the date of the hearing, lodge with the Tribunal a written submission for consideration by the Tribunal in relation to the hearing.

Introduced 11/03/04. Origin ASX 14.2.3(2), ASXF 18.6.2

28.17.3 Formalities, recording and transcripts

Proceedings will be conducted with as little formality and technicality, and with as much expedition as a proper consideration of the matters before the Tribunal permits. Subject to this Rule 28.17, a Tribunal may conduct its proceedings as it thinks fit and may record or make a transcript of proceedings (or both) at a hearing. A copy of any transcript or recording must be made available to ASX and to the other party involved in the hearing.

Introduced 11/03/04. Origin ASX 14.2.3(3), ASXF 18.6.3

28.17.4 Procedural fairness

A Tribunal must conduct the proceedings without bias and must give ASX and others involved in the proceedings a fair hearing and otherwise observe the rules of procedural fairness.

Introduced 11/03/04. Origin ASX 14.2.3(4), ASXF 18.6.4

28.17.5 Voting

The decision of a Tribunal will be determined according to a simple majority of votes of the Tribunal members. Each member has, and must exercise, a deliberative vote. The chairperson has a deliberative but not a casting vote.

Introduced 11/03/04. Origin ASX 14.2.3(5), ASXF 18.6.5

28.17.6 Tribunal may obtain legal advice

If the Tribunal considers it appropriate in the circumstances, the Tribunal may obtain legal advice and may have its legal advisers present at a hearing.

Introduced 11/03/04. Origin ASX 14.2.3(6), ASXF 18.6.6

28.17.7 Participation in proceedings

A Tribunal may conduct proceedings without all members of the Tribunal being involved in the proceedings being in the physical presence of each other, provided that all members involved in the proceedings are able to participate in discussion.

Introduced 11/03/04. Origin ASX 14.2.3(7), ASXF 18.6.7

28.18 INDEMNITY FOR TRIBUNAL MEMBERS AND ASX OFFICERS

28.18.1 Limitation of liability and indemnity

ASX indemnifies each member of the Disciplinary Tribunal and of the Appeal Tribunal and each officer of ASX and each person acting for or on behalf of ASX against any liability arising in or in connection with the determination of a hearing, other than any liability that by law would attach to the member, officer or person in respect of any negligence, default, breach of duty or breach of trust of which the member, officer or person may be guilty in relation to ASX.

Introduced 11/03/04. Origin ASX 14.3(1), ASXF 18.7.1

28.18.2 Indemnity for certain legal proceedings

Notwithstanding anything contained in Rule 28.18.1, ASX indemnifies each member of the Disciplinary Tribunal and Appeal Tribunal and each officer of ASX and each person acting for or on behalf of ASX against any liability incurred by the member, officer or person in defending any proceedings, whether civil or criminal, in which judgment is given in favour of the member, officer or person or in which the member, officer or person is acquitted or in connection with any application in relation to any such proceedings in which relief is granted under the Corporations Act to the member, officer or person by any court of competent jurisdiction.

Introduced 11/03/04. Origin ASX 14.3(2), ASXF 18.7.2

28.19 PROVISION OF INFORMATION BY EXCHANGE TO TRIBUNAL

28.19.1 ASX may provide information

ASX will be entitled to inform a Tribunal and such persons acting for or on behalf of ASX or of a Related Body Corporate, as it sees fit, of any matter relating to any act, omission or conduct in respect of which a Regulated Person may be or has been penalised under the Rules.

Without limiting the generality of Rule 28.19.1, information which may be communicated includes any information which may be relevant to any investigation, or proposed investigation, under Rules 28.1 to 28.12.

Introduced 11/03/04. Origin ASX 13.7.3(1)&(2)

28.19.2 Regulated Person to be informed

Where information is communicated pursuant to Rule 28.19.1 the Regulated Person to whom the act, omission or conduct the subject of that information is attributable will be:

- (a) informed of:
 - (i) the provision of that information;
 - (ii) the information; and
- (b) given a reasonable opportunity to be heard or to make submissions during the proceedings before the relevant Tribunal in respect of that information.

Introduced 11/03/04. Origin ASX 13.7.3(3)

SECTION 29 TRANSITIONAL ARRANGEMENTS FOR EXISTING ASX PARTICIPANTS AND ASXF PARTICIPANTS

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SECTION 29 TRANSITIONAL ARRANGEMENTS FOR EXISTING ASX PARTICIPANTS AND ASXF PARTICIPANTS

Section 29 sets out transitional arrangements governing the transition from the Old ASX Rules and the Old ASXF Rules (as defined below) to these Rules, including:

- (a) the grandfathering of Existing ASX and ASXF Participants, Responsible Executives, Designated Trading Representatives, Accredited Futures Advisers and Market Makers and the effect of grandfathering on conditions previously imposed or rights and obligations previously accrued;
- (b) the requirement for grandfathered Existing ASXF Participants to send revised agreement terms to their clients in certain circumstances; and
- (c) the effect of grandfathering on certain Clearing Agreements and Nominating Broker Agreements.

29.1 INTERPRETATION AND APPLICATION OF THIS RULE

29.1.1 Interpretation

In this Section 29:

"Effective Time" means the commencement of 11 March 2004.

"Existing ASX Participant" means a person that, immediately before the Effective Time, was approved by ASX as a Participating Organisation or as a RIOT under the Old ASX Rules.

"Existing ASXF Participant" means a person that, immediately before the Effective Time, was approved by ASXF as a Broker Participant or as a Local Participant under the Old ASXF Rules.

"Old ASX Rules" means the business rules of ASX in force immediately before the Effective Time.

"Old ASXF Rules" means the business rules of ASXF in force immediately before the Effective Time.

Introduced 11/03/04.

29.2 TRANSITION - EXISTING ASXF PARTICIPANTS

29.2.1 Transition

From the Effective Time:

- (a) each Existing ASXF Participant is taken to be approved as a Market Participant under these Rules and, in the case of a Local Participant recognised under the Old ASXF Rules, the Local Participant is taken to be approved as a Principal Trader under these Rules;

- (b) each person approved under the Old ASXF Rules as a "Responsible Executive" of an Existing ASXF Participant (now a Market Participant under paragraph (a)) at the Effective Time, is taken to be approved as a Responsible Executive of that Market Participant under these Rules;
- (c) each person registered under the Old ASXF Rules as a "Designated Trading Representative" of an Existing ASXF Participant (now a Market Participant under paragraph (a)) at the Effective Time, is taken to be registered as a DTR of that Market Participant under these Rules;
- (d) each person accredited under the Old ASXF Rules as an "Accredited Futures Adviser" of an Existing ASXF Participant (now a Market Participant under paragraph (a)) at the Effective Time, is taken to be accredited as an Accredited Futures Adviser of that Market Participant under these Rules;
- (e) each person registered under the Old ASXF Rules as a Market Maker at the Effective Time, is taken to be registered as a Market Maker under these Rules in respect of the same Classes of Products;
- (f) to the extent of any inconsistency between the terms of an agreement between an Existing ASXF Participant and a client under Old ASXF Rule 7.1.1 and the terms required by Rule 7.1.2, the terms required by Rule 7.1.2 prevail. The Existing ASXF Participant must send to the client a copy of the terms required by Rule 7.1.2 as soon as practicable following the Effective Time;
- (g) where an Existing ASXF Participant and a Clearing Participant are party to a Clearing Agreement under Old ASXF Rule 6.1 at the Effective Time, the terms of that agreement are replaced by the terms required by Rule 5.6; and
- (h) where two Existing ASXF Participants (one being a Local Participant and the other being a Broker Participant under the Old ASXF Rules) are party to a Nominating Broker Agreement under Old ASXF Rule 6.1 at the Effective Time, the terms of that agreement are replaced by the terms required by Rule 5.3 and:
 - (i) the "Nominating Broker Participant" under the Old ASXF Rules becomes the "Nominating Trading Participant" under these Rules; and
 - (ii) the "Nominating Broker Agreement" under the Old ASXF Rules becomes the "Nominating Trading Participant Agreement" under these Rules.
- (i) each Existing ASXF Participant is automatically granted Trading Permission with respect to the Products in respect of which it was authorised to enter Trading Messages as an Existing ASXF Participant pursuant to the old ASXF Rules and subject to the same conditions to which such authorisation was subject (if any).

Introduced 11/03/04. Amended 28/11/05

29.2.2 Conditions continue

Where ASXF imposed any condition on the accreditation, registration or admission of a person in one of the categories described in paragraphs (a) to (e) of Rule 29.2.1, ASX is taken to have imposed the same condition on the continued accreditation, registration or admission of that person in the relevant categories under these Rules.

Introduced 11/03/04.

29.2.3 Effect of transition on existing rights and obligations

Rule 29.2.1 does not affect any accrued rights which ASXF or any other person has against an Existing ASXF Participant or any other person under the Old ASXF Rules or any accrued obligations which the Existing ASXF Participant or any other person has under the Old ASXF Rules to ASXF or to any other person. Without limiting this Rule 29.2.2, following the Effective Time:

- (a) ASXF will continue to have jurisdiction in respect of an Existing ASXF Participant and any Responsible Executive concerning any conduct or any failure to comply with the Old ASXF Rules which occurred before the Effective Time;
- (b) the Existing ASXF Participant continues to be bound by any warranty undertaking or indemnity given by the Existing ASXF Participant under the Old ASXF Rules to ASXF or any other person;
- (c) other old ASXF Rules continue to apply in respect of the Existing ASXF Participant and any Responsible Executive to the extent required to give effect to paragraphs (a) and (b); and
- (d) any condition, restriction or limitation imposed on an Existing ASXF Participant or any waiver granted to an Existing ASXF Participant under the Old ASXF Rules to the extent that they are applicable under these Rules are taken to be imposed or granted under these Rules.
- (e) either ASX or ASXF may commence disciplinary proceedings after the Effective Date in respect of any Existing ASXF Participant or any other person concerning any conduct, any failure to comply with the old ASXF Rules, or any engagement in Unprofessional Conduct under those Rules which occurred before the Effective Time.

Introduced 11/03/04. Amended 24/05/04.

29.2.4 NTA Requirements for Existing ASXF Participants

An Existing ASXF Participant which was a Broker Participant as at 10 March 2004 which was obliged to comply with the equivalent of the NTA Requirements under the Old ASXF Rules must, from the Effective Time, comply with the NTA Requirements, unless the Existing ASXF Participant changes to the Risk Based Capital Requirements under Rule 6.2.3.

An existing ASXF Participant which was a Broker Participant as at 10 March 2004 which was obliged to comply with the equivalent of the Risk Based Capital Requirements under the Old ASXF Rules must from the Effective Time, comply with the Risk Based Capital Requirements, unless the Existing ASXF Participant changes to the NTA Requirements under Rule 6.2.3.

Introduced 11/03/04. Amended 28/11/05

29.3 TRANSITION - EXISTING ASX PARTICIPANTS

29.3.1 Change of Title – Existing ASX Participants

From the Effective Time, each Existing ASX Participant is taken to be approved as a Market Participant under these Rules and, in the case of a RIOT approved under the Old ASX Rules, the RIOT is taken to be approved as a Principal Trader under these Rules.

Introduced 11/03/04.

29.3.2 Effect of transition on Trading Permission

From the Effective Time each Existing ASX Participant is automatically granted Trading Permission with respect to the Products in respect of which it was authorised to enter Trading Messages as an Existing ASX Participant pursuant to the old ASX Rules and subject to the same conditions to which such authorisation was subject (if any).

Amended 28/11/05

29.3.3 Effect of transition on existing rights and obligations

Nothing in these Rules affects any accrued rights which ASX or any other person has against any Existing ASX Participant, Affiliate, Responsible Executive or any other person or any accrued obligations which an Existing ASX Participant, Affiliate, Responsible Executive or any other person has to ASX or to any other person. Without limiting this Rule 29.3.3, following the Effective Time:

- (a) ASX will continue to have jurisdiction in respect of any Existing ASX Participant, Affiliate, Responsible Executive or any other person concerning any conduct or any failure to comply with the Rules or any engagement in Unprofessional Conduct or Prohibited Conduct (as defined in the Rules from time to time) which occurred before the Effective Time;
- (b) each Existing ASX Participant, Affiliate, Responsible Executive and any other person continues to be bound by any warranty undertaking or indemnity given prior to the Effective Date by such person under the Rules to ASX or any other person;
- (c) ASX Rules in effect prior to the Effective Date continue to apply in respect of any Existing ASX Participant, Affiliate, Responsible Executive and any other person to the extent required to give effect to paragraphs (a) and (b);
- (d) any condition, restriction or limitation imposed on an Existing ASX Participant or any waiver granted to an Existing ASX Participant under the Rules in effect before the Effective Time to the extent that they are applicable under these Rules are taken to be imposed or granted under these Rules.
- (e) ASX may commence disciplinary proceedings after the Effective Date in respect of any Existing ASX Participant, Affiliate, Responsible Executive or any other person concerning any conduct, any failure to comply with the Rules, or any engagement in Unprofessional Conduct or Prohibited Conduct (as defined in the Rules from time to time) which occurred before the Effective Time; and
- (f) any wholesale client agreement entered into between an Existing ASX Participant and a client under Old ASX Rule 7.3.1.5 continues in effect and is deemed to have been provided to ACH under Rule 7.1.4.

Introduced 11/03/04. Amended 01/08/05

SECTION 30 TRANSITIONAL ARRANGEMENTS FOR EXISTING ASX PARTICIPATING ORGANISATIONS RELYING ON AFFILIATE BASIS OF RECOGNITION

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SECTION 30 TRANSITIONAL ARRANGEMENTS FOR EXISTING ASX PARTICIPATING ORGANISATIONS RELYING ON AFFILIATE BASIS OF RECOGNITION

Section 30 sets out special transitional arrangements for only those Existing ASX Participating Organisation relying on the "Affiliate" basis of recognition under the Old ASX Rules.

30.1 INTERPRETATION AND APPLICATION OF THIS RULE

30.1.1 Interpretation

In this Section 30:

"**Affiliate**" means an Existing Affiliate or a New Affiliate;

"**Approved Representative**" means an Existing Approved Representative or a New Approved Representative;

"**Effective Time**" means the commencement of 11 March 2004;

"**Existing Affiliate**" means a person who was recognised by ASX as an "Affiliate" under the Old Rules;

"**Existing Approved Representative**" means a person who was an "Approved Representative" under the Old Rules;

"**Existing Participating Organisation**" means a company or a partnership to which ASX granted admission as a Participating Organisation under the Old Rules before the Effective Date on the basis that one or more directors or partners of the Participating Organisation were recognised as Affiliates;

"**New Affiliate**" means a person who becomes an Affiliate during the Recognition Transitional Period under Rule 30.3.1;

"**New Approved Representative**" means a person who becomes an Approved Representative during the Recognition Transitional Period under Rule 30.3.1 (e);

"**Old Rules**" means the Rules in force immediately before the Effective Time;

"**Recognition End Date**" means the earlier of:

- (a) the date on which the Recognition Transitional Period ends; or
- (b) in the case of an Affiliate or an Approved Representative involved in the business of a particular Existing Participating Organisation, the date on which the Participating Organisation makes an election under Rule 30.3.2; and

"**Recognition Transitional Period**" means the period from the Effective Time up to and including 16 July 2004, unless extended under Rule 30.3.4.

Introduced 11/03/04. Origin ASX 5C.1.1

30.1.2 Application

This Section 30 applies to:

- (a) Existing Participating Organisations;
- (b) Affiliates; and
- (c) Approved Representatives.

Introduced 11/03/04. Origin ASX 5C.1.2

30.2 END OF AFFILIATE STATUS AND APPROVED REPRESENTATIVES

30.2.1 Recognition ceases on Effective Date

On the Recognition End Date, ASX will cease to recognise:

- (a) Affiliates as "Affiliates"; and
- (b) Approved Representatives as "Approved Representatives".

Introduced 11/03/04. Origin ASX 5C.2.1

30.2.2 Effect of end of recognition

The end of recognition under Rule 30.2.1 does not affect any accrued rights which ASX or other persons have against an Affiliate or Approved Representative or any accrued obligations which the Affiliate or Approved Representative has to ASX or to other persons. Without limiting this Rule 30.2.2, following the Recognition End Date:

- (a) ASX will continue to have jurisdiction in respect of the Affiliate or Approved Representative concerning any conduct or any failure to comply with the Rules (including, without limitation, the Old Rules) which occurred before the Recognition End Date;
- (b) the Affiliate or Approved Representative continues to be bound by any indemnity given by the Affiliate or Approved Representative under the Rules (including, without limitation, the Old Rules);
- (c) other Rules continue to apply in respect of the Affiliate or Approved Representative to the extent required to give effect to paragraphs (a) and (b); and
- (d) the Existing Participating Organisation remains responsible for each Affiliate and Approved Representative involved in its business in accordance with Rule 5B.1.3.

Introduced 11/03/04. Origin ASX 5C.2.2

30.3 ONGOING COMPLIANCE DURING TRANSITIONAL PERIOD

30.3.1 Transitional arrangements

Until its Recognition End Date:

- (a) an Existing Participating Organisation must continue to have as directors (or, if applicable, partners) the number of Affiliates required under the Old Rules and the majority of those directors (or partners) must be resident in Australia;
- (b) an Existing Participating Organisation is not required to comply with any requirement under these Rules in respect of "Responsible Executives";
- (c) Rule 3.6.1 does not apply, but the Existing Participating Organisation must have appropriate management structures in place to ensure that its directors (or partners) and Affiliates have adequate supervision and effective control over all parts of the Participating Organisation's business, wherever the business is located (and keep accurate records of its management structure and its allocation of responsibilities among its directors (or partners) and Affiliates);
- (d) Rule 3.6.2 does not apply to the Existing Participating Organisation, but the Participating Organisation must ensure that any branch office of the Existing Participating Organisation continues to be supervised by an Approved Representative or an Affiliate, as required under the Old Rules;
- (e) an Existing Participating Organisation may apply to have a person recognised as an Affiliate, or registered as an Approved Representative and ASX will grant that recognition or registration if the person complies with the requirements for recognition and registration of Affiliates and Approved Representatives which existed under the Old Rules;
- (f) each Affiliate and Approved Representative must continue to comply with the requirements for the recognition and registration of Affiliates and Approved Representatives which existed under the Old Rules;
- (g) each New Affiliate and New Approved Representative will be regarded as "Affiliates" and "Approved Representatives" respectively for the purposes of these Rules; and
- (h) each Existing Participating Organisation must ensure that each Affiliate and Approved Representative involved in the business complies with any continuing education requirements prescribed by ASX.

Introduced 11/03/04. Origin ASX 5C.3.1

30.3.2 Election to comply with new requirements

An Existing Participating Organisation may elect by giving notice in writing to ASX, to no longer rely on the transitional arrangements under Rule 30.3.1. Once an Existing Participating Organisation has made that election, it may not revoke it.

Introduced 11/03/04. Origin ASX 5C.3.2

30.3.3 Compliance following end of recognition transitional period or election under rule 30.3.2

Following the Recognition End Date, ASX may terminate the recognition of the Existing Participating Organisation as a Market Participant unless it complies with all of the requirements of Section 4 (subject to Rule 4.13.1, in the case of a partnership).

Introduced 11/03/04. Origin ASX 5C.3.3

30.3.4 Extension of transitional arrangements

ASX may extend the Recognition Transitional Period in respect of a particular Existing Participating Organisation following receipt by ASX of a request in writing from the Existing Participating Organisation.

Introduced 11/03/04. Origin ASX 5C.3.4

30.3.5 Interpretation of Rules – Regulated Persons

In applying the Rules during the Recognition Transitional Period, a reference in the Rules to a Regulated Person includes a reference to an Affiliate and Approved Representative.

Introduced 11/03/04.

30.4 APPROVED REPRESENTATIVES

30.4.1 Change of details

An Existing Participating Organisation must notify ASX of the following events within 2 Business Days after the event occurs:

- (a) any change of name or residential address of an Approved Representative;
- (b) any termination of the engagement of the Approved Representative, the date of that termination and the reasons for that termination; or
- (c) the date of cancellation of a proper authority held by an Approved Representative from the Existing Participating Organisation.

Introduced 11/03/04. Origin ASX 5C.4.1

30.4.2 Cancellation of registration

If in the opinion of ASX:

- (a) an Approved Representative has failed to adequately supervise Representatives of an Existing Participating Organisation and the failure has contributed to a breach of the Rules by the Existing Participating Organisation or any of its Representatives;
- (b) an Approved Representative has not been engaged in the securities business of the Existing Participating Organisation for a period of 12 months; or
- (c) an Approved Representative no longer complies with the requirements for registration under the Old Rules,

ASX may, subject to Rule 30.5, cancel the registration of the Approved Representative.

Introduced 11/03/04. Origin ASX 5C.4.2

30.4.3 Notice of cancellation

ASX must notify the Approved Representative and the Existing Participating Organisation of the cancellation of the registration under Rule 30.4.2.

Introduced 11/03/04. Origin ASX 5C.4.3

30.5 APPEALS FROM ASX DECISIONS

30.5.1 ASX to give reasons

Where:

- (a) an Existing Participating Organisation applies for a person to be registered as a New Approved Representative under Rule 30.3.1(e) and ASX decides to refuse to register that person as a New Approved Representative;
- (b) an Existing Participating Organisation applies for a person to be recognised as a New Affiliate under Rule 30.3.1(e) and ASX decides to refuse to register that person as a New Affiliate; or
- (c) ASX decides to cancel the registration of an Approved Representative of an Existing Participating Organisation,

ASX must give notice to the Existing Participating Organisation of the decision and the reasons in writing for its decision.

Introduced 11/03/04. Origin ASX 5C.5.1

30.5.2 Right of appeal

The Existing Participating Organisation may appeal to the Appeal Tribunal against a decision referred to in Rule 30.5.1 within 30 days after receipt by the Existing Participating Organisation of the notice under Rule 30.5.1. The proceedings of the Appeal Tribunal will be conducted in accordance with Section 28.

Introduced 11/03/04. Origin ASX 5C.5.2

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SECTION 31 TRADING PLATFORM

ASX provides a Trading Platform (and may provide more than one Trading Platform) to facilitate entry into Market Transactions.

The Trading Platform currently in place is the ClickXT™ platform. The functionality of the Trading Platform for a Product from time to time depends on the Session State in which ASX has placed the Trading Platform at that time.

Session States can be imposed in respect of one or more Products. This section describes the Session States and sets out rules pursuant to which trading occurs in particular Session States. It also sets out indicative timetables for the operation of Session States, subject to ASX's power to impose such Session States as it considers appropriate.

Other matters relevant to trading on the Trading Platform, such as the Price/Time priority rules and the effect of Iceberg Orders are also set out.

31.1 TRADING PLATFORM

31.1.1 Trading Platform

The Trading Platform is operated by ASX and consists of the:

- (a) Central Orderbook; and
- (b) Bulletin Board.

Introduced 28/11/05. Origin ASX 7.7.1.1, ASXF 11.1.1 ASX MR 21.1.

31.1.2 The Central Orderbook

The Central Orderbook is a facility for trading:

- (a) Cash Market Products;
- (b) Contract Series;
- (c) Tailor-Made Combinations; and
- (d) Standard Combinations prescribed by ASX under Rule 31.2.2.

Introduced 28/11/05. Origin ASX 7.7.1.2, ASXF 11.1.2 ASX MR 21.1.2

31.1.3 The Bulletin Board

The Bulletin Board is a facility for:

- (a) advertising interest in trading single Cash Market Products, Contract Series and Combinations; and

- (b) trading Combinations and the component Market Transactions of Cross-Market Combinations which:
 - (i) are not permitted under these Rules to be traded in the Central Orderbook; and
 - (ii) comply with the Procedures prescribed under Rule 31.3.4.

Introduced 11/03/04. Origin ASX 7.7.1.3, ASXF 11.1.3, ASXMR 21.1.3

31.2 THE CENTRAL ORDERBOOK

31.2.1 Orders

A Trading Participant must only enter Trading Messages in respect of Market Transactions and Combinations in the Central Orderbook in accordance with these Rules, the Procedures and an appropriate Trading Permission. A Trading Participant may also amend or cancel Trading Messages in the Central Orderbook.

Introduced 28/11/05 Origin ASX 7.7.3.1, ASXF 11.3.1 ASXMR 21.3.1

31.2.2 Standard Combination specifications

ASX will set out in the Procedures the strategies for Standard Combinations, the number and type of their component transactions, and the ratios between those component transactions.

Introduced 28/11/05 Origin ASX 7.7.3.2, ASXF 11.3.2 ASXMR 21.3.2

31.2.3 Creation of Standard Combinations

Prior to the commencement of trading on each Trading Day ASX may (but need not) prescribe certain Combinations which meet the specifications prescribed under Rule 31.2.2 to be Standard Combinations on that day.

Introduced 28/11/05 Origin ASX 7.7.3.3, ASXF 11.3.3 ASXMR 21.3.3

31.2.4 Tailor-Made Combination specifications

ASX will set out in the Procedures the strategies for Combinations that are Tailor-Made Combinations, the number and type of their component transactions, the ratios between those component transactions and any other requirements for Tailor-Made Combinations.

Introduced 28/11/05. Origin ASX 7.7.3.4, ASXF 11.3.4 ASXMR 21.3.4

31.2.5 Creation of Tailor-Made Combinations

A Trading Participant can specify a Combination to be a Tailor-Made Combination if:

- (a) the Combination complies with the Procedures prescribed under Rule 31.2.4;
- (b) the Combination is not at that time prescribed as a Standard Combination;
- (c) the Combination is not at that time a Tailor-Made Combination;

- (d) the Trading Participant specifies the Tailor-Made Combination in accordance with the Procedures; and
- (e) the number of Tailor-Made Combinations specified by that Trading Participant or in aggregate by all Trading Participants is not excessive having regard to the guidelines in the Procedures.

Introduced 28/11/05. Origin ASX 7.7.3.5, ASXF 11.3.5 ASX MR 21.3.5

31.2.6 Changes to Tailor-Made Combinations

ASX may remove or amend the specifications of a Combination that is a Tailor-Made Combination and may direct that any order for that Tailor-Made Combination be cancelled if:

- (a) ASX determines that the number of Tailor-Made Combinations specified at that time (either by the Trading Participant which specified the Tailor-Made Combination or in aggregate by all Trading Participants) is excessive having regard to the guidelines in the Procedures;
- (b) ASX determines that the specifications of the Tailor-Made Combination are misleading; or
- (c) ASX considers it appropriate having regard to Rule 1.13.

Introduced 28/11/05 Origin ASX 7.7.3.6, ASXF 11.3.6 ASX MR 21.3.6

31.2.7 Recording of Combinations and Derived Orders

An Order for a Derivatives Combination entered in the Central Orderbook is recorded in the Central Orderbook as a Combination. An Order for a Derivatives Combination may also generate an Order for a Market Transaction that is a component part of the Derivatives Combination where a Trading Platform has identified a possible match for one or more other component Market Transactions in the Central Orderbook ("**Derived Order**").

Introduced 28/11/05 Origin ASX 7.7.3.7, ASXF 11.3.7 ASX MR 21.3.7

31.2.8 Treatment of Standard and Tailor-Made Combinations

The Rules relating to Orders and to the entry into:

- (a) Derivatives Market Transactions apply to a Derivatives Combination in the Central Orderbook as if the Order or the component Derivatives Market Transactions and where applicable the component Cash Market Transactions or Non-ASX Contract were in respect of a particular Contract Series; and
- (b) Cash Market Transactions apply to a Cash Only Combination in the Central Orderbook as if the Order or the component Cash Market Transactions were in respect of a particular Cash Market Product.

Introduced 28/11/05 Origin ASX 7.7.3.8, ASXF 11.3.8 ASX MR 21.3.8

31.2.9 Matching of Combinations

Subject to Sections 16 and 21, Orders for Combinations (other than Cross-Market Combinations) and, if the relevant Combinations constitute Standard Combinations or Tailor

Made Combinations, the Market Transaction components of Cross-Market Combinations in the Central Orderbook may be matched in the following ways:

- (a) an Order for the Market Transaction components of the Combination may be matched, where possible, with separate Orders in respect of the component Market Transaction; and
- (b) a Bid and an Offer for the Market Transaction components of the Combination may be matched directly in the Central Orderbook.

Introduced 28/11/05 Origin ASX 7.7.3.14, ASXF 11.3.14 ASX MR 21.3.14

31.3 THE BULLETIN BOARD

31.3.1 Advertising Interest

Trading Participants may advertise interest in trading such Products and Combinations in the Bulletin Board as ASX makes available for that purpose.

Introduced 28/11/05 Origin ASX 7.7.4, ASXF 11.4.1, ASXMR 21.4.1

31.3.2 Amendment and removal of items appearing in the Bulletin Board

While any advertisement of an interest in trading or any Order remains in the Bulletin Board the Trading Participant who entered it may amend or remove it. Any amendments to an Order have the same effect on the Order's priority ranking as removing the Order and entering another Order.

Introduced 28/11/05 Origin ASX 7.7.4.6, ASXF 11.4.6 ASX MR 21.4.6

31.3.3 Orders in the Bulletin Board

A Trading Participant may enter and transact Orders in the Bulletin Board for a Combination in accordance with the Procedures prescribed under Rules 31.3.4, if:

- (a) the Combination is not permitted at that time to be entered or traded by any Trading Participant in the Central Orderbook; and
- (b) the Trading Participant enters the Order in accordance with the Procedures and transacts the Combination in accordance with the Rules.

Introduced 28/11/05. Origin ASX 7.7.4.2, ASXF 11.4.2 ASX MR 21.4.2

31.3.4 Combinations in the Bulletin Board

ASX will set out in the Procedures the strategies for Combinations transacted in the Bulletin Board, the number and type of their component transactions, the ratios between those component transactions, and any other requirements.

Introduced 28/11/05. Origin ASX 7.7.4.3, ASXF 11.4.3 ASX MR 21.4.3

31.3.5 Net price for different Contract Sizes

If a Combination to be transacted in the Bulletin Board comprises component Market Transactions with different Price Quotation Factors the net price of the Combination is calculated in the manner set out in the Procedures.

Introduced 28/11/05. Origin ASX 7.7.4.4, ASXF 11.4.4 ASX MR 21.4.4

31.3.6 Priority of Orders in the Bulletin Board

A Trading Participant must rank and transact Orders for Combinations with the same component series and ratio relationship In Price/Time Priority.

Introduced 28/11/05. Origin ASX 7.7.4.5, ASXF 11.4.5 ASX MR 21.4.5

31.3.7 Trading Participant may not trade with own Orders

A Trading Participant may not trade with their own Orders in the Bulletin Board in Derivatives Market Transactions and Derivatives Combinations, except under Sections 17 and 18 and Rules 22.2 and 22.3.

Introduced 28/11/05. Origin ASX 7.7.4.10, ASXF 11.4.10 ASX MR 21.4.11

31.4 SESSION STATES

31.4.1 ASX may impose Session States

ASX may place a Trading Platform into a Session State with respect to trading in one or more Products. Without limiting the generality of this provision, ASX may place a Trading Platform into different Session States with respect to trading in different Products at the same time.

Introduced 28/11/05

31.4.2 ASX to notify Trading Participants of Session State applying

ASX will use reasonable endeavours to notify Trading Participants (by message or code displayed in the relevant Trading Platform or in such other reasonable manner as ASX considers appropriate) which Session State is in force in respect of trading in a particular Product at all times during which a Trading Platform is operating in respect of such Product.

Introduced 28/11/05

31.4.3 Trading in a Trading Platform subject to Session State parameters

Market Participants acknowledge that entry and maintenance of Trading Messages and dealing in a Trading Platform will occur subject to the parameters in respect of the Session State in force in respect of the relevant Product from time to time.

Introduced 28/11/05

31.4.4 Parameters of Session States

The parameters applicable during particular Session States are set out in the Procedures.

Introduced 28/11/05

31.4.5 Timing of Session States

Unless ASX notifies Trading Participants otherwise (by message or code displayed in the relevant Trading Platform or such other means as ASX considers appropriate), Session States shall apply in respect to trading in a Trading Platform in Products at the times set out in the Procedures.

Introduced 28/11/05

31.5 TERMS OF CONTRACT

31.5.1 Terms of contract upon matching

Subject to Rule 5.2.2, upon matching in a Trading Platform of Trading Messages in accordance with this Section 31, a contract is formed between the Trading Participants whose Trading Messages are matched:

- (a) in the case of Cash Market Transactions, for the sale and acquisition of the relevant Cash Market Products at the price and volume matched and subject to these Rules;
- (b) in the case of Derivatives Market Transactions, on the terms of the relevant Contract Series at the price and volume matched and subject to these Rules.

Introduced 28/11/05 Origin Old ASX MR 16.17, 21.1.4

31.6 REMOVAL OR RETENTION OF ORDERS AT END OF DAY

31.6.1 Cash Market Transactions

Unless otherwise determined by ASX, all unmatched Orders in respect of Cash Market Transactions in the Central Orderbook at the end of each Trading Day will be carried over to the next Trading Day.

Introduced 11/03/04. Amended 28/11/05

31.6.2 Derivatives Market Transactions

Unless otherwise determined by ASX, all unmatched Orders in respect of Derivatives Market Transactions in the Central Orderbook will be removed at the end of each Trading Day.

Introduced 28/11/05 ASX MR 21.3.12

31.6.3 Combinations

Unless otherwise determined by ASX, all unmatched Orders in respect of Combinations in the Central Orderbook will be removed at the end of each Trading Day.

Introduced 28/11/05 ASX MR 21.3.12

31.6.4 Clearing of the Bulletin Board at end of day

Unless otherwise determined by ASX, all items in the Bulletin Board will be removed at the end of each Trading Day.

Introduced 28/11/05 Origin ASX 7.7.4.7, ASXF 11.4.7 ASXMR 21.4.7

31.7 PRIORITY OF ORDERS

31.7.1 Cash Market Transactions

Subject to Rule 31.7.2, Bids and Offers entered into a Trading Platform are ranked In Price/Time Priority.

Introduced 28/11/05 Origin ASX MR 16.3.1; ASXMR 21.3.10; ASXMR 21.3.13

31.7.2 Priority of Iceberg Orders

Notwithstanding Rule 31.7.1:

- (a) upon submission of an Iceberg Order into a Trading Platform, only the Disclosed Portion is ranked In Price/Time Priority. Any Undisclosed Portion retains price priority only; and
- (b) as further portions of the Iceberg Order become Disclosed Portions, they are ranked In Price/Time Priority.

Introduced 28/11/05

31.7.3 Priority of Combinations and Derived Orders

The time priority ranking of:

- (a) a Bid or Offer in respect of a Combination is determined by reference to the time the Trading Participant submitted the Bid or Offer;
- (b) a Derived Order is determined by reference to the time a Trading Platform generated the Derived Order.

Introduced 28/11/05 Origin ASXMR 21.3.10

31.7.4 Effect of amendment of orders by Trading Participants on priority

Subject to Rule 31.7.2, if a Trading Participant:

- (a) reduces the quantity of a Bid or Offer in a Trading Platform, the amendment does not affect the priority ranking of the Bid and Offer;
- (b) withdraws a Bid or Offer from a Trading Platform, the Bid or Offer loses its priority ranking. If the Bid or Offer is re-entered, it will be treated as a new Bid or Offer;
- (c) effects any other amendments to a Bid or Offer, the Bid or Offer loses its priority ranking and will, upon amendment, be treated as a new Bid or Offer.

Introduced 28/11/05 ASX MR 16.3, 21.3.11

31.8 RESTRICTION ON MATCHING OF ORDERS FROM A SINGLE TRADING PARTICIPANT

31.8.1 Restriction on matching

Orders from the same Trading Participant are not permitted to match in a Trading Platform except under Sections 17, 18 or 22.

Introduced 28/11/05 Origin ASX MR 21.3.15

31.9 ICEBERG ORDERS

31.9.1 Trading Participant must disclose quantity

Unless Rule 31.9.2 applies, a Trading Participant must, when entering a Bid or Offer in a Trading Platform in respect of a Cash Market Product or a Derivatives Market Contract, specify the quantity of the Cash Market Products or Derivative Market Contracts the subject of that Bid or Offer.

Introduced 28/11/05 Origin ASX 2.10.1(1) Old ASXMR 16.8.1

31.9.2 Iceberg Order

Subject to Rules 3.9.3 and 3.9.4, a Trading Participant may enter a Bid or Offer that exceeds the size set out in the Procedures as an Iceberg Order.

Introduced 28/11/05

31.9.3 Prohibitions

Iceberg Orders must not be:

- (a) entered in respect of Combinations; or
- (b) used to create Crossings of Derivatives Contracts,

and ASX may prohibit Trading Participants from, or restrict the extent to which Trading Participants may enter, amend or create (including by amendment to another order) Iceberg Orders in any Session State, or part of a Session State, as set out in the Procedures or otherwise notified to Trading Participants.

Introduced 28/11/05 Origin ASX 2.10.1(3) Old ASX MR 16.8.3

31.9.4 Iceberg Order for client

A Trading Participant may only enter an Iceberg Order on behalf of a client if the client has instructed the Trading Participant to do so (either in respect of the particular order or generally or in accordance with a discretion conferred on the Trading Participant by the client).

Introduced 28/11/05

31.9.5 Effect of Iceberg Order

If an Order is entered as an Iceberg Order:

- (a) the Disclosed Portion must be equal to the lower of the amount set out in the Procedures and the Residual Amount (from time to time);
- (b) only the Disclosed Portion of the Iceberg Order is disclosed to the market on a Trading Platform;
- (c) if part of the Disclosed Portion is matched against an Order in a Trading Platform, giving rise to a Market Transaction, then the Disclosed Portion will be reduced by the amount so matched;

- (d) once the Disclosed Portion reaches zero, due to the operation of paragraph (c) above, an amount of the Undisclosed Portion equal to the lesser of the amount set out in the Procedures under paragraph (a) and the Residual Amount will immediately become the Disclosed Portion; and
- (e) the position of the Iceberg Order (from time to time) In Price/Time Priority is determined in accordance with Rule 31.7.2.

Introduced 28/11/05

31.10 EXCESSIVE ORDERS, TAILOR-MADE COMBINATIONS AND QUOTE REQUESTS

31.10.1 Trading Participant not to submit excessive orders

A Trading Participant must not:

- (a) enter a number of Orders into the Central Orderbook;
- (b) create a number of Tailor-Made Combinations; or
- (c) issue a number of Quote Requests,

which is determined by ASX to be excessive, having regard to the guidelines set out in the Procedures.

Introduced 28/11/05 Origin ASX 7.9.3.2, ASXF 13.4.2 ASX MR 21.8.1

31.11 MINIMUM PRICE STEPS

31.11.1 Only to be entered in prescribed minimum amounts - Deleted

Bids and Offers may only be entered in a Trading Platform in multiples of the Price Steps.

Introduced 28/11/05 Origin ASX MR 16.13

SECTION 32 ITS TRANSITIONAL PROVISIONS

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SECTION 32 ITS TRANSITIONAL PROVISIONS

A number of amendments have been introduced to the Market Rules simultaneously with the introduction of this Section 32. The amendments are made in relation to:

- (a) the move to non-disclosure of Broker IDs;
- (b) changes to the rules for trading Cash Market Products after the end of Normal Trading (or the end of the Open Session State);
- (c) ASX's removal of the SEATS Trading Platform (on which trading in Cash Market Products had previously been conducted) and implementation of an integrated trading system ("ITS") for trading in both the Cash and Derivatives markets;
- (d) the introduction of "Iceberg Orders" for all products; and
- (e) the introduction of Auctions in the Derivatives markets.

The changes to the market described in (a) and (b) above are introduced simultaneously with introduction of the Rule amendments and accordingly, the relevant rule changes have immediate effect.

However, the migration to ITS and introduction of Iceberg Orders will occur in a phased manner, with implementation occurring for:

- (a) Derivative Contracts and Derivatives Combinations on the Derivatives Commencement Date, to be announced by ASX and expected to be in February 2006. Auctions will also be introduced at this time;
- (b) Interest rate products on the Interest Rate Product Commencement Date, to be announced by ASX and expected to be in April 2006;
- (c) Warrants on the Warrants Commencement Date, to be announced by ASX and expected to be in May 2006; and
- (e) Equities on the Equities Commencement Date, to be announced by ASX and expected to be in June 2006.

The transitional provisions in this Section 32 are introduced to bring the relevant rule amendments into effect with respect to the relevant products at the dates referred to above.

32.1 ITS TRANSITION

32.1.1 Derivatives Commencement

Until the Derivatives Commencement Date:

- (a) the following provisions of the Market Rules will not apply in respect of Derivative Market Contracts and Derivative Combinations:
 - (1) Section 31.

- (b) the following provisions of the Market Rules as in effect immediately prior to the introduction of this Section 32 will continue to apply in respect of Derivative Market Contracts and Derivative Combinations:
 - (1) Section 21;
 - (2) Section 22; and
 - (3) the definitions of defined terms referred to in the Market Rules referred to in paragraphs (32.1.1(b)(1) and (2)).

Introduced 28/11/05

32.1.2 Interest Rate Products Commencement

Until the Interest Rate Products Commencement Date:

- (a) the following provisions of the Market Rules will not apply in respect of Loan Securities and any other products ASX declares to be Interest Rate Products:
 - (1) Rule 16.2.1;
 - (2) Rule 16.11.2;
 - (3) Rule 16.11.3;
 - (4) Rule 16.11.4; and
 - (5) Section 31.
- (b) the following provisions of the Market Rules as in effect immediately prior to the introduction of this Section 32 will continue to apply in respect of Derivative Market Contracts and Derivative Combinations:
 - (1) Rule 16.2.1;
 - (2) Rule 16.3.1; and
 - (3) Rule 16.3.2;
 - (4) Rule 16.3.3;
 - (5) Rule 16.3.4;
 - (6) Rule 16.3.5;
 - (7) Rule 16.3.6;
 - (8) Rule 16.8;
 - (9) Rule 16.17;
 - (10) the definitions of defined terms used in the Rules referred to in paragraphs (32.1.2(b)(1) to (9)).

Introduced 28/11/05

32.1.3 Warrants Commencement

Until the Warrants Commencement Date:

- (a) the following provisions of the Market Rules will not apply in respect of Warrants:
 - (1) Rule 16.2.1;
 - (2) Rule 16.11.2;
 - (3) Rule 16.11.3;
 - (4) Rule 16.11.4; and
 - (5) Section 31.
- (b) the following provisions of the Market Rules as in effect immediately prior to the introduction of this Section 32 will continue to apply in respect of Derivative Market Contracts and Derivative Combinations:
 - (1) Rule 16.2.1;
 - (2) Rule 16.3.1; and
 - (3) Rule 16.3.2;
 - (4) Rule 16.3.3;
 - (5) Rule 16.3.4;
 - (6) Rule 16.3.5;
 - (7) Rule 16.3.6, provided however, that ASX may, without consulting the Commission, decide not to conduct, or not to complete, the Closing Single Price Auction on a particular Trading Day with respect to a particular Traded Product if ASX receives an announcement in relation to the Issuer of the Traded Product (or, where the Traded Product is a Warrant, the Issuer of the Underlying Instrument) which, in the opinion of ASX, is market sensitive during the period of Pre-Opening described in Rule 16.3.6;
 - (8) Rule 16.8;
 - (9) Rule 16.17;
 - (10) the definitions of defined terms used in the Rules referred to in paragraphs (32.1.3(b)(1) to (9)).

Introduced 28/11/05

32.1.4 Equities Commencement

Until the Equities Commencement Date:

- (a) the following provisions of the Market Rules will not apply in respect of Equity Securities or Cash Only Combinations:

- (1) Rule 16.2.1;
 - (2) Rule 16.11.2;
 - (3) Rule 16.11.3;
 - (4) Rule 16.11.4; and
 - (5) Section 31.
- (b) the following provisions of the Market Rules as in effect immediately prior to the introduction of this Section 32 will continue to apply in respect of Derivative Market Contracts and Derivative Combinations:
- (1) Rule 16.2.1;
 - (2) Rule 16.3.1; and
 - (3) Rule 16.3.2;
 - (4) Rule 16.3.3;
 - (5) Rule 16.3.4;
 - (6) Rule 16.3.5;
 - (7) Rule 16.3.6, provided however, that ASX may, without consulting the Commission, decide not to conduct, or not to complete, the Closing Single Price Auction on a particular Trading Day with respect to a particular Traded Product if ASX receives an announcement in relation to the Issuer of the Traded Product (or, where the Traded Product is a Warrant, the Issuer of the Underlying Instrument) which, in the opinion of ASX, is market sensitive during the period of Pre-Opening described in Rule 16.3.6;
 - (8) Rule 16.8;
 - (9) Rule 16.17;
 - (10) the definitions of defined terms used in the Rules referred to in paragraphs (32.1.4(b)(1) to (9)).

Introduced 28/11/05

32.2 DEFINITIONS

32.2.1 Definitions

In this Section 32, the following definitions apply:

“Equities Commencement Date” means the date notified by ASX to be such.

“Derivatives Commencement Date” means the date notified by ASX to be such.

“Interest Rate Products Commencement Date” means the date notified by ASX to be such.

“Warrants Commencement Date” means the date notified by ASX to be such.

Introduced 28/11/05

SCHEDULE 1A CAPITAL LIQUIDITY REQUIREMENTS

This schedule sets out the Risk Based Capital Requirements for the purposes of Rule 5.1. A Market Participant subject to the Risk Based Capital Requirements must comply with this schedule.

S1A.1

S1A.1.1 Definitions and Interpretation

In Rule S1, unless the context otherwise requires:

“Approved Deposit Taking Institution” means:

- (a) an authorised deposit taking institution under section 5 of the Banking Act 1959 (Cth);
- (b) a banking institution which has its activities formally regulated in accordance with the standards of the Basle Committee on Banking Supervision; or
- (c) an institution which has been given a risk weighting by the Australian Prudential Regulation Authority equivalent to an authorised deposit taking institution referred to in paragraph (a) above.

“Approved Institution” means:

- (a) any of the following institutions whose net assets are greater than \$30 million at the date of its last published audited balance sheet (or other documentation approved by ASX):
 - (i) a life insurance company or general insurance company; or
 - (ii) an investment company, trust or other similar institution whose ordinary business is to buy and sell Financial Instruments;
- (b) any body corporate or partnership whose ordinary business is to buy and sell Financial Instruments and which is regulated by a:
 - (i) Recognised non-European Union Regulator specified in Table 3.1, Annexure 5;
 - (ii) Recognised European Union Regulator specified in Table 3.2, Annexure 5; or
- (c) any other body corporate or partnership approved by ASX,

provided that on request by ASX, the Market Participant makes available documentation in support of paragraphs (a), (b) or (c) and ASX is satisfied that the documentation provided is adequate for this purpose.

“Approved Subordinated Debt” means an amount owing by a Market Participant under a subordination arrangement which is approved by ASX under Rule S1A.2.4.

“Approved Subordinated Loan Deed” means, in respect of a subordination arrangement, a deed which:

- (a) is executed:
 - (i) by the lender and ASX under seal or by such equivalent method expressly recognised under the Corporations Act (or in the case of ASX, on behalf of ASX by its attorney, delegate or sub-delegate);
 - (ii) in the case of a Market Participant which is a company, by the Market Participant under seal or by such equivalent method expressly recognised under the Corporations Act; and
 - (iii) in the case of a Market Participant which is a partnership, by each of its partners;
- (b) sets out details of the terms governing any subordinated debt regulated by the subordination arrangement or identifies the document which does so;
- (c) contains those provisions required by ASX including without limitation, provisions to the effect that:
 - (i) alterations to the subordinated loan deed or the terms or details of any subordinated debt regulated by the subordination arrangement cannot be made unless the agreement of all parties is obtained and the variation is executed in the manner required under paragraph (a) ;
 - (ii) ASX must be satisfied that the Market Participant has made adequate arrangements to ensure that Rule S1A will be complied with and will continue to be complied with upon the maturity date of any loan for a fixed term;
 - (iii) ASX must be given full particulars of any debt to be regulated by the subordination arrangement under the subordinated loan deed prior to such debt being created; and
 - (iv) prior to the Bankruptcy of the Market Participant, repayment of any subordinated debt regulated by the subordination arrangement can only occur in accordance with Rule S1A.2.4(6) and (7); and
- (d) contains specific acknowledgment by the lender of the matters set out in Rule S1A.2.4(2)(a) and (b).

“Bankruptcy” means in respect of an entity:

- (a) the entity becomes an externally administered body-corporate within the meaning of the Corporations Act;
- (b) the entity becomes an individual who is an insolvent under administration within the meaning of the Corporations Act;
- (c) if the entity is a partnership, the entity is wound up or dissolved or a liquidator is appointed to it;
- (d) a person takes control of the entity’s property for the benefit of the entity’s creditors because the entity is, or is likely to become, insolvent;

- (e) the entity enters into an arrangement, composition or compromise with, or assignment for the benefit of, all of its creditors or any class of them; or
- (f) anything analogous to, or having a substantially similar effect to the events specified in paragraphs (a) to (e) happens under the laws of any applicable jurisdiction.

“Client Balance” means an individual Counterparty’s net debit or credit balance with a Market Participant arising from non margined Financial Instruments.

“Core Liquid Capital” means:

- (a) in the case of a Market Participant which is a company, the sum of:
 - (i) all ordinary issued shares to the extent that those shares are paid-up;
 - (ii) all non cumulative Preference Shares;
 - (iii) all reserves excluding revaluation reserves; and
 - (iv) opening retained profits/losses adjusted for all current year movements; and
- (b) in the case of a Market Participant which is a partnership, the sum of the partners’ current and capital accounts.

“Counterparty” means in respect of a transaction to which a Market Participant is a party, another party to that transaction whether that person is a counterparty or a client.

“Counterparty Risk Requirement” means the greater of:

- (a) zero; and
- (b) the absolute sum of the counterparty risk amounts calculated in accordance with Annexure 1 less any provision raised for doubtful debts.

“Debt Derivative” includes:

- (a) a convertible note (except to the extent that Annexure 3 provides for the treatment of a convertible note as an equity position);
- (b) an interest rate Swap;
- (c) a Forward Rate Agreement;
- (d) a forward contract over a Debt Instrument;
- (e) a Future over a Debt Instrument and a Future over an index or basket product based on Debt Instruments;
- (f) an index or basket product based on Debt Instruments;
- (g) an Option over a Debt Instrument and an Option over any of the products referred to in paragraphs (a) to (f); and
- (h) an instrument whose value is derived from a Debt Instrument and which is prescribed as such by ASX,

but does not include an instrument prescribed as an Equity Derivative or Foreign Exchange Derivative by ASX.

“Debt Equivalent” means the value of a position in a Debt Derivative that is equivalent to the value had it been a physical position in the underlying Debt Instrument calculated in accordance with clause 16 of Annexure 3.

“Debt Instrument” includes:

- (a) a debt security without call or put provisions;
- (b) a discount security without call or put provisions;
- (c) a non-convertible preference share;
- (d) a redeemable preference share with a fixed and certain date for redemption;
- (e) an interest in a managed investment scheme investing only in Debt Instruments, mortgages or cash; and
- (f) an instrument prescribed as such by ASX,

but does not include an instrument prescribed as an Equity by ASX.

“Debt Net Position” means an amount calculated in accordance with Annexure 3 clause 17.

“Derivative” includes:

- (a) an Equity Derivative;
- (b) a Debt Derivative;
- (c) a Foreign Exchange Derivative; and
- (d) an instrument prescribed as such by ASX,

but does not include an instrument prescribed as an Equity or Debt Instrument by ASX.

“Equity” includes:

- (a) a share other than a share referred to in paragraphs (c) and (d) of the definition of Debt Instrument;
- (b) a depository receipt;
- (c) an instalment receipt;
- (d) an interest in a managed investment scheme other than an interest referred to in paragraph (e) of the definition of Debt Instrument;
- (e) an instrument prescribed as such by ASX,

but does not include an instrument prescribed as a Debt Instrument by ASX.

“Equity Derivative” includes:

- (a) an equity Swap;
- (b) a forward contract over an Equity;
- (c) a Future over an Equity and a Future over a basket or index product based on Equities;
- (d) an index or basket product based on Equities;
- (e) a renounceable or non-renounceable right to subscribe for an equity;
- (f) an Option over an Equity (whether issued or unissued) and an Option over any of the products referred to in paragraphs (a) to (d); and
- (g) an instrument whose value is derived from an Equity and which is prescribed as such by ASX,

but does not include an instrument prescribed as Debt Derivative or a Foreign Exchange Derivative by ASX.

“Equity Equivalent” means the value of a position calculated in accordance with clause 8 of Annexure 3.

“Equity Net Position” means an amount calculated in accordance with clause 9 of Annexure 3.

“Excluded Asset” means:

- (a) a fixed asset;
- (b) an intangible asset;
- (c) a future income tax benefit;
- (d) a non current asset;
- (e) a deposit with or loan to a person other than:
 - (i) a deposit or loan with an Approved Deposit Taking Institution;
 - (ii) a deposit or loan to the extent the balance is secured by collateral which is Liquid, evidenced in writing and valued at the mark to market value or at another value approved by ASX; or
 - (iii) a deposit of funds as a margin or deposit with a person licensed to trade Futures or Options to the extent that those funds relate to an open position;
- (f) a deposit with a third party clearing organisation, unless approved otherwise by ASX;
- (g) a Related/Associated Persons Balance to the extent the balance is not secured by collateral which is Liquid, evidenced in writing and valued at the mark to market value or at another value approved by ASX;
- (h) a debt which was reported or created more than 30 days previously other than a debt;

- (i) from another Market Participant that is not an Related/ Associated Person; or
- (ii) which is secured by collateral which is Liquid, evidenced in writing and valued at the mark to market value or at another value approved by ASX;
- (i) a prepayment which is not Liquid;
- (j) an asset which is not Liquid;
- (k) an asset which is Liquid but which has a charge against it (in whole or in part) where the purpose of the charge is to raise funds for use outside the ordinary course of the Market Participant's securities or derivatives business; and
- (l) an asset prescribed as such by ASX.

“Excluded Liability” means:

- (a) the maximum liability specified in a guarantee or indemnity under Rule S1A.2.6(1)(c); and
- (b) any other liability prescribed as such by ASX.

“Family Trust” means a trust in which:

- (a) the person or the Immediate Family of the person is the sole or majority beneficiary; or
- (b) the person has the ability to remove the trustee of the trust and replace the trustee with his or her own nominee.

“Financial Instrument” means:

- (a) an Equity;
- (b) a Debt Instrument;
- (c) a Derivative; and
- (d) any other instrument prescribed as such by ASX.

“Foreign Exchange Derivative” includes:

- (a) a forward contract over foreign currency;
- (b) a Future over foreign currency;
- (c) an Option over foreign currency; and
- (d) an instrument whose value is derived from a foreign currency and which is prescribed as such by ASX,

but does not include an instrument prescribed as an Equity Derivative or Debt Derivative by ASX.

“Foreign Exchange Equivalent” means the value of a position calculated in accordance with clause 21 of Annexure 3.

“Forward Rate Agreement” means an agreement in which two parties agree that:

- (a) one party will make payments to the other of an amount of interest based on an agreed interest rate for a specified period from a specified date applied to an agreed principal amount;
- (b) no commitment is made by either party to lend or borrow the principal amount; and
- (c) the exposure is limited to the interest difference between the agreed and actual market rates at settlement.

“Free Delivery” means a trade where delivery of the Financial Instrument is made to a Counterparty without receiving payment or where a payment is made without receiving a Financial Instrument.

“Future” means a contract which is traded on an exchange, subject to an Primary Margin Requirement and which is:

- (a) a contract to make an adjustment between the parties on an agreed future date as to the value on that date of an interest rate, a foreign currency, an Equity, basket or index, or some other agreed factor;
- (b) a deliverable bond futures contract or deliverable share futures contract; or
- (c) an instrument prescribed as such by ASX.

“Government Debt Instrument” means any form of government financial instrument including a bond, treasury note or other short term instrument, and a Debt Derivative of any of those instruments where:

- (a) it is issued by, fully guaranteed by, or fully collateralised by a Debt Instrument issued by:
 - (i) the Australian Commonwealth, State (including Territories) governments; or
 - (ii) a central government or central bank within the OECD;
- (b) it is issued by, or fully guaranteed by, a non-OECD country central government or central bank, has a residual maturity of one year or less and is denominated in local currency and funded by liabilities in the same currency.

“Group of Connected Persons” means two or more persons or entities where:

- (a) each person or entity is a Related/Associated Person of each other person or entity; or
- (b) the persons who have control of the management of each entity or have been appointed as directors of each entity are substantially the same.

“Immediate Family” in relation to a person means that person’s spouse and any non-adult children.

“In the Money” means:

- (a) in relation to call Options, that the current market price of the underlying instrument is greater than the exercise price; and
- (b) in relation to put Options, that the current market price of the underlying instrument is less than the exercise price.

“Large Exposure Risk Requirement” is the absolute sum of a Market Participant’s:

- (a) counterparty large exposure risk amount calculated in accordance with Annexure 2; and
- (b) issuer large exposure risk amount calculated in accordance with Annexure 2.

“Liquid” means realisable or otherwise convertible to cash within 30 days, or prescribed as liquid by ASX.

“Liquid Capital” means the sum of:

- (a) Core Liquid Capital;
- (b) cumulative Preference Shares;
- (c) Approved Subordinated Debt; and
- (d) revaluation reserve;

less the sum of:

- (e) Excluded Assets;
- (f) Excluded Liabilities.

“Liquid Margin” means the amount calculated by deducting the Total Risk Requirement amount from the amount of Liquid Capital.

“Market Spot Exchange Rate” means the closing rate of exchange for foreign currencies against Australian dollars on each Business Day, having a settlement period of 2 days.

“Non-Standard Risk Requirement” means the amount calculated in accordance with Rule S1A.2.9 to cover unusual or non-standard exposures.

“Operational Risk Requirement” means the amount calculated in accordance with Rule S1A.2.3(1) which is required to cover exposures associated with commencing and remaining in business arising separately from exposures covered by other risk requirements.

“Option” means a contract which gives the holder the option or right, exercisable at or before a specified time to:

- (a) buy (whether by way of issue or transfer) or sell a quantity of a Financial Instrument or a foreign currency; or
- (b) be paid an amount of money calculated by reference to the value of a Financial Instrument, foreign currency or index as specified in the contract.

“OTC Derivative” means a Derivative which is not traded on an exchange.

“Position Risk Factors” are the percentages applied to principal positions as specified in Tables 1.1, 1.2, 1.3 and 1.7 of Annexure 5.

“Position Risk Requirement” is the absolute sum of the position risk amounts for a Market Participant’s:

- (a)
 - (i) Equity and Equity Derivative positions calculated in accordance with Part 1 of Annexure 3;
 - (ii) Debt Instrument and Debt Derivative positions calculated in accordance with Part 2 of Annexure 3; and
 - (iii) foreign exchange and Foreign Exchange Derivative positions calculated in accordance with Part 3 of Annexure 3; or
- (b) principal positions for all of the above plus commodity positions (if any), calculated in accordance with Part 4 of Annexure 3; or
- (c) principal positions for all of the above plus commodity positions (if any), calculated in accordance with a combination of any of Parts 1, 2, 3 and 4 of Annexure 3.

“Positive Credit Exposure” means an exposure to a Counterparty such that if the Counterparty were to default on its obligations under:

- (a) an individual transaction; or
- (b) to the extent allowed by Rule S1A, a group of transactions, contracts, arrangements or agreements,

the Market Participant may incur a financial loss.

“Preference Share” means a preference share that is redeemable solely at the request of the Market Participant.

“Primary Margin Requirement” means the amount which a Market Participant lodges or is notionally required to lodge as a deposit to cover potential daily worse case price movements in the relevant market, lodged in accordance with the rules of an exchange or clearing house against open positions registered in the name of the Market Participant on the exchange or clearing house.

“Qualifying Debt Instruments” means Debt Instruments that are:

- (a) rated investment grade by at least two of the credit rating agencies recognised by the Australian Prudential Regulation Authority and specified in Table 1.5, Annexure 5;
- (b) rated investment grade by one credit rating agency recognised by the Australian Prudential Regulation Authority and specified in Table 1.5, Annexure 5, and the issuer has its ordinary shares included in a Recognised Market Index;
- (c) unrated but the Issuer of the Debt Instrument has its ordinary shares included in a Recognised Market Index and, in accordance with a policy agreed between

ASX and the Market Participant, the Debt Instruments are reasonably deemed by the Market Participant to be of comparable investment quality to one or more of the categories of Qualifying Debt Instrument as described in this definition;

- (d) issued by, or guaranteed by, Australian local governments and Australian public sector entities other than those which have corporate status or operate on a commercial basis;
- (e) issued by, or fully guaranteed by, a non-OECD country's central government and central bank and which have a residual maturity of over one year and are denominated in local currency and funded by liabilities in the same currency;
- (f) issued by or collateralised by claims on, an international agency or regional development bank including the International Monetary Fund, the International Bank for Reconstruction and Development, the Bank for International Settlements and the Asian Development Bank;
- (g) issued, guaranteed, first endorsed or accepted by an Australian ADI or a bank incorporated within the OECD or a non OECD bank accorded the same credit risk weight as an OECD bank by the Australian Prudential Regulation Authority provided that such instruments do not qualify as capital of the issuing institution;
- (h) issued, guaranteed, endorsed or accepted by a non-OECD bank and which have a residual maturity of one year or less provided that such instruments do not qualify as capital of the issuing institution; or
- (i) issued by or guaranteed by OECD country, State and regional governments and OECD public sector entities.

“Recognised Market Index” means an index specified in Table 1.6 of Annexure 5.

“Related/Associated Person” means:

- (a) a partner, director, employee, officer or consultant of a Market Participant or of a company which is a partner of a Market Participant;
- (b) a person who is a member of the Immediate Family of a person referred to in paragraph (a);
- (c) the trustee of a Family Trust of a person referred to in paragraph (a);
- (d) an entity which is:
 - (i) controlled by a person referred to in paragraphs (a), (b) or (c) or any of those persons acting together;
 - (ii) a corporation in which a person referred to in paragraphs (a) or (b) is beneficially entitled to more than 50% of the issued capital;
- (e) an entity which is the holding company, or which is controlled by the holding company, of a Market Participant or of a company which is a partner of a Market Participant;

- (f) a person who is a Substantial holder of a Market Participant or of a company which is a partner of a Market Participant;
- (g) an associate of a Market Participant (as defined in each section of Part 1.2 Division 2 of the Corporations Act) or of a company which is a partner of a Market Participant; and
- (h) a lender who is a party to an Approved Subordinated Loan Deed or a related entity or associate of that lender.

“Related/Associated Person Balance” is an amount owing to the Market Participant by a person who is a Related/Associated Person of the Market Participant excluding an amount owing as a result of:

- (a) the deposit with, loans to or other amounts owing from an Approved Deposit Taking Institution;
- (b) the deposit of funds as a margin or deposit with a person licensed to trade Futures or Options to the extent that those funds relate to an open position; or
- (c) a transaction in a Financial Instrument under Annexure 1 which is made on terms no more favourable to the Related/Associated Person than those on which it would be reasonable to expect the Market Participant to make if it had entered into the transaction on an arms length basis, but not including sundry fees, interest or similar amounts owing on such transactions; or
- (d) brokerage or similar amounts owing that were reported or created less than 30 days previously and which arose as a result of a third party clearing arrangement entered in to with another Market Participant,

unless ASX considers that an amount owing under paragraph (a), (b), (c) or (d) is to be included as a Related/Associated Person Balance.

“Secondary Requirement” means a capital amount imposed under Rule S1A.3.3.

“Securities Lending and Borrowing” means any transaction undertaken by a Market Participant under an Equity or Debt Instrument lending or borrowing agreement, a repurchase or reverse repurchase agreement or an agreement for the sale and buyback of Equity or Debt Instruments or other similar agreement as prescribed by ASX.

“Substantial holder” means a person who has or would have a substantial holding if Part 6C of the Corporations Act applied to that corporation.

“Swap” means a transaction in which two counterparties agree to exchange streams of payments over time on a predetermined basis.

“Total Risk Requirement” means the sum of:

- (a) Operational Risk Requirement;
- (b) Counterparty Risk Requirement;
- (c) Large Exposure Risk Requirement;
- (d) Position Risk Requirement;
- (e) Underwriting Risk Requirement; and

(f) Non-Standard Risk Requirement,

however where an asset or liability is an Excluded Asset or Excluded Liability a risk requirement otherwise applicable under paragraphs (a) to (e) is not included.

“Trading Book” means all of a Market Participant’s principal positions for which a position risk amount is calculated under the internal models approach of Part 4 of Annexure 3.

“Trading Day” means a day on which a relevant exchange traded or over the counter market has been open for trading.

“Underwriting” means a commitment to take up Equity or Debt Instruments where others do not acquire or retain them under an underwriting agreement, sub underwriting agreement, or other similar agreement calculated using:

- (a) the price stated in the Underwriting agreement; or
- (b) in the case of new float where the price is not known, the indicative price, until the price is known.

“Underwriting Risk Requirement” is the absolute sum of the risk amounts calculated in accordance with Annexure 4.

Note: Other terms in this Schedule are defined in Section 2

Introduced 11/03/04

S1A.1.2 Interpretation

(1) Rule S1A must be interpreted and applied:

- (a) in accordance with its spirit, intention and purpose;
- (b) by looking beyond form to substance;
- (c) consistently across positions in the same Financial Instruments throughout a period covered by a return required under Rule S1A;
- (d) consistently with any guidance notes or other interpretation issued by ASX; and
- (e) for the purpose of calculating capital liquidity requirements only and so as not to detract from the operation of other Rules.

(2) A Market Participant’s compliance with Rule S1A.2.1 will be assessed using the methods chosen by it and recognised under Rule S1A.

(3) The annexures to Rule S1A form part of Rule S1A and:

- (a) a reference to an annexure is a reference to an annexure of Rule S1A;
- (b) a reference to a clause is a reference to a clause of an annexure;
- (c) a clause within an annexure which refers to another clause is taken to refer to a clause within the same annexure unless expressly stated otherwise; and

- (d) a clause within an annexure which refers to a Table is taken to refer to a Table within the same annexure unless expressly stated otherwise.
- (4) References to dollar amounts are references to Australian dollar amounts.

S1A.2 OBLIGATIONS OF MARKET PARTICIPANTS

S1A.2.1 Liquid Capital And Total Risk Requirement

- (1) A Market Participant must ensure that its:
 - (a) Liquid Capital is at all times greater than its Total Risk Requirement; and
 - (b) Core Liquid Capital is at all times not less than \$100,000;unless:
 - (c) it obtains a prior waiver from ASX under Rule S1A.3.4; or
 - (d) in relation to paragraph (b), it complies with Rule S1A.2.4(8).

Introduced 11/03/04

S1A.2.2 Notifying ASX

- (1) A Market Participant must notify ASX immediately if its:
 - (a) Core Liquid Capital is at any time less than the minimum amount required by Rule S1A.2.1(1)(b); or
 - (b) Liquid Capital divided by its Total Risk Requirement is equal to or falls below 1.2.
- (2) A Market Participant must provide ASX with a return in the form prescribed by ASX disclosing the amount of its Liquid Margin:
 - (a) no later than one Business Day after notifying ASX under Rule S1A.2.2(1); and
 - (b) from then on, either:
 - (i) weekly, for so long as the amount referred to in Rule S1A.2.2(1)(b) is equal to or less than 1.2 but greater than 1.1; and
 - (ii) daily, for so long as the amount referred to in Rule S1A.2.2(1)(b) is 1.1 or less.

Introduced 11/03/04

S1A.2.3 Risk Requirements And Risk Amounts

- (1) A Market Participant must calculate:

- (a) its Operational Risk Requirement; and
 - (b) an operational risk amount, as the sum of:
 - (i) the amount of \$100,000;
 - (ii) 8% of the sum of the Market Participant's:
 - A. Counterparty Risk Requirement;
 - B. Position Risk Requirement; and
 - C. Underwriting Risk Requirement; and
 - (iii) a Secondary Requirement.
- (2) A Market Participant must calculate in accordance with Annexure 1:
- (a) its Counterparty Risk Requirement; and
 - (b) a counterparty risk amount for each of its Positive Credit Exposures to a Counterparty for:
 - (i) transactions in Financial Instruments referred in Annexure 1 except those transactions which relate to Excluded Assets; and
 - (ii) other transactions in Financial Instruments as prescribed by ASX.
- (3) A Market Participant must calculate in accordance with Annexure 2:
- (a) its Large Exposure Risk Requirement; and
 - (b) its large exposure risk amount for each:
 - (i) Counterparty;
 - (ii) Equity Net Position and Debt Net Position relative to:
 - A. Liquid Capital; and
 - B. an issue or issuer.
- (4) A Market Participant must calculate in accordance with Annexure 3:
- (a) its Position Risk Requirement;
 - (b) a position risk amount for all positions in Financial Instruments, except those positions which are Excluded Assets; and
 - (c) a position risk amount for other assets and liabilities which are denominated in a currency other than Australian dollars except for those assets which are Excluded Assets.
- (5) A Market Participant must calculate in accordance with Annexure 4:

- (a) its Underwriting Risk Requirement; and
 - (b) an underwriting risk amount for each Underwriting.
- (6) A Market Participant must calculate a Non-Standard Risk Requirement in accordance with Rule S1A.2.9.

Introduced 11/03/04

S1A.2.4 Approved Subordinate Debt

- (1) A Market Participant entering into a subordination arrangement may only include an amount owing under such an arrangement in its Liquid Capital if:
 - (a) the subordination arrangement has the prior approval of ASX under Rules S1A.2.4(2) and (3); and
 - (b) the amount is notified to and approved by ASX prior to being drawn down under the subordination arrangement and complies with Rule S1A.2.4(4) where relevant.
- (2) ASX will not approve a subordination arrangement unless in the opinion of ASX:
 - (a) subject to Rule S1A.2.4(6), the amount owing to the lender under the subordination arrangement will not be repaid until all other debts which the Market Participant owes to any other persons are repaid in full; and
 - (b) the obligation to pay any amount owing under the subordination arrangement is suspended if Rule S1A.2.1(1) is no longer complied with.
- (3) ASX will not approve a subordination arrangement unless the Market Participant has executed an Approved Subordinated Loan Deed in respect of the subordination arrangement.
- (4) If a Market Participant is a partnership which has entered into an approved subordination arrangement under Rule S1A.2.4(2) and (3) and there is a change in the composition of the Market Participant then an amount owing under the previously approved subordination arrangement must not be included in its Liquid Capital unless ASX is of the opinion that this arrangement has been renewed or amended so as to ensure that all partners after the change in composition are bound by it.
- (5) A Market Participant must comply with the terms of the Approved Subordinated Loan Deed and any associated agreement to which it, ASX, and the lender are parties and must ensure the lender's compliance with these documents.
- (6) Prior to its Bankruptcy, a Market Participant may repay an amount owing under an approved subordination arrangement only with the prior approval of ASX.
- (7) ASX will not withhold its approval under Rule S1A.2.4(6) if in the opinion of ASX:
 - (a) the Market Participant's Liquid Capital divided by its Total Risk Requirement is capable of continuing to be greater than 1.2 on repayment; and

- (b) the Market Participant's Core Liquid Capital is capable of continuing to be equal to or greater than the amount required under Rule S1A.2.1 when Approved Subordinated Debt is included under Rule S1A.2.4(8).
- (8) If a Market Participant does not hold sufficient Core Liquid Capital under Rule S1A.2.1(1)(b), then it may with the prior approval of ASX include amounts owing under an approved subordination arrangement in calculating Core Liquid Capital for a 6 month period commencing on the date that the Market Participant first does not hold sufficient Core Liquid Capital.

Introduced 11/03/04

S1A.2.5 Redeemable Preference Shares

- (1) A Market Participant must not redeem any redeemable Preference Shares issued by it in whole or in part without the prior approval of ASX.
- (2) ASX will not withhold its approval under Rule S1A.2.5(1) if in the opinion of ASX the Market Participant's Liquid Capital divided by its Total Risk Requirement is capable of continuing to be greater than 1.2 on redemption.

Introduced 11/03/04

S1A.2.6 Guarantees And Indemnities

- (1) A Market Participant may only give a guarantee or indemnity:
 - (a) for the purposes of these Rules, the ACH Clearing Rules or the ASTC Settlement Rules;
 - (b) in the ordinary course of the conduct of its securities or derivatives business;
 - (c) outside the ordinary course of its securities or derivatives business if a maximum liability is specified in the guarantee or indemnity at the time it is entered into; or
 - (d) to settle legal proceedings that have been threatened or issued against it,and must not give a cross guarantee.

Introduced 11/03/04

S1A.2.7 Records and Accounts

- (1) A Market Participant must maintain records and working papers in sufficient detail to show continuous compliance with Rule S1A.2.1 for seven years.
- (2) A Market Participant must prepare its accounts and returns in accordance with accounting standards which are generally accepted in Australia unless ASX approves or prescribes otherwise.

- (3) A Market Participant must record a transaction in its accounts on the date on which it enters into an irrevocable commitment to carry out the transaction.

Introduced 11/03/04

S1A.2.8 Valuations and Foreign Currencies

- (1) A Market Participant must mark to market each of its principal positions in Financial Instruments unless Rule S1A provides otherwise:
- (a) at least once every Business Day; and
 - (b) in the following manner:
 - (i) subject to paragraphs (ii) to (iv), a position must be valued at its closing market price:
 - A. which is the current bid price for a long position; and
 - B. which is the current offer price for a short position;or in the manner prescribed by ASX;
 - (ii) an Option or rights position may be valued using a value derived from an option pricing model approved by ASX for use in the contingent loss matrix method;
 - (iii) an Option or rights position which does not have a published market price under subparagraph (i) of this Rule or which cannot be valued using an options pricing model under subparagraph (ii) of this Rule must be valued as follows:
 - A. for a purchased Option or right, the In the Money amount multiplied by the quantity underlying the Option; and
 - B. for a written Option, the sum of the In the Money amount multiplied by the quantity underlying the Option and the initial premium received for the Option;
 - (iv) a Swap or a Forward Rate Agreement must be valued:
 - A. having regard to the net present value of the future cash flows of the contract; and
 - B. using current interest rates relevant to the periods in which the cash flows will arise;
- (2) If a Market Participant holds a Financial Instrument denominated in a foreign currency then it:
- (a) must calculate a risk amount for each risk type in that foreign currency; and
 - (b) convert the risk amount in paragraph (a) to Australian dollars at the Market Spot Exchange Rate,

in all cases other than where the Market Participant is calculating risk amounts for the purposes of Part 3 of Annexure 3 or where Rule S1 expressly provides otherwise.

Introduced 11/03/04

S1A.2.9 Unusual Or Non-Standard Exposures

- (1) If a Market Participant has an exposure arising from a transaction which is not:
 - (a) specifically described in Rule S1A and interpretation issued by ASX in relation to Rule S1A; or
 - (b) is not in a form which readily fits within Rule S1A,then it must contact ASX for guidance.
- (2) The risk requirement of a Market Participant in relation to an exposure under Rule S1A.2.9(1) is the full market value of the transaction unless ASX approves otherwise.

Introduced 11/03/04

S1A.2.10 Returns and Registers

- (1) A Market Participant must ensure that it prepares returns:
 - (a) in accordance with Rule S1A and in the manner and form prescribed by ASX; and
 - (b) which accurately reflect its accounts and its financial position.
- (2) A Market Participant must ensure that it lodges returns prepared under Rule S1A.2.10(1):
 - (a) within the times prescribed by ASX;
 - (b) certified by 2 or such other number of directors or partners as prescribed by ASX, as having been prepared in accordance with Rule S1A; and
 - (c) containing any attestations required by ASX relating to its identification of key risks and including the ability of its internal systems to monitor and manage these risks effectively.
- (3) A Market Participant must maintain a register of its Underwritings which records:
 - (a) the date of commencement, crystallisation and termination of each Underwriting and the parties to each Underwriting;
 - (b) the identity, number and price of the Equities or Debt Instruments the subject of each Underwriting;
 - (c) the amount underwritten by the Market Participant under each Underwriting; and
 - (d) any reduction in the amount underwritten under each Underwriting due to an amount being:

- (i) sub-underwritten; or
 - (ii) received under a client placement,
- and the date that this reduction occurs.

Introduced 11/03/04

S1A.3 POWERS OF ASX

S1A.3.1 Returns, Annexure 5 and Other Matters

- (1) ASX may prescribe the number and form of returns to be lodged by a Market Participant including, but not limited to, self assessment forms.
- (2) ASX may prescribe the time for lodgement of returns and other documents under Rule S1A.3.1(1) and the manner of their completion.
- (4) ASX may prescribe new or amended details in respect of the Tables in Annexure 5 and a Market Participant must apply these new or amended details when using these Tables.
- (4) ASX may prescribe the various other matters described in Rule S1 provided that it does so in writing, whether by circular to Market Participants or otherwise.

Introduced 11/03/04

S1A.3.2 Requests by ASX

- (1) ASX may request any information, document or explanation from a Market Participant to enable ASX to be satisfied that the Market Participant is, has been and will continue to comply with Rule S1A.
- (2) A Market Participant receiving a request under Rule S1A.3.2(1) must respond by providing the information, document or explanation within the time specified by ASX.

Introduced 11/03/04

S1A.3.3 Secondary Requirement

ASX may impose a Secondary Requirement on a Market Participant to cover unusual levels of operational risk provided that ASX notifies the Market Participant in writing of:

- (a) the additional amount; and
- (b) the time by which the additional amount must be obtained by the Market Participant.

Introduced 11/03/04

S1A.4 TRANSITIONAL ARRANGEMENTS

S1A.4.1 General

- (1) ASX may publish transitional procedures for amendments to Rule S1A that involve systems or operational changes for Market Participants.
- (2) ASX may give Market Participants a transition period, of up to 6 months, to comply with those amendments referred to in Rule S1A.4.1(1) from the date the amended Rule comes into effect.
- (3) During the transition period under Rule S1A.4.1(2) a Market Participant will be deemed to comply with the amended Rule, if it has complied with the transitional procedures published by ASX in relation to the amended Rule.
- (4) If a Market Participant fails to comply with the transitional procedures during the transition period which apply to an amended Rule, it will be in breach of this Rule S1A.4.1 and the amended Rule.
- (5) After the transition period under Rule S1A.4.1(2) expires a Market Participant must comply with the amended Rule.

Introduced 11/03/04

Origin ASX 1A

ANNEXURE 1 COUNTERPARTY RISK REQUIREMENT

1. COUNTERPARTY RISK REQUIREMENT

1.1 Nature of counterparty risk amount

For each type of counterparty risk that gives rise to a Positive Credit Exposure, a counterparty risk amount:

- (a) must be calculated in accordance with the methods set out in this Annexure 1; and
- (b) may be reduced by a counterparty risk weighting in accordance with clause 8 of this Annexure 1.

Introduced 11/03/04

1.2 Overview

There are separate methods for measuring counterparty risk amounts for each of the following transaction types:

Transaction Type			
Non Margined Financial Instrument	Free Delivery		Securities Lending and Borrowing
Margined Financial Instrument	OTC Derivative or a Warrant held as principal	Sub-Underwritten Position	

Introduced 11/03/04

2. NON-MARGINED FINANCIAL INSTRUMENTS METHOD

- (a) For unsettled trades in Financial Instruments which are not margined and not covered by one of the other methods in this Annexure, the counterparty risk amount is 3% of the Client Balance, where this balance does not include trades which remain unsettled with the Counterparty for greater than 10 Business Days following the transaction date.

A Market Participant may reduce the Client Balance by the amount of Financial Instruments held by the Market Participant on behalf of the Counterparty if they specifically relate to the sale trades pending settlement with the market or by the amount of collateral held by the Market Participant on behalf of the specific Counterparty if the collateral is Liquid, valued at the mark to market value and the collateral arrangement is evidenced in writing between the Market Participant and the Counterparty.

- (b) For unsettled trades in Financial Instruments which are not margined and not covered by one of the other methods in this Annexure, the counterparty risk amount for trades remaining unsettled for greater than 10 Business Days following the transaction date is at the choice of the Market Participant:
- (i) either:
- A. 3% of the contract value; or
- B. the excess of:
- I. the contract value over the market value of each Financial Instrument in the case of a client purchase; and
- II. the market value of each Financial Instrument over the contract value in the case of a client sale,
- whichever is the greater; or
- (ii) 100% of the contract value for a client purchase or 100% of the market value for a client sale.

A Market Participant may reduce the contract values and the excesses by the amount of collateral held by the Market Participant on behalf of the Counterparty if the collateral is Liquid, valued at the mark to market value or another value approved by ASX and the collateral arrangement is evidenced in writing between the Market Participant and Counterparty.

- (c) A Market Participant need not include credit amounts included in a Client Balance where such amounts represent an amount of cash held in the Market Participant's trust and/or segregated account.
- (d) This method does not apply to OTC Derivatives but does apply to warrants which also may be covered by the method in clause 6.

Introduced 11/03/04

3. FREE DELIVERY METHOD

For a Free Delivery in a Financial Instrument, the counterparty risk amount for the Counterparty is:

- (a) 8% of that part of the contract value subject to a Free Delivery, where payment or delivery of the Financial Instrument which is the subject of a Free Delivery remains outstanding for less than 2 Business Days following the settlement date; and
- (b) 100% of that part of the contract value subject to a Free Delivery, where payment or delivery of the Financial Instrument remains outstanding for greater than 2 Business Days following the settlement date.

A Market Participant may reduce the contract value by the amount of collateral held by the Market Participant on behalf of the Counterparty if the collateral is Liquid, valued at the mark to market value or another value approved by ASX and the collateral arrangement is evidenced in writing between the Market Participant and Counterparty.

Introduced 11/03/04

4. SECURITIES LENDING AND BORROWING METHOD

For the purposes of this clause, counterparty exposure means the amount by which the market value of Equity or Debt Instruments or cash given by the Market Participant to the Counterparty exceeds the market value of Equity or Debt Instruments or cash received by the Market Participant from the Counterparty.

Counterparty exposure may be calculated on a net basis where the relevant transactions are subject to a written agreement that supports netting across different transactions.

For a Securities Lending and Borrowing transaction, the counterparty risk amount for a Counterparty, from the transaction date is:

- (a) zero, if across all Counterparties to Securities Lending and Borrowing transactions, the sum of each counterparty exposure is less than or equal to \$10,000; or
- (b)
 - (i) 8% of the counterparty exposure, where:
 - A. the Securities Lending and Borrowing is subject to a written agreement that supports netting across different transactions; and
 - B. the value of the counterparty exposure is less than or equal to 15% of the market value of Equity or Debt Instruments or cash received by the Market Participant from the Counterparty; or
 - (ii) 8% of the amount equivalent to 15% of the market value of the Equity or Debt Instruments or cash received by the Market Participant from the Counterparty plus 100% of the amount of the difference between the counterparty exposure and 15% of the market value of Equity or Debt Instruments or cash received by the Market Participant from the Counterparty, where:
 - A. the Securities Lending and Borrowing is subject to a written agreement that supports netting across different transactions; and
 - B. the value of the counterparty exposure is greater than 15% of the market value of the Equity or Debt Instruments or cash received by the Market Participant from the Counterparty ;
- (c) 100% of the counterparty exposure, if:

- (i) clause 4(a) and clause 4(b) do not apply; or
- (ii) if clause 4(b) does apply but the Market Participant elects to calculate the amount under clause 4(c).

Introduced 11/03/04

5. MARGINED FINANCIAL INSTRUMENTS METHOD

For trades in Financial Instruments which are margined, the counterparty risk amount for a Counterparty:

- (a) is the full value of the outstanding settlement amount, premium, deposit or margin call that the Counterparty is required to pay to the Market Participant, regardless of whether or not the Market Participant is required to pay that amount to an exchange, clearing house or other entity;
- (b) is the full value of the outstanding settlement amount, premium, deposit or margin call that is due from an entity with respect to client or house trades cleared by that entity;
- (c) commences at the time that amounts are normally scheduled for payment to the relevant exchange or clearing house.

A Market Participant may reduce the unpaid settlement amount, premium, deposit or margin call by the amount of cash paid by the Counterparty or collateral held by the Market Participant on behalf of the Counterparty if the collateral is Liquid, valued at the mark to market value or another value approved by ASX and the collateral arrangement is evidenced in writing between the Market Participant and Counterparty.

Introduced 11/03/04

6. OTC DERIVATIVES AND WARRANTS EXECUTED AS PRINCIPAL METHOD

For an OTC Derivative or warrant held as principal, the counterparty risk amount for a Counterparty is:

- (a) zero, for a written Option position where the premium due has been received;
- (b) 100% of the premium for a written Option position where the premium due has not been received; and
- (c) otherwise, 8% of the aggregate of the credit equivalent amount which is calculated as the sum of:
 - (i) a current credit exposure being the mark to market valuation of all contracts with a Positive Credit Exposure; and
 - (ii) a potential credit exposure being the product of the absolute value of a contract's nominal, notional or actual principal amount and the applicable potential credit exposure factor specified in Table 2.2, Annexure 5.

A Market Participant may reduce the premium or credit equivalent amount by the amount of collateral held by the Market Participant on behalf of the Counterparty if the collateral is

Liquid, valued at the mark to market value or another value approved by ASX and the collateral arrangement is evidenced in writing between the Market Participant and Counterparty.

Introduced 11/03/04

7. SUB-UNDERWRITTEN POSITIONS METHOD

This clause and Annexure 4 will be inserted and effective on a date to be advised.

Introduced 11/03/04

8. COUNTERPARTY RISK WEIGHTING

- (a) Subject to clause 8(b), a Market Participant may choose to calculate its counterparty risk amount in relation to a Counterparty as the counterparty risk amount calculated in accordance with clauses 2 to 7 multiplied by:
 - (i) the counterparty risk weighting applicable for that Counterparty specified in Table 2.1, Annexure 5.
- (b) A Market Participant can only calculate its counterparty risk amount for a Counterparty in accordance with clause 8(a) above if it calculates the counterparty risk amount in this manner for that Counterparty consistently across all methods within Annexure 1.

Introduced 11/03/04

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ANNEXURE 2 LARGE EXPOSURE RISK REQUIREMENT

1. COUNTERPARTY LARGE EXPOSURE RISK REQUIREMENT

1.1 Nature of counterparty large exposure risk amount

The counterparty large exposure risk amount is the absolute sum of the individual counterparty large exposure risk amounts calculated using the method of calculation set out in this Annexure 2.

Introduced 11/03/04

1.2 Method

(a) The counterparty large exposure amount is:

- (i) zero, if there are no exposures to a Counterparty in respect of transactions at the times specified in Table 1;
- (ii) zero, if there are aggregate exposures to a Counterparty in respect of transactions at the times specified in Table 1 and where these aggregate exposures are less than or equal to 10% of the Market Participant's Liquid Capital; or
- (iii) 100% of the counterparty risk amount for the exposure calculated in accordance with Annexure 1, if there are aggregate exposures to a Counterparty in respect of transactions at the times specified in Table 1 and where these aggregate exposures are greater than 10% of the Market Participant's Liquid Capital.

Table 1

Transaction Type	Subject to counterparty large exposure	Time of Exposure	Reference in Annexure 1
Non Margined Financial Instrument	Yes	Greater than 10 Business Days after transaction date	Clause 2(b)
Free Delivery	No	N/A	N/A
Securities Lending and Borrowing	Yes	Date the transaction is due to be closed out	Clause 4
Margined Financial Instrument	Yes	24 hours after the time that amounts are normally scheduled for payment to the relevant exchange or clearing house	Clause 5
OTC Derivative or Warrant held as principal	Yes	Date any payment or delivery is due under the transaction	Clause 6
Sub – Underwritten Positions	No	N/A	N/A

- (b) The counterparty large exposure risk amount calculated in respect of a transaction cannot exceed the maximum loss for that transaction.
- (c) To calculate aggregate exposures to a Counterparty, a Market Participant must:
 - (i) aggregate exposures to persons forming part of a Group Of Connected Persons; and
 - (ii) not include exposures other than Positive Credit Exposures specified in Table 1.

Introduced 11/03/04

2. ISSUER LARGE EXPOSURE RISK REQUIREMENT

2.1 Nature of an issuer large exposure risk amount

The issuer large exposure risk amount is the absolute sum of the individual issuer large exposure risk amounts calculated from the transaction date using the method of calculation set out in this Annexure 2.

Introduced 11/03/04

2.2 Overview

- (a) The issuer large exposure risk amount for an issuer is subject to two tests, measuring the net position relative to Liquid Capital and relative to the issuer.
- (b) In calculating the issuer large exposure amounts for exposures to:
 - (i) equity positions, the method set out in clause 3 applies;
 - (ii) debt positions, the method set out in clause 4 applies; and
 - (iii) both equity positions and debt positions where no risk amount arises under clause 3 or clause 4, the method set out in clause 5 applies.
- (c) The methods referred to in clause 2.2(b) are summarised in the Tables below:

Table 2

	Equity Method				Risk amount
	Compared to Liquid Capital		Compared to Issue		
Equity Net Position from transaction date	If equity net position is ≤25%, is a risk amount required ?	If equity net position is >25%, is a risk amount required ? Yes (a)	If equity net position is ≤5%, is a risk amount required ?	If equity net position is >5%, is a risk amount required ?	Take the greater of (a) and (b)
	No		No	Yes (b)	

Table 3

	Debt Method				Risk amount
	Compared to Liquid Capital		Compared to Issue		
Debt Net Position from transaction date	If debt net position is $\leq 25\%$, is a risk amount required ? No	If debt net position is $> 25\%$, is a risk amount required ? Yes (a)	If debt net position is $\leq 10\%$, is a risk amount required ? No	If debt net position is $> 10\%$, is a risk amount required ? Yes (b)	Take the greater of (a) and (b)

Table 4

	Equity and Debt Method		Risk amount
	Compared to Liquid Capital only		
Equity Net Position and Debt Net Position from transaction date	If equity net position and debt net position is ≤25%, is a risk amount required ? No	If equity net position and debt net position is >25%, is a risk amount required ? Yes (c), but only if a zero amount has been calculated in Table 2 or Table 3	Take (c)

Introduced 11/03/04

2.3 Application

- (a) An issuer large exposure risk amount does not arise in relation to:
 - (i) a Financial Instrument whose value is based on Government Debt Instrument or an interest rate;
 - (ii) a Forward Rate Agreement;
 - (iii) an interest rate or currency Swap;
 - (iv) an interest rate leg of an equity Swap; and
 - (v) a Future on an index, an equity Swap based on an index or any other index-linked Derivative where that Future, equity Swap or index-linked Derivative is not broken down into its constituent positions by a Market Participant for the purposes of calculating a position risk amount.
- (b) An issuer large exposure risk amount must be calculated in the following manner:
 - (i) the Equity leg of an equity Swap the value of which is based on the change in value of an individual Equity is treated as an exposure to the issuer of the Equity for the face value of the equity leg of the equity Swap;
 - (ii) a Future or forward contract over:
 - A a Debt Instrument other than a Government Debt Instrument; or
 - B. an Equity,is treated as an exposure to the underlying issuer for the face value of the Future or forward contract;
 - (iii) a Future on a index, an equity Swap based on an index or any other index-linked Derivative where that Future, equity Swap or index-linked derivative is broken down into its constituent positions by a Market Participant for the purposes of calculating a position risk amount, is treated as an exposure to each underlying constituent position;
 - (iv) an Option or right over a Financial Instrument (other than a Financial Instrument referred to in clause 2.3(a) above) is treated as an exposure at:
 - A. the full value of the underlying position;
 - B. the delta weighted value of the underlying instrument generated by a model approved by ASX under the contingent loss matrix method; or
 - C. the delta weighted value of the underlying instrument where a delta is published by a relevant exchange, clearing house or an independent market information source.

- (c) A delta weighted value under clause 2.3(b)(iv) may be offset against the corresponding underlying instrument in calculating an Equity Net Position or Debt Net Position under clauses 3, 4 and 5.

Introduced 11/03/04

3. EQUITY METHOD

- (a) A Market Participant's issuer large exposure risk requirement in relation to an issuer is the greater of the following amounts:
 - (i) the risk amount calculated by comparing the Equity Net Position to Liquid Capital under clause 3(b); and
 - (ii) the risk amount/s calculated by comparing the Equity Net Position to the issue/s under clause 3(c).
- (b) If the absolute value of an Equity Net Position to an issuer is greater than 25% of the Market Participant's Liquid Capital the risk amount is:
 - (i) 12% for each single Equity in a Recognised Market Index; and
 - (ii) 16 % for any other single Equity, of the amount in excess of 25% of Liquid Capital.
- (c) If the absolute value of an Equity Net Position to an individual issue/s is greater than 5% of that issue, the risk amount/s is:
 - (i) 12% for each single Equity in a Recognised Market Index; and
 - (ii) 16% for any other single Equity, of the amount in excess of 5% of the issue/s.

Introduced 11/03/04

4. DEBT METHOD

- (a) A Market Participant's issuer large exposure risk amount in relation to an issuer is the greater of the following amounts:
 - (i) the risk amount calculated by comparing the Debt Net Position to Liquid Capital under clause 4(c); and
 - (ii) the risk amount/s calculated by comparing the Debt Net Position to the issue/s under clause 4(d).
- (b) In calculating the issuer large exposure risk amount under this method:
 - (i) an individual issue refers to an individual series or tranche of an individual series issued by an individual issuer;
 - (ii) long and short positions may be offset across series for the purposes of determining large exposure to an issuer; and
 - (ii) a large exposure to an individual issuer is the sum of all series issued by that issuer.

- (c) If the absolute value of a Debt Net Position to an issuer is greater than 25% of the Market Participant's Liquid Capital, the risk amount is:
 - (i) the relevant standard method Position Risk Factor specified in Table 1.2, Annexure 5 multiplied by the amount in excess of 25%; and
 - (ii) if more than one series is held, the Position Risk Factor for the longest dated instrument should be applied to the excess over 25%.
- (d) If the absolute value of a Debt Net Position to an individual issue/s is greater than 10% of that issue, the risk amount/s is:
 - (i) the relevant standard method Position Risk Factor specified in Table 1.2, Annexure 5 multiplied by the excess over 10%; and
 - (ii) if more than one series is held, the risk amount is the aggregate of the risk amounts calculated under clause 4(d)(i) for each individual series.

Introduced 11/03/04

5. EQUITY AND DEBT METHOD

- (a) A Market Participant's issuer large exposure risk amount in relation to an issuer is based on the absolute sum of the Equity Net Positions and Debt Net Positions.
- (b) If the absolute sum of the Equity Net Positions and Debt Net Positions is greater than 25% of a Market Participant's Liquid Capital, then the risk amount is the relevant standard method Position Risk Factor specified in Table 1.1 or Table 1.2, Annexure 5 multiplied by the excess over 25% according to the following:
 - (i) if the Equity Net Positions represent the greatest proportion of the aggregate Net Position, the standard method Position Risk Factor specified in Table 1.1, Annexure 5;
 - (ii) if the Debt Net Positions represent the greatest proportion of the aggregate Net Position,
 - A. the relevant standard method Position Risk Factor specified in Table 1.2, Annexure 5; and
 - B. if more than one series is held, the Position Risk Factor for the longest dated instrument; or
 - (iii) if the Equity Net Position and Debt Net Positions are held in equal proportions, the greatest of the standard method Position Risk Factors specified in Tables 1.1 or 1.2, Annexure 5.

Introduced 11/03/04

ANNEXURE 3 POSITION RISK REQUIREMENT

PART 1: EQUITY POSITION RISK

Note: Part 1 only deals with the calculation of equity position risk amounts under the methods set out within this Part 1 (i.e. all available methods for equity positions other than the internal models approach set out in Part 4). Market Participants using a combination of Parts 1 and 4 for equity positions, as per part (c) of the definition of Position Risk Requirement, should note that the contents of Part 1 do not reflect the availability of the internal models approach of Part 4.

1. EQUITY POSITION RISK AMOUNT

1.1 Nature of equity position risk amount

The equity position risk amount in relation to a Market Participant's equity positions is the absolute sum of the individual position risk amounts for equity positions calculated for each country using the methods of calculation set out in this Annexure 3.

Introduced 11/03/04

1.2 Overview of methods

- (a) The standard method and building block method are the two main methods for measuring the equity position risk amount. They are supplemented by other methods, the use of which largely depends on the Financial Instruments in which principal positions are taken.
- (b) In calculating the equity position risk amount, the following methods must be used:

Nature of Positions	Standard Method	Building Block Method	Contingent Loss Matrix Method	Margin Method	Basic Method	Arbitrage Method
Physical (not equity derivative)	Yes.	Yes.	Yes, in conjunction with positions in options.	No.	No.	Yes, subject to certain condition
Non-option equity derivatives	Yes, if converted to equity equivalent positions.	Yes, if converted to equity equivalent positions.	Yes, in conjunction with positions in options.	Yes, if exchange traded and margined and not calculated under any other method.	No.	Yes, if arising as a result of futures arbitrage strategy.
Equity Options	Yes, if satisfy relevant criteria and not permitted to use contingent loss matrix method.	Yes, if satisfy relevant criteria and not permitted to use contingent loss matrix method.	Yes. Pricing model must be approved by ASX.	Yes, if exchange traded and margined, and not calculated under any other method.	Yes, if not permitted to use contingent loss matrix method.	No.

- (c) For the purposes of Part 1 of this Annexure 3, a right over an equity must be treated as an Option position.

Introduced 11/03/04

2. STANDARD METHOD

2.1 Application

- (a) Physical Equity positions may be included in the standard method.
- (b) Equity Derivative positions other than Options may be included in the standard method if the positions are converted to Equity Equivalents according to clause 8.
- (c) Equity Derivative positions which are Options may be included in the standard method only if they are purchased positions or if they are written positions which are exchange traded and subject to daily margin requirements and the purchased or written positions are:
- (i) In the Money by at least the relevant standard method Position Risk Factor for the underlying position specified in Table 1.1, Annexure 5; and

- (ii) converted to Equity Equivalents according to clause 8.

If the above criteria are not met, the Options must be treated under one of the option methods set out in clauses 4, 5 and 6.

Introduced 11/03/04

2.2 Method

The position risk amount for equity positions to which the standard method is applied is the absolute sum of the product of individual Equity Net Positions at the mark to market value and the applicable Position Risk Factor specified in Table 1.1, Annexure 5.

Introduced 11/03/04

3. BUILDING BLOCK METHOD

3.1 Application

- (a) Physical Equity and Equity Derivative positions may be included in the building block method if there are at least 5 long or 5 short Equity Net Positions in the one country and which are included in Recognised Market Indexes.
- (b) Equity Derivative positions other than Options may be included in the building block method if the positions are converted to Equity Equivalents according to clause 8.
- (c) Equity Derivative positions which are Options may be included in the building block method only if they are purchased positions or if they are written positions which are exchange traded and subject to daily margin requirements and the purchased or written positions are:
 - (i) In the Money by at least the relevant standard method Position Risk Factor for the underlying position specified in Table 1.1, Annexure 5; and
 - (ii) converted to Equity Equivalents according to clause 8.

If the above criteria are not met, the Options must be treated under one of the option methods set out in clauses 4, 5 and 6.

Introduced 11/03/04

3.2 Method

- (a) The position risk amount for equity positions to which the building block method is applied is the aggregate of a specific risk and a general risk amount for each Equity Net Position at the mark to market value.
- (b) The specific risk amount is calculated as the aggregate of each Equity Net Position, multiplied by the relevant specific risk Position Risk Factor specified in Table 1.1 of Annexure 5. The aggregate is calculated by reference to the absolute value of each Equity Net Position.

- (c) The general risk amount is calculated by:
 - (i) multiplying each Equity Net Position by the relevant general risk Position Risk Factor specified in Table 1.1 of Annexure 5; and
 - (ii) aggregating the results of these calculations. In aggregating these calculations, positive and negative signs (that is, long and short positions respectively) may be offset in determining the aggregate number.

The absolute value of this aggregate number is the general risk amount.

Introduced 11/03/04

4. CONTINGENT LOSS MATRIX METHOD

4.1 Application

- (a) Equity Derivative positions which are Options together with physical Equity and other Equity Derivative positions may be included in the contingent loss matrix method but only if used in conjunction with an option pricing model approved by ASX.
- (b) Deleted
- (c) A Market Participant applying the contingent loss matrix method may use method 2 as set out in clause 4.3 if there are 5 long or 5 short Equity Net Positions which are included in Recognised Market Indexes, otherwise it must use method 1 as set out in clause 4.2.

Introduced 11/03/04

4.2 Method 1

- (a) This method calculates the risk amount in one step for each underlying in a manner similar to the standard method.
- (b) The position risk amount for equity positions to which this method is applied is the greatest loss arising from simultaneous prescribed movements in the closing market price of the underlying position and the option implied volatility.
- (c) The prescribed movements are the Position Risk Factors for the standard method specified in Table 1.1, Annexure 5.
- (d) A separate matrix must be constructed for each option portfolio and associated hedges in each country.
- (e) Changes in the value of the option portfolio must be analysed over a fixed range of changes above and below the current market price of the underlying position and implied option volatility as follows:
 - (i) the relevant Position Risk Factor is to be divided into seven equally spaced price shift intervals (including the current market price); and

- (ii) the relevant implied volatility Position Risk Factor is to be divided into three equally spaced volatility shift intervals (including the current market implied volatility).
- (f) Each option portfolio is to be re-priced using the adjusted underlying position and volatility price as described in clause 4.2(e). The value in each element of the contingent loss matrix will be the difference between the revalued option portfolio and the option portfolio calculated using the closing market price.
- (g) The absolute value of the aggregate of the greatest loss for each matrix is the position risk amount.

Introduced 11/03/04

4.3 Method 2

- (a) This method calculates the risk amount as the aggregate of a specific risk and a general risk amount for each underlying in a manner similar to the building block method.
- (b) The specific risk amount is calculated as the aggregate of the delta weighted value of the underlying instrument calculated by the option pricing model approved by ASX, multiplied by the relevant specific risk Position Risk Factor specified in Table 1.1 of Annexure 5.
- (c) The general risk amount is calculated in the manner described in clause 4.2 replacing clauses 4.2(c) and 4.2(g) as described below.
- (d) The prescribed movements referred to in clause 4.2(c) are replaced with the Position Risk Factors for the building block method specified in Table 1.1, Annexure 5.
- (e) The position risk amount calculated in clause 4.2(g) is replaced with the general risk amount which is the absolute value of the greatest loss in a single country matrix.
- (f) A single country matrix is constructed by superimposing each separate matrix under clause 4.2(d) so that the values in the corresponding matrix elements are netted to form a single value for each element.

Introduced 11/03/04

5. MARGIN METHOD

5.1 Application

Equity Derivative positions which are exchange traded and have a positive Primary Margin Requirement must be included in the margin method if the Market Participant:

- (a) has not been approved by ASX to use the contingent loss matrix method; and

- (b) is not permitted to use any of the other Methods set out in clause 1.2 of this Annexure 3.

Introduced 11/03/04

5.2 Method

- (a) The position risk amount for Equity Derivative positions under the margin method is 100% of the Primary Margin Requirement for those Equity Derivative positions as determined by the relevant exchange or clearing house multiplied by 4.
- (b) Deleted

Introduced 11/03/04

6. BASIC METHOD

6.1 Application

Equity Derivative positions which are purchased (long) or written (short) Options may be included in the basic method.

Introduced 11/03/04

6.2 Method

- (a) The position risk amount for a purchased Option is the lesser of:
 - (i) the mark to market value of the underlying equity position multiplied by the standard method Position Risk Factor for the underlying position specified in Table 1.1, Annexure 5; and
 - (ii) the mark to market value of the Option.
- (b) The position risk amount for a written Option is:
 - (i) the mark to market value of the underlying equity position multiplied by the standard method Position Risk Factor for the underlying position specified in Table 1.1, Annexure 5 reduced by:
 - A. any excess of the exercise value over the current market value of the underlying position in the case of a call Option, but limited to nil if it would otherwise be negative; or
 - B. any excess of the current market value of the underlying position over the exercise value in the case of a put Option, but limited to nil if it would otherwise be negative.

Introduced 11/03/04

7. ARBITRAGE METHOD

7.1 Application

Equity Derivative positions arising as a result of Futures arbitrage strategies may be included in the arbitrage method if the Market Participant has a position in:

- (a) two Futures over similar indexes; or
- (b) a Future over a broadly based index and a position in a matching physical basket, and if the requirements set out below are satisfied.

Introduced 11/03/04

7.2 Method - similar indexes

A Market Participant's position risk amount for a position in two Futures over similar indexes is 2% of the Equity Equivalent of one of the Futures over an index position at the mark to market value but only if the Market Participant:

- (a) has an opposite position in a Future over the same index at a different date or in a different market; or
- (b) has an opposite position in a Future at the same date in a different but similar index (where two indexes are similar if they contain sufficient common components that account for at least 70% of each index).

The position risk amount for the opposite Future position is nil.

Introduced 11/03/04

7.3 Method - a broadly based index and a matching basket of the stocks from that index

A Market Participant may calculate the position risk amount for a Future over an index and a position in a matching physical basket under one of two possible methodologies:

- (a) the position in the Future over an index may be disaggregated into the notional physical positions and the position risk amount for these notional positions and the physical basket may then be calculated in accordance with the standard method or building block method for equity positions; or
- (b) 2% of the mark to market value of the Future over the index if:
 - (i) the arbitrage trades have been specifically entered into and are separately monitored over the life of the arbitrage;
 - (ii) the mark to market value of the physical basket is greater than 80% and less than 120% of the mark to market value of the notional position in the Future over the index; and
 - (iii) the sum of the index weights of the individual positions in the required physical basket is greater than 70% of the Future over the index, where the required physical basket is calculated by:

- A. ranking all mark to market positions in the physical basket in ascending dollar value;
- B. converting each dollar value position to a percentage of the total dollar value of the physical basket; and
- C. adding the percentages in ascending order until the total of these percentages exceeds 70%.

Introduced 11/03/04

8. CALCULATION OF EQUITY EQUIVALENT POSITIONS

8.1 Swaps

The Equity Equivalent for a Swap is two notional positions, one for each leg of the Swap under which:

- (a) there is a notional long position in an Equity or Equity Derivative on the leg of the Swap on which an amount is received; and
- (b) there is a notional short position in an Equity or Equity Derivative on the leg of the Swap on which an amount is paid.

If one of the legs of the Swap provides for payment or receipt based on some reference to a Debt Instrument or Debt Derivative, the position risk amount for that leg of the Swap should be assessed in accordance with Part 2 of this Annexure.

Introduced 11/03/04

8.2 Options

The Equity Equivalent for an Option is:

- (a) for purchased call Options and written put Options, a long position at the mark to market value of the underlying equity position, or in the case of an Option on an index or physical basket the mark to market value of either the index, basket, or the notional position in the underlying; or
- (b) for purchased put Options and written call Options, a short position at the mark to market value of the underlying equity position, or in the case of an Option on an index or physical basket, the mark to market value of either the index, basket, or the notional position in the underlying.

Introduced 11/03/04

8.3 Futures and forward contracts

The Equity Equivalent:

- (a) for a Future and forward contract over a single Equity, is the mark to market value of the underlying;

- (b) for a Future and a forward contract over an index or a physical basket, is the mark to market value of either the index, basket, or the notional position in the underlying.

Introduced 11/03/04

8.4 Convertible notes

The Equity Equivalent of a convertible note, is either:

- (a) if the Market Participant:
 - (i) does not use the contingent loss matrix method;
 - (ii) the premium is in the money by less than 10%, where premium in this context means the mark to market value of the convertible note less the mark to market value of the underlying Equity, expressed as a percentage of the mark to market value of the underlying Equity; and
 - (iii) there are less than 30 days to the conversion date; the mark to market value of the underlying Equity; or
- (b) if the Market Participant uses the contingent loss matrix method, as calculated according to that method,

but otherwise the convertible note (or, in the case of a convertible note which is evaluated in accordance with the procedure stated in clause 8.4(b) the debt component of the convertible note) must be treated as a debt position in accordance with Debt Equivalent requirements.

Introduced 11/03/04

8.5 Other positions

The Equity Equivalent of an equity position arising under any other Financial Instrument is as prescribed by ASX.

Introduced 11/03/04

9. CALCULATION OF EQUITY NET POSITIONS

The equity net positions are either the long or short positions resulting from offsetting equity positions and Equity Equivalents calculated in the following way:

- (a) a Market Participant may net a long position against a short position only where the positions are in the same actual instrument. This includes Equity Equivalent positions calculated in accordance with clause 8. For the purposes of this clause 9(a):
 - (i) depository receipts may be treated as if they are the same positions in the corresponding instrument and at the same value if:
 - A. the positions in the depository receipt and underlying have been entered into as a specific arbitrage and have the certainty of a locked-in profit (or loss);
 - B. the profit (or loss) in sub-paragraph (A) is Liquid; and

C. all conversion costs and foreign exchange costs are immediately provided and are separately monitored over the life of the arbitrage,

but otherwise must be valued at the current exchange rate; and

(ii) instalment receipts may be treated as if they are positions in the corresponding instrument.

(b) if the contingent loss matrix method is not used for Options, then an Option position can only be offset if it is In the Money by at least the standard method Position Risk Factor specified in Table 1.1 of Annexure 5 applicable to the underlying position.

Introduced 11/03/04

PART 2 - DEBT POSITION RISK

Note: Part 2 only deals with the calculation of debt position risk amounts under the methods set out within this Part 2 (i.e. all available methods for debt positions other than the internal models approach set out in Part 4). Market Participants using a combination of Parts 2 and 4 for debt positions, as per part (c) of the definition of Position Risk Requirement, should note that the contents of Part 2 do not reflect the availability of the internal models approach of Part 4.

10. DEBT POSITION RISK AMOUNT

10.1 Nature of debt position risk amount

The debt position risk amount in relation to a Market Participant's debt positions is the absolute sum of the individual position risk amounts calculated for debt positions for each currency using the methods of calculation set out in this Annexure 3.

Introduced 11/03/04

10.2 Overview of methods

(a) The standard method and building block method are the two main methods for measuring the debt position risk amount. They are supplemented by other methods, the use of which largely depends on the Financial Instruments in which principal positions are taken.

(b) In calculating the debt position risk amount, the following methods must be used:

Nature of Positions	Standard Method	Building Block Method	Contingent Loss Matrix Method	Margin Method	Basic Method
Physical (not debt derivatives)	Yes.	Yes.	Yes, in conjunction with positions in options.	No.	No.
Non-option debt derivative	No.	Yes, if converted to debt equivalent positions.	Yes, in conjunction with positions in options.	Yes, if exchange traded and margined and not calculated under any other method.	No.
Debt Options	No.	Yes, if satisfy relevant criteria and not permitted to use contingent loss matrix method.	Yes. Pricing model must be approved by ASX.	Yes, if exchange traded and margined and not calculated under any other method.	Yes, if not permitted to use contingent loss matrix method.

Introduced 11/03/04

11. STANDARD METHOD

11.1 Application

Only physical Debt Instrument positions may be included in the standard method.

Introduced 11/03/04

11.2 Method

The position risk amount for debt positions to which the standard method is applied is the absolute sum of the product of individual Debt Net Positions at the mark to market value and the applicable Position Risk Factor specified in Table 1.2, Annexure 5.

Introduced 11/03/04

12. BUILDING BLOCK METHOD

12.1 Application

- (a) Physical Debt Instrument positions may be included in the building block method.
- (b) Debt Derivative positions other than Options may be included in the building block method if the positions are converted to Debt Equivalents according to clause 16.
- (c) Debt Derivative positions which are Options may be included in the building block method only if they are purchased positions or if they are written positions which are exchange traded and subject to daily margin requirements and the purchased or written positions are:
 - (i) In the Money by at least the relevant standard method Position Risk Factor for the underlying position specified in Table 1.2, Annexure 5; and
 - (ii) converted to Debt Equivalents according to clause 16.

If the above criteria are not met, the Options must be treated under one of the option methods referred to in clauses 13, 14 and 15.

Introduced 11/03/04

12.2 Method

- (a) The position risk amount for debt positions to which the building block method is applied is the aggregate of a specific risk and a general risk amount for the Debt Net Position at the mark to market value.

- (b) The specific risk amount is calculated as the aggregate of each Debt Net Position, multiplied by the relevant specific risk Position Risk Factor specified in Table 1.3, Annexure 5. The aggregate is calculated by reference to the absolute value of each Debt Net Position.
- (c) The general risk amount is calculated in accordance with:
 - (i) the maturity method under clause 12.3; or
 - (ii) the duration method under clause 12.4.

The absolute value of this aggregate number is the general risk amount.

Introduced 11/03/04

12.3 General risk amount - maturity method

- (a) To calculate the general risk amount based on the maturity method:
 - (i) allocate each Debt Net Position to the appropriate time band specified in Table 1.2, Annexure 5. Fixed rate instruments should be allocated according to the residual term to maturity and floating rate instruments according to the residual term to the next repricing date;
 - (ii) aggregate the total long and total short Debt Net Positions in each time band;
 - (iii) calculate a risk weighted long and short position by multiplying the gross long and gross short position in each time band by the relevant general risk Position Risk Factor for that band as specified in Table 1.2, Annexure 5. The sum of these, taking into account the sign, is the net position amount (NPA);
 - (iv) in each time band, multiply the lesser of the risk weighted long and short positions as calculated in clause 12.3(a)(iii) by the relevant time band matching factor (TBMF) as specified in Table 1.4, Annexure 5. The absolute sum of these is the time band amount (TBA);
 - (v) net the risk weighted long and short positions within each time band so that each time band has either a net long position or a net short position. Within each zone, as defined in Table 1.2, Annexure 5, aggregate the net long time band positions and the net short time band positions. Multiply the lesser of the resulting two totals in each of the zones by the relevant zone matching factor (ZMF) as specified in Table 1.4, Annexure 5. The absolute sum of these is the zone amount (ZA);
 - (vi) net the aggregate risk weighted long and short positions in each time zone as calculated in clause 12.3(a)(v). To the extent that an offset can be made between adjacent zones, multiply the lesser of the values by the adjacent zone matching factor (AZMF) as specified in Table 1.4, Annexure 5. The absolute sum of these is the adjacent zone amount (AZA);

- (vii) to the extent that an offset can be made between non-adjacent zones, multiply the lesser of the non-adjacent zone risk weighted Debt Net Positions by the non-adjacent zone matching factor (NAZMF) as specified in Table 1.4, Annexure 5. This is the non-adjacent zone amount (NAZA);
 - (viii) any residual position remaining following the calculation in clause 12.3(a)(vi) can be used to reduce the non-adjacent zone Debt Net Positions in clause 12.3(a)(vii).
- (b) The overall general risk amount under the maturity method is then the absolute sum of the individual steps as follows:
 - (i) the net position amount (NPA);
 - (ii) the time band amount (TBA);
 - (iii) the zone amount (ZA);
 - (iv) the adjacent zone amount (AZA); and
 - (v) the non-adjacent zone amount (NAZA).

Introduced 11/03/04

12.4 General risk amount - duration method

- (a) The calculation of the general risk amount under the duration method is identical to that for the maturity method except that:
 - (i) instead of calculating positions under clause 12.3(a)(iii), calculate the duration weight of each position by multiplying the market value of each position by the modified duration of the position and by the assumed yield change for the appropriate time band specified in Table 1.2, Annexure 5 (the duration method building block method general risk Position Risk Factor);
 - (ii) any reference in clause 12.3(a) to Table 1.4, Annexure 5 is to the relevant timeband matching factor (TBMF) for the duration method; and
 - (iii) ASX must first approve a Market Participant's use of this method.

Introduced 11/03/04

13. CONTINGENT LOSS MATRIX METHOD

13.1 Application

- (a) Debt Derivative positions which are Options together with physical Debt Instruments and other Debt Derivatives may be included in the contingent loss matrix method but only if used in conjunction with an option pricing model approved by ASX.
- (b) Deleted

- (c) A Market Participant applying the contingent loss matrix method may use method 1 or method 2 as set out in clauses 13.2 and 13.3.

Introduced 11/03/04

13.2 Method 1 -DELETED

13.3 Method 2 - maturity method

- (a) This method calculates the risk amount as the aggregate of a specific risk, a general risk and a volatility risk amount for each underlying in a manner similar to the building block method - maturity method.
- (b) The specific risk amount is calculated as the aggregate of each Debt Net Position or the delta weighted value of the underlying instrument calculated by the option pricing model approved by ASX, multiplied by the relevant specific risk Position Risk Factor specified in Table 1.3 of Annexure 5.
- (c) The general risk and volatility risk amounts are calculated as described below.
- (d) The prescribed movements are the Position Risk Factors for the maturity building block method specified in Table 1.2, Annexure 5.
- (e) A separate matrix must be constructed for each individual time band as specified in Table 1.2, Annexure 5.
- (f) Changes in the value of the option portfolio must be analysed over a fixed range of changes above and below the current market rate or price of the underlying position and option implied volatility as follows:
 - (i) The relevant Position Risk Factor is to be divided into seven equally spaced rate or price shift intervals (including the current market rate or price); and
 - (ii) The relevant implied volatility Position Risk Factor is to be divided into three equally spaced volatility shift intervals (including the current market implied volatility).
- (g) Each option portfolio is to be re-priced using the adjusted underlying price and volatility as described in clause 13.3(f). The value in each element of the contingent loss matrix will be the difference between the revalued option portfolio and the option portfolio calculated using the closing market prices.
- (h) The general risk amount is calculated by:
 - (i) identifying from each matrix the greatest loss along the directional axis;
 - (ii) creating an equivalent notional position for each greatest loss which is:
 - A. a long position, if the greatest loss occurs for a decrease in the value of the underlying; and
 - B. a short position otherwise;
 - (iii) allocating each long and short position into the appropriate time band specified in Table 1.2, Annexure 5 to form the risk weighted values;

- (iv) aggregating these long and short positions in each time band, taking into account the sign, to form the net position amount (NPA) referred to in clause 12.3(a)(iii); and
 - (v) applying the principles referred to in clauses 12.3(a)(iv) to (viii) and clause 12.3(b).
- (i) The volatility risk amount is calculated by:
- (i) identifying from each matrix the greatest loss along the volatility axis; and
 - (ii) taking the absolute value of the aggregate of the greatest loss for each matrix.

Introduced 11/03/04

14. MARGIN METHOD

14.1 Application

Debt Derivative positions which are exchange traded and have a positive Primary Margin Requirement must be included in the margin method if the Market Participant:

- (a) has not been approved by ASX to use the contingent loss matrix method; and
- (b) is not permitted to use any of the other methods referred to in clause 10.2 of this Annexure 3.

Introduced 11/03/04

14.2 Method

- (a) The position risk amount for Debt Derivative positions under the margin method is 100% of the Primary Margin Requirement for those Debt Derivative positions as determined by the relevant exchange or clearing house in respect of each position multiplied by 4.
- (b) Deleted

Introduced 11/03/04

15. BASIC METHOD

15.1 Application

Debt Derivative positions which are purchased (long) or written (short) Options may be included in the basic method.

Introduced 11/03/04

15.2 Method

- (a) The position risk amount for a purchased Option is the lesser of:

- (i) the mark to market value of the underlying debt position multiplied by the standard method Position Risk Factor for the underlying position specified in Table 1.2, Annexure 5; and
 - (ii) the mark to market value of the Option.
- (b) The position risk amount for a written Option is:
 - (i) the mark to market value of the underlying debt position multiplied by the standard method Position Risk Factor for the underlying position specified in Table 1.2, Annexure 5 reduced by:
 - A. any excess of the exercise value over the current market value of the underlying position in the case of a call Option, but limited to nil if it would otherwise be negative; or
 - B. any excess of the current market value of the underlying position over the exercise value in the case of a put Option, but limited to nil if it would otherwise be negative.

Introduced 11/03/04

16. CALCULATION OF DEBT EQUIVALENT POSITIONS

16.1 Swaps

The Debt Equivalent for a Swap is two notional positions, one for each leg of the Swap under which:

- (a) there is a notional long position in a Debt Instrument or Debt Derivative on the leg of the Swap on which interest is received with a maturity equal to either the next interest reset date for a floating rate payment or the maturity of the Swap for a fixed rate payment; and
- (b) there is a notional short position in a Debt Instrument or Debt Derivative on the leg of the Swap on which interest is paid with a maturity equal to either the next interest reset date for a floating rate payment or the maturity of the Swap for a fixed rate payment.

If one of the legs of the Swap provides for payment or receipt based on some reference to an Equity or Equity Derivative, the position risk amount for that leg of the Swap should be assessed in accordance with Part 1 of this Annexure.

Introduced 11/03/04

16.2 Options

The Debt Equivalent for an Option is:

- (a) for purchased call Options or written put Options, a long notional position:
 - (i) in the underlying Debt Instrument, in the case of an Option over a single Debt Instrument, and at the mark to market value of the Debt Instrument and its residual maturity; or
 - (ii) in the Debt Instrument with the longest residual maturity, in the case of an Option over Debt Instruments or interest rate index, and at the mark to market value;
- (b) for purchased put Options or written call Options, a short notional position:
 - (i) in the underlying Debt Instrument, in the case of an Option over a single Debt Instrument, and at the mark to market value of the Debt Instrument and its residual maturity; or
 - (ii) in the case of an Option over a debt or interest rate index, in the Debt Instrument with the longest residual maturity in the index, at the mark to market value of the index; and
- (c) for purchased call Options or written put Options on a Future, a long notional position calculated under clause 16.3(a) and for purchased put Options or written call Options on a Future, a short notional position calculated under clause 16.3(b).

Introduced 11/03/04

16.3 Futures, forwards and forward rate agreements and options on futures

The Debt Equivalent for a Future, forward contract or Forward Rate Agreement is:

- (a) if purchased, a combination of a long position in a notional Debt Instrument with a maturity equal to the combined term of the contract plus the term of the underlying Debt Instrument, and a short position in the notional Debt Instrument with a maturity equal to the term of the contract;
- (b) if sold, a combination of a short position in a notional Debt Instrument with a maturity equal to the combined term of the contract plus the term of the underlying Debt Instrument, and a long position in the notional Debt Instrument with a maturity equal to the term of the contract;
- (c) if over an index, a combination of a notional position in the instrument with the longest term, with a maturity equal to the combined term of the contract plus the term of that Debt Instrument, and an opposite position in that Debt Instrument with a maturity equal to the term of the contract; and
- (d) if a range of deliverable instruments can be delivered to fulfil the contract the Market Participant may elect which Debt Instrument goes into the time band, Table 1.2, Annexure 5 but should take account of any conversion factor for the purposes of calculating the position risk.

Introduced 11/03/04

16.4 Convertible Notes

The Debt Equivalent for a convertible note which is not within clause 8.4(a) or (b), is a position in a Debt Instrument.

Introduced 11/03/04

16.5 Basket or index products

The Debt Equivalent for a basket or index product, where there is a known weight for each component Debt Instrument, is a position in a portfolio of Debt Instruments with corresponding weights and if the basket or index is based on:

- (a) Government Debt Instruments, then a zero specific risk Position Risk Factor should be used; and
- (b) Qualifying Debt Instruments or other Debt Instruments, then the appropriate specific risk Position Risk Factor should be used.

Introduced 11/03/04

16.6 Other positions

The Debt Equivalent of a debt position arising under any other Financial Instrument is as prescribed by ASX.

Introduced 11/03/04

17. CALCULATION OF DEBT NET POSITIONS

The debt net position is either the long or short position resulting from offsetting positions in Debt Instruments and Debt Derivatives in the following way:

- (a) subject to clause 17(c) and (d), short Debt Instrument and Debt Equivalent positions may be directly offset against long Debt Instrument and Debt Equivalent positions provided that the issuer, coupon, maturity are identical;
- (b) if the contingent loss matrix method is not used for Options, then an Option position can only be offset if it is In the Money by at least the standard method Position Risk Factor specified in Table 1.2 of Annexure 5 applicable to the underlying position;
- (c) a matched position in a Future or forward contract and its underlying may be offset provided that:
 - (i) the term to maturity of the Future or forward contract is included in the relevant time band specified in Table 1.2 of Annexure 5;
 - (ii) where the Future or the forward contract comprises a range of deliverable instruments, offsetting of positions in the Future or forward contract and the underlying is only permissible when there is a readily identifiable underlying which is profitable for the short position holder to deliver; and
 - (iii) for a Future or forward contract where a Market Participant has a right to substitute cash settlement for physical delivery and the price at

settlement is calculated with reference to a general market price indicator then no offset is allowed against the underlying; and

- (d) to qualify for offsets across product groups, the positions must relate to the same underlying instrument type, be of the same nominal value, and:
 - (i) in relation to Futures, the offsetting positions and the notional or underlying instruments to which the Futures relate must be identical products and mature within 7 days of each other;
 - (ii) in relation to Swaps and Forward Rate Agreements the reference rate (for floating rate positions) must be identical and the coupon closely matched (within 15 basis points); and
 - (iii) in relation to Swaps, Forward Rate Agreements and forward contracts, the next interest fixing date, or, for fixed coupon positions or forward contracts, the residual maturity (or, where there is a call or put option in the relevant instrument, the effective maturity of the instrument) must correspond within the following limits:
 - A. less than 1 month hence, same day;
 - B. between one month and one year hence, within 7 days; and
 - C. over one year hence, within 30 days.

Introduced 11/03/04

PART 3 - FOREIGN EXCHANGE POSITION RISK

Note: Part 3 only deals with the calculation of foreign exchange position risk amounts under the methods set out within this Part 3 (i.e. all available methods for foreign exchange positions other than the internal models approach set out in Part 4). Market Participants using a combination of Parts 3 and 4 for foreign exchange positions, as per part (c) of the definition of Position Risk Requirement, should note that the contents of Part 3 do not reflect the availability of the internal models approach of Part 4.

18. FOREIGN EXCHANGE POSITION RISK AMOUNT

18.1 Nature of foreign exchange position risk amount

The foreign exchange position risk amount in relation to a Market Participant's foreign exchange positions is the absolute sum of the individual position risk amounts for foreign exchange positions calculated using the methods of calculation set out in this Annexure 3.

Introduced 11/03/04

18.2 Overview Of Methods

- (a) The standard method is the main method for measuring the foreign exchange position risk amount. The method is supplemented by other methods, the use of which largely depends on the Financial Instruments in which principal positions are taken.
- (b) In calculating foreign exchange position risk amounts, the following methods must be used:

Nature of Positions	Standard Method	Contingent Loss Matrix Method
Physical* (not foreign exchange derivatives)	Yes	Yes In conjunction with positions in options
Non-option foreign exchange derivatives	Yes, if converted to foreign exchange equivalent positions	Yes In conjunction with positions in options
Foreign Exchange Options	Yes, if satisfy relevant criteria and not permitted to use contingent loss matrix method	Yes, must be used for all written options. Pricing model must be approved by ASX

* A physical position in Part 3 of this Annexure 3 includes foreign currency assets and liabilities and Equity and Debt Instruments denominated in a foreign currency.

Introduced 11/03/04

19. STANDARD METHOD

19.1 Application

- (a) Foreign currency physical positions may be included in standard method.
- (b) Foreign Exchange Derivative positions other than Options may be included in the standard method if the positions are converted to Foreign Exchange Equivalents according to clause 21.
- (c) Foreign Exchange Derivative positions which are Options may be included in the standard method only if they are purchased positions and the purchased positions are converted to a Foreign Exchange Equivalent according to clause 21.

If the above criteria are not met, the Options must be treated under the contingent loss matrix method set out in clause 20.

Introduced 11/03/04

19.2 Method

- (a) The position risk amount for foreign exchange positions to which the standard method is applied is the greater of the absolute value of the aggregate of the converted:
 - (i) net open long position in foreign currencies; and
 - (ii) net open short position in foreign currencies,multiplied by the Position Risk Factor specified in Table 1.7, Annexure 5.
- (b) Foreign Exchange Derivative positions which are purchased Options and are In the Money by at least the standard method Position Risk Factor specified in Table 1.7, Annexure 5, are to be converted to a Foreign Exchange Equivalent in accordance with clause 21 and included in the net open position in accordance with clause 22.
- (c) Foreign Exchange Derivative positions which are purchased Options and are not In the Money by at least the standard method Position Risk Factor specified in Table 1.7, Annexure 5, are to be converted to a Foreign Exchange Equivalent in accordance with clause 21 and:
 - (i) where the resulting currency positions from the option increases the net open position in the currency if included, the position must be included in the net open position; and
 - (ii) where the resulting currency positions from the option decreases the net open position in the currency if included, the position must be excluded in the net open position.

Introduced 11/03/04

20. CONTINGENT LOSS MATRIX METHOD

20.1 Application

- (a) Foreign Exchange Derivative positions which are Options together with physical foreign exchange and other Foreign Exchange Derivative positions may be included in the contingent loss matrix method but only if used in conjunction with an option pricing model approved by ASX.
- (b) Foreign Exchange Derivative positions which are written Options must be included in the contingent loss matrix method.

Introduced 11/03/04

20.2 Method

- (a) The position risk amount for foreign exchange positions to which the contingent loss matrix method is applied is the greatest loss arising from simultaneous prescribed movements in the closing market rate of the underlying currency pairing and the option implied volatility.
- (b) The prescribed movements are the Position Risk Factors for the standard method that are specified in Table 1.7, Annexure 5.
- (c) A separate matrix must be constructed for each option portfolio and associated hedges in an individual currency pairing.
- (d) Changes in the value of the option portfolio must be analysed over a fixed range of changes above and below the current market exchange rate and option implied volatility as follows:
 - (i) the relevant Position Risk Factor is to be divided into seven equally spaced rate shift intervals (including the current market rate); and
 - (ii) the implied volatility Position Risk Factor is to be divided into three equally spaced volatility shift intervals (including the current market implied volatility).
- (e) Each option portfolio is to be re-priced using the adjusted underlying and volatility price as described in clause 20.2(d). The value in each element of the contingent loss matrix will be the difference between the revalued option portfolio and the option portfolio measured using the closing market rates.

Introduced 11/03/04

21. CALCULATION OF FOREIGN EXCHANGE EQUIVALENT POSITIONS

21.1 Options

The Foreign Exchange Equivalent for an Option is:

- (a) for purchased call Options and written put Options, a long position at the notional face value of the underlying contract; and

- (b) for purchased put Options and written call Options, a short position at the notional face value of the underlying contract.

Introduced 11/03/04

21.2 Futures

The Foreign Exchange Equivalent for a currency Future is the notional face value of the underlying contract.

Introduced 11/03/04

21.3 Forward contracts

The Foreign Exchange Equivalent for a forward contract including a future exchange associated with a cross currency Swap is at the discretion of the Market Participant either the:

- (a) face value of the contract; or
- (b) net present value of the contract.

Introduced 11/03/04

21.4 Other positions

The Foreign Exchange Equivalent of a foreign exchange position arising under any other Financial Instrument is as prescribed by ASX.

Introduced 11/03/04

22. CALCULATION OF A CONVERTED NET OPEN POSITION

- (a) To calculate a net open position in a foreign currency, a Market Participant must aggregate in each currency all:
 - (i) Financial Instruments; and
 - (ii) other assets and liabilities,

other than Excluded Assets and foreign exchange contracts hedging Excluded Assets.
- (b) To convert a net open position to an equivalent Australian dollar amount a Market Participant must use:
 - (i) the Market Spot Exchange Rate; or
 - (ii) in the case where a foreign currency asset or liability is specifically matched or hedged by a forward currency contract, the rate of exchange stated in the forward currency contract.

Introduced 11/03/04

PART 4 – THE INTERNAL MODELS APPROACH

23. INTRODUCTION

- (a) Subject to the prior written approval of ASX, a Market Participant may calculate its Position Risk Requirement using its own internal risk measurement system instead of, or in conjunction with, the prescribed methods set out in Parts 1 to 3 of Annexure 3.
- (b) ASX may require independent verification, at the Market Participant's expense, of the Market Participant's compliance with the criteria set out in this Part 4 of Annexure 3.

Introduced 11/03/04

24. GENERAL CRITERIA

- (a) The use of an internal model will be conditional upon the prior written approval of ASX. ASX will only give its approval if at a minimum it is satisfied that:
 - (i) the Market Participant's risk management system is conceptually sound and is implemented with integrity;
 - (ii) the Market Participant has sufficient numbers of staff skilled in the use of sophisticated models not only in the trading area but also in the risk control, audit and back-office areas;
 - (iii) the Market Participant's models have a proven track record of reasonable accuracy in measuring risk; and
 - (iv) the Market Participant will regularly conduct stress tests as discussed in clause 28.
- (b) ASX may require a period of initial monitoring and live testing of a Market Participant's internal model before it is used for supervisory capital purposes. Market Participants that wish to use their internal model must be able to participate in testing exercises to provide ASX with any additional information required to satisfy ASX of the adequacy of the model.
- (c) In addition to these general criteria, Market Participants using internal models for capital purposes will be subject to the requirements detailed in clauses 25 to 32.

Introduced 11/03/04

25. QUALITATIVE STANDARDS

- (a) There are a number of qualitative criteria that a Market Participant has to meet before it will be permitted to use an internal model. The extent to which a Market Participant satisfies the qualitative criteria may influence the level at which ASX sets the multiplication factor referred to in clause 27(j).
- (b) The qualitative criteria are:

- (i) The Market Participant must have an independent risk control unit that is responsible for the design and implementation of the Market Participant's risk management system. The unit must produce and analyse daily reports on the output of the Market Participant's risk measurement model, including an evaluation of limit utilisation. This unit must be independent from business trading and other risk taking units and should report directly to senior management of the Market Participant.
- (ii) The unit must conduct a regular (at least monthly) back testing program. More detailed discussion of back testing is provided in clause 32.
- (iii) The Market Participant's board of directors and senior management must be actively involved in the risk control process and must regard risk control as an essential aspect of the business to which significant resources need to be devoted. In this regard, the daily reports prepared by the independent risk control unit must be reviewed by a level of management with sufficient seniority and authority to enforce both reductions of positions taken by individual traders and reductions in the Market Participant's overall risk exposure.
- (iv) The internal risk measurement model must be closely integrated into the day-to-day risk management process of the Market Participant. Accordingly, the output of the model must be an integral part of the process of planning, monitoring and controlling the Market Participant's market risk profile.
- (v) The risk measurement system must be used in conjunction with internal trading and exposure limits. While individual dealers' trading limits need not necessarily be expressed in terms of value-at-risk, trading limits should be related to the Market Participant's risk measurement model in a manner that is consistent over time and that is well understood by both traders and senior management.
- (vi) A routine and rigorous program of stress testing must be in place as a supplement to the risk analysis based on the day-to-day output of the Market Participant's risk measurement model. The results of stress testing exercises must be reflected in the policies and limits set by management and the board. The results of stress testing must be routinely communicated to senior management and, periodically, to the Market Participant's board.
- (vii) The Market Participant must have a routine in place for ensuring compliance with a documented set of internal policies, controls and procedures concerning the operation of the risk measurement system. The Market Participant's risk measurement system must also be well documented.
- (viii) An independent review of the risk measurement system must be carried out regularly as part of the Market Participant's own internal audit process. This review must include both the activities of the business trading units and of the independent risk control unit.

A review of the overall risk management process must take place at regular intervals and at least annually and a copy of the review report must be provided to ASX annually. The review must specifically address, at a minimum:

- A. the scope of market risks captured by the risk measurement model;
 - B. the integrity of the management information system;
 - C. the accuracy and completeness of position data;
 - D. the verification of the consistency, timeliness and reliability of data sources used to run internal models, including the independence of such data sources;
 - E. the accuracy and appropriateness of volatility and correlation assumptions;
 - F. the accuracy of valuation and risk transformation calculations;
 - G. the verification of the model's accuracy through frequent back testing as described in clause 25(b)(ii) and in clause 32;
 - H. the approval process for risk pricing models and valuation systems used by front- and back-office personnel;
 - I. the validation of any significant change in the risk measurement process;
 - J. the adequacy of the documentation of the risk management system and process;
 - K. the organisation of the risk control unit; and
 - L. the integration of market risk measures into daily risk management.
- (ix) If the Market Participant wishes to use its risk measurement model to cover trading activities outside Australia, it must provide to ASX, on an annual basis, an audit report(s) confirming that the risk management systems and controls in each overseas location are operating effectively. The report(s) must specifically address:
- A. whether all positions feeding into the model are monitored via a comprehensive limit structure, and adherence to the limits is monitored by a unit independent of the front office on a daily basis and in a timely manner;
 - B. whether senior management both abroad and in Australia are aware and understand the scale of the risks being run, and are promptly informed of any limit breaches;
 - C. whether limits are reviewed regularly and risks run are reported to the Market Participant's Risk Management Committee (or equivalent);

- D. whether controls are in place to ensure that all genuine trades (and only genuine trades) are recorded within the model in a timely manner, by a unit independent of the front office;
- E. whether the mathematics (software) of the model for deriving both revaluations and market risk are independent of front office revision. Any development of these models and the inclusion of new products in existing models should follow the same process as laid down for products in Australia;
- F. whether repricing inputs are obtained independently of the front office and whether this is done on a daily basis. In instances where these are particularly difficult to obtain (eg some option volatilities), a minimum standard would be to obtain independent inputs at least monthly (eg from screens, brokers, etc);
- G. whether the output from the models is reported back to Australia by a unit independent of the front office to a similar unit in Australia on a daily basis; and
- H. whether there are adequate disaster recovery plans in place so that the Market Participant is able to manage its exposures despite any disruption to the primary modeling system in any location.

Introduced 11/03/04

26. SPECIFICATION OF MARKET RISK FACTORS

A Market Participant's internal market risk measurement system must specify an appropriate set of market risk factors. The risk factors contained in a market risk measurement system must be sufficient to capture the risks inherent in the Market Participant's portfolio of on- and off-balance sheet trading positions.

Introduced 11/03/04

26.1 Interest Rates

- (a) There must be a set of risk factors corresponding to interest rates in each currency in which the Market Participant has interest rate sensitive on- or off-balance sheet positions.
- (b) The risk measurement system should model the yield curve using one of a number of generally accepted approaches. The yield curve should be divided into various maturity segments and there will typically be one risk factor corresponding to each maturity segment. For material exposures to interest rate movements in the major currencies and markets, Market Participants must model the yield curve using a minimum of six risk factors.
- (c) The risk measurement system should incorporate separate risk factors to capture basis risk.

Introduced 11/03/04

26.2 Equity Prices

There must be risk factors corresponding to each of the equity markets to which the Market Participant is exposed.

Introduced 11/03/04

26.3 Exchange Rates (Including Gold)

There must be risk factors corresponding to the exchange rate between the domestic currency and each foreign currency to which the Market Participant is exposed.

Introduced 11/03/04

26.4 Commodity Prices

There must be risk factors corresponding to each of the commodity markets in which the Market Participant holds positions.

Introduced 11/03/04

27. QUANTITATIVE STANDARDS

Market Participants will have flexibility in devising the precise nature of their models, but the following minimum standards will apply for the purpose of calculating their capital charge. Individual Market Participants will have discretion to apply stricter standards.

- (a) “Value-at-risk” must be computed on a daily basis.
- (b) In calculating value-at-risk, a 99th percentile, one-tailed confidence interval is to be used.
- (c) In calculating value-at-risk, an instantaneous price shock equivalent to a movement in prices over 10 Trading Days is to be used, ie the minimum “holding period” must be 10 Trading Days. Market Participants may use value-at-risk numbers calculated according to shorter holding periods scaled up to 10 days by multiplying by the square root of the value obtained by dividing 10 by the number of days used (for the treatment of options, also see clause 27(h)).
- (d) The choice of historical observation period for calculating value-at-risk will be constrained to a minimum length of one year. For Market Participants that use a weighting scheme or other method for the historical observation period, the weighted average time lag of the individual observations cannot be less than 6 months. ASX may also require a Market Participant to calculate its value-at-risk using a shorter observation period if, in ASX’s judgement, this is justified by a significant upsurge in price volatility.
- (e) Market Participants must update their data sets no less frequently than once every 3 months and should also reassess them whenever market prices are subject to material changes.

- (f) No particular type of model is prescribed.
- (g) Market Participants will have discretion to recognise empirical correlations within and across broad risk categories provided that ASX is satisfied that the Market Participant's system for measuring correlations is sound and implemented with integrity.
- (h) Market Participants' models must accurately capture the unique risks associated with options within each of the broad risk categories. The following criteria apply to the measurement of options risk:
 - (i) Market Participants' models must capture the non-linear price characteristics of option positions;
 - (ii) Market Participants are expected to ultimately move towards the application of a full 10 day price shock, as described in clause 27(c) above, to options positions or positions that display option-like characteristics. In the interim, ASX may require Market Participants to adjust their capital measure for options risk through other methods, eg periodic simulations or stress testing; and
 - (iii) each Market Participant's risk measurement system must have a set of risk factors that captures the volatilities of the rates and prices underlying the option positions, ie vega risk. Market Participants with relatively large and/or complex options portfolios should have detailed specifications of the relevant volatilities. This means that Market Participants should measure the volatilities of options positions broken down by different maturities.
- (i) Each Market Participant must, on a daily basis, calculate its position risk requirement as the higher of:
 - (i) an average of the daily value-at-risk measures on each of the preceding 60 days, multiplied by a scaling factor (the total of a multiplication factor and a plus factor); and
 - (ii) its previous day's value-at-risk number.
- (j) The multiplication factor will be set by ASX on the basis of its assessment of the quality of each Market Participant's risk management system, subject to an absolute minimum of 3. Only those Market Participants deemed by ASX to satisfy adequately the qualitative and quantitative standards will be eligible for application of the minimum multiplication factor of 3. Market Participants will be required to add to this factor a "plus" directly related to the ex post performance of the model. The plus factor will range from 0 to 1 based on the outcome of back testing. Clause 32 presents in detail the approach to be applied for back testing and the plus factor.
- (k) Market Participants using models will also be subject to a capital charge to cover the specific risk of interest rate related instruments and equity securities. The manner in which the specific risk capital charge is to be calculated is set out in clause 31.

Introduced 11/03/04

28. STRESS TESTING

- (a) Market Participants that use the internal models approach for calculating position risk requirements must have in place a comprehensive stress testing program. Stress testing to identify events or influences that could greatly impact on the value of trading portfolios is a key component of a Market Participant's assessment of its capital position.
- (b) Each Market Participant must combine the use of supervisory stress scenarios with an internally developed stress testing program that reflects the risk characteristics of the Market Participant's portfolio. Specifically, ASX will ask Market Participants to provide information on stress testing in three broad areas, which are discussed in turn below.

Introduced 11/03/04

28.1 Supervisory Scenarios Requiring No Simulations By The Market Participant

Market Participants must report to ASX information on the five largest daily losses experienced for the total Trading Book during the reporting period.

Introduced 11/03/04

28.2 Supervisory Scenarios Requiring A Simulation By The Market Participant

- (a) Market Participants must subject their portfolios to a series of standard stress scenarios stipulated by ASX and provide ASX with the results monthly.
- (b) A Market Participant may be required to evaluate the sensitivity of portfolio value to changes in the internal model's assumptions about correlations.

Introduced 11/03/04

28.3 Scenarios Developed By The Market Participant To Capture The Specific Characteristics Of Its Portfolio

- (a) In addition to the scenarios prescribed by ASX, a Market Participant must develop its own stress tests which it identifies as most adverse based on the characteristics of its portfolio. Market Participants must provide ASX with a description of the methodology used to identify scenarios and to carry out the stress tests.
- (b) The results of the stress tests must be reviewed periodically by senior management and must be reflected in the policies and limits set by management and the Board. Moreover, if the testing reveals particular vulnerability to a given set of circumstances, ASX would expect the Market Participant to take prompt steps to manage those risks appropriately.

Introduced 11/03/04

29. MODEL REVIEW

In reviewing a Market Participant's internal models ASX will, at a minimum, require assurance that:

- (a) the internal validation processes described in clause 25(b)(viii) are operating in a satisfactory manner;
- (b) the formulae used in the calculation process as well as for the pricing of options and other complex instruments are validated by a qualified unit, which in all cases should be independent from the trading area;
- (c) the structure of the internal models is adequate with respect to the Market Participant's activities and geographical coverage;
- (d) the results of the Market Participant's back testing of its internal measurement system (ie comparing value-at-risk estimates with profit and loss outcomes) ensure that the model provides a reliable measure of potential losses over time; and
- (e) data flows and processes associated with the risk measurement system are transparent and accessible. In particular, it is necessary that auditors or ASX are in a position to have easy access, whenever they judge it necessary and under appropriate procedures, to the model's specifications and parameters.

Introduced 11/03/04

30. COMBINATION OF THE INTERNAL MODELS APPROACH AND THE PRESCRIBED METHODS SET OUT IN PARTS 1 TO 3 OF ANNEXURE 3

- (a) Unless a Market Participant's exposure to a particular risk factor is insignificant, the internal models approach will, in principle, require Market Participants to have an integrated risk measurement system that captures the broad risk factor categories (ie interest rates, exchange rates (which may include gold), equity prices and commodity prices, with related options volatilities being included in each risk factor category). Thus, a Market Participant that starts to use an internal model for one or more risk factor categories will be expected, over time, to extend the model to all its significant market risks. A Market Participant which has developed a model will not be able to revert to measuring risk using a prescribed method, except with ASX's prior approval.
- (b) The following conditions will apply to Market Participants using such combinations:
 - (i) each broad risk factor category must be assessed using a single approach (either internal model or prescribed method), ie no combination of the two methods will in principle be permitted within a risk category. However, Market Participants may incur risks in positions which are not captured by their models, for example, in minor currencies or in negligible business areas. Such risks should be measured according to the prescribed methods described in Parts 1 to 3 of this Annexure 3;
 - (ii) all of the criteria laid down in this Part 4 of Annexure 3 will apply to the model being used;

- (iii) Market Participants may not modify the combination of the two approaches they use without justifying to ASX that they have a good reason for doing so;
- (iv) no element of market risk may escape measurement, ie exposures to all risk factors, whether calculated according to a prescribed method or an internal model, must be captured; and
- (v) the capital charges assessed under the prescribed methods and the internal model approach must be summed.

Introduced 11/03/04

31. TREATMENT OF SPECIFIC RISK

- (a) Market Participants using internal models will be permitted to base their specific risk capital charge on modelled estimates if the models meet all of the qualitative and quantitative requirements for general market risk models as well as the additional criteria set out below.

Market Participants which are unable to meet these additional criteria will be required to calculate the specific risk capital charge using the equity building block method and the debt building block method.

- (b) Specific risk is decomposed into two components: idiosyncratic risk, and event and default risk. Market Participants are required to hold capital against both types of specific risk.
- (c) In order to be used as a means of calculating the capital charge for the idiosyncratic risk component of specific risk, a Market Participant's specific risk model must:
 - (i) explain the historical price variation in the portfolio;
 - (ii) demonstrably capture concentration;
 - (iii) be robust to an adverse environment; and
 - (iv) be validated through back testing aimed at assessing whether idiosyncratic risk is being accurately captured.
- (d) In addition, the Market Participant must be able to demonstrate that it has methodologies in place which allow it to adequately capture event and default risk for its Trading Book debt and equity positions.
- (e) If a Market Participant meets the criteria set out above for idiosyncratic risk but does not adequately model event and default risk, the Market Participant will be required to add a surcharge to the internal model capital charge. An additional factor of one would be added to the scaling factor and applied to the estimate of specific risk until such time as a Market Participant can demonstrate that the methodologies it uses adequately capture event and default risk. Once a Market Participant is able to demonstrate this, the additional factor would be reduced to zero. The surcharge does not replace the requirement for a plus factor based on back testing results.
- (f) For Market Participants applying the surcharge, the total capital requirement will equal the scaling factor multiplied by the internal model's general and specific risk measure plus a surcharge in the amount of either:

- (i) the specific risk portion of the value-at-risk measure which should be separated from the model's estimate of general market risk; or
 - (ii) the value-at-risk measures of sub-portfolios of debt and equity positions that contain specific risk. (This would apply to sub-portfolios containing positions that would be subject to specific risk under the equity building block method and the debt building block method.)
- (g) Market Participants using internal models of specific risk are required to conduct back testing aimed at assessing whether specific risk is being accurately captured. To validate its specific risk estimates a Market Participant should perform separate back tests using daily data on sub-portfolios subject to specific risk.
- (h) Market Participants are required to have in place a process to analyse exceptions identified through the back testing of specific risk.
- This process is intended to serve as the fundamental way in which Market Participants correct their models of specific risk in the event that they become inaccurate.
- (i) There will be a presumption that models that incorporate specific risk are unacceptable if the results at the sub-portfolio level produce a number of exceptions commensurate with the red zone defined in clause 32. A Market Participant with an unacceptable specific risk model is expected to take immediate action to improve the model and to ensure that there is a sufficient capital buffer to absorb the risk that the back test showed had not been adequately captured.

Introduced 11/03/04

32. FRAMEWORK FOR THE USE OF BACK TESTING

- (a) This section presents the framework for incorporating back testing into the internal models approach to position risk requirements. It represents an elaboration of clause 27(j).
- (b) The Market Participant must calculate the number of times that the trading losses were larger than the value-at-risk measures (termed "exceptions") using the most recent 12 months of data. This must be done no less frequently than monthly.
- (c) The value-at-risk measure to be used for back testing purposes must be based on a 99 per cent level of confidence and a one day holding period.
- (d) The Market Participant must agree with ASX the profit and loss approach to be used for regulatory back testing purposes.
- (e) Market Participants must document all of the exceptions generated from their ongoing back testing program, including an explanation for the exception.
- (f) The first formal accounting of exceptions under the back testing program will occur one year after model recognition is granted.
- (g) Using the most recent 12 months of data yields approximately 250 daily observations. ASX will use the number of exceptions (out of 250) generated by the Market Participant's model as the basis for determining the plus factor to be applied. The supervisory response is based on a three-zone approach described below and the applicable plus factors are set out in Table 1.8 of Schedule 5.

- (i) The green zone is where there are 4 or fewer exceptions in a sample of 250 outcomes.
- (ii) The yellow zone is where there are 5 to 9 exceptions in a sample of 250 outcomes. Where a Market Participant's back testing results are in the yellow zone, ASX may request additional information (eg disaggregated back testing results, explanations for the exceptions) to assist in determining the supervisory response. The plus factors for the yellow zone as set out in Table 1.8 of Schedule 5 are not meant to be purely automatic. However, to keep the incentives aligned properly, back testing results in the yellow zone should generally be presumed to imply an increase in the scaling factor unless the Market Participant can demonstrate that such an increase is not warranted.

ASX will decide whether or not to apply increases in the Market Participant's capital requirement by imposing the plus factor, or possibly to disallow the use of an internal model.

- (iii) The red zone is where there are 10 or more exceptions in a sample of 250 outcomes. Where a Market Participant's back testing results are in the red zone, the plus factor of one will automatically apply. ASX will also investigate the reasons why the Market Participant's model produced such a large number of exceptions, and will require the Market Participant to begin work on improving its model immediately. Finally, in the case of severe problems with the basic integrity of the model, ASX may disallow the use of the model for capital purposes altogether.

Introduced 11/03/04

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ANNEXURE 4 UNDERWRITING RISK REQUIREMENT

Annexure 4 and clause 7 of Annexure 1 will be inserted and effective on a date to be advised.

Introduced 11/03/04

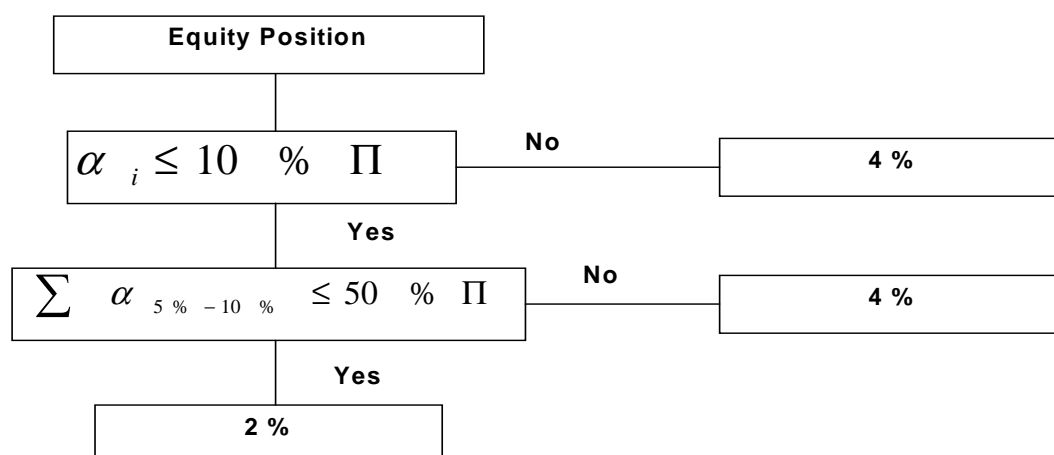
ANNEXURE 5 TABLES

1. POSITION RISK

Table 1.1

Equity Position Risk Factors							
Position In:	Underlying						Option
	Recognised Market Index (see Table 1.6)			Non Recognised Market Index			Implied Volatility
	Standard Method	Building Block Method		Standard Method	Building Block Method		
		General Risk	Specific Risk		General Risk	Specific Risk	
	Single Equity	12%	8%	4% ¹	16%	8%	
Index	8% ²	8%	0% ²	16% ²	8%	8%	25%

Notes:¹ The specific risk Position Risk Factor for a single Equity may be reduced to 2% if:



Π = gross value of each country portfolio

α_i = Net Position in equity i

$\alpha_{5\% - 10\%}$ = Positions in individual equities that represent more than 5% and up to 10% of the gross value of the portfolio

Both of the “tests” noted above must be satisfied in order for the Position Risk Factors to be reduced to 2 % for any equity position held. Hence if any one net position is greater than 10% of the gross value of each country portfolio then NO net position can have a position risk factor of 2%.

² For positions not broken down into constituent Equities, otherwise the single Equity percentages apply.

Table 1.2

Debt Position Risk Factors (see also Table 1.3 below)							
Time Band		Position Risk Factors - %					
		Standard Method			Building Block Method (General Risk)		
Coupons		Gov't	Qualifying	Other	Zone	Maturity Method	Duration Method (assumed yield change)
≥ 3%	< 3% (or Duration Method)						
0 - 1 mth	0 - 1 mth	0.00	0.25	8.00	1	0.00	1.00
> 1 - 3 mths	> 1 - 3 mths	0.20	0.45	8.20		0.20	1.00
> 3 - 6 mths	> 3 - 6 mths	0.40	0.65	8.40		0.40	1.00
> 6 - 12 mths	> 6 - 12 mths	0.70	1.70	8.70		0.70	1.00
> 1 - 2 yrs	> 1 - 1.9 yrs	1.25	2.25	9.25	2	1.25	0.90
> 2 - 3 yrs	> 1.9 - 2.8 yrs	1.75	3.35	9.75		1.75	0.80
> 3 - 4 yrs	> 2.8 - 3.6 yrs	2.25	3.85	10.25		2.25	0.75
> 4 - 5 yrs	> 3.6 - 4.3 yrs	2.75	4.35	10.75	3	2.75	0.75
> 5 - 7 yrs	> 4.3 - 5.7 yrs	3.25	4.85	11.25		3.25	0.70
> 7 - 10 yrs	> 5.7 - 7.3 yrs	3.75	5.35	11.75		3.75	0.65
> 10 - 15 years	> 7.3 - 9.3 yrs	4.50	6.10	12.50		4.50	0.60
> 15 - 20 years	> 9.3 - 10.6 yrs	5.25	6.85	13.25		5.25	0.60
20+ years	> 10.6 - 12 yrs	6.00	7.60	14.00		6.00	0.60
	> 12 - 20 yrs	8.00	9.60	16.00		8.00	0.60
	20+ yrs	12.50	14.10	20.50		12.50	0.60
Option Implied Volatility - All Debt Positions		25%					

In using Table 1.2 for any Debt Derivative, a Market Participant must use the Position Risk Factors specified in the 'government' column unless the value of the Debt Derivative is derived from:

- (a) a Qualifying Debt Instrument, in which case the Market Participant must use the Position Risk Factors specified in the 'qualifying' column; or

- (b) a non -Government Debt Instrument, in which case the Market Participant must use the Position Risk Factors specified in ‘other’ column.

Table 1.3

Debt Building Block Method - Specific Risk Position Risk Factors					
Government	Government	Qualifying			Other
0-12 mths	over 12 mths	0-6 mths	6-24 mths	over 24 mths	
0.00%	0.00%	0.25%	1.00%	1.60%	8.00%

Table 1.4

Debt Building Block Method - General Risk Time Band Matching Factors (TBMF)			
		Matching Factor	
		Maturity Method	Duration Method
Same time band	(TBMF)	10%	5%
Zone 1	(ZMF)	40%	40%
Zone 2	(ZMF)	30%	30%
Zone 3	(ZMF)	30%	30%
Positions in adjacent zones	(AZMF)	40%	40%
Positions spanning Zone 1 and Zone 3	(NAZMF)	100%	100%

Table 1.5

Rated Investment Grades		
	Minimum Ratings	
	Securities	Money Market Obligations
For all issuers		
Moody's Investor Services	Baa3	P3
Standard & Poors Corporation	BBB-	A3
Fitch IBCA Ltd	BBB-	F-3
For all banks, building societies and subsidiaries of banks (not otherwise eligible as Qualifying Debt Instruments)		
Thomson Financial Bank Watch	BBB-	TBW-3
For Canadian Issuers		
Canadian Bond Rating Service	B++low	A-3
Dominion Bond Rating Service	BBB low	R-2
For Japanese Issuers		
Japan Credit Rating Agency Ltd	BBB-	J-2
Nippon Investor Services Inc	BBB-	a-3
The Japan Bond Research Institute	BBB-	A-2
Mikuni & Co	BBB	M-3
Fitch Investors Services Inc	BBB-	F-3
For United States Issuers		
Duff & Phelps Inc	BBB-	3
Fitch Investors Services Inc	BBB-	F-3

Table 1.6

Recognised Market Indexes			
Country	Index	Country	Index
Australia	S&P/ASX 200	Netherlands	EOE 25
Austria	ATX	Spain	IBEX 35
Belgium	BEL 20	Sweden	OMX
Canada	TSE 35	Switzerland	SMI
France	CAC 40	UK	FTSE 100
Germany	DAX	UK	FTSE mid-250
Hong Kong	Hang Seng	USA	S&P 500
Italy	MIB 30		
Japan	Nikkei 225		

Table 1.7

Foreign Exchange Position Risk Factors	
	Standard Method
Foreign Exchange Spot and Forward - All Currencies	8%
Options Implied Volatility - all Currencies	25%

Table 1.8

Internal Models Approach – Back Testing Plus Factors		
	Number of Exceptions	Plus Factor
Green Zone	4 or fewer	0.00
Yellow Zone	5	0.40
	6	0.50
	7	0.65
	8	0.75
	9	0.85
Red Zone	10 or more	1.00

2. COUNTERPARTY RISK

Table 2.1

Risk Weightings	
	Counterparty
Central Bank	0%
Central and State Government	10%
Banks Local Governments Approved Deposit Taking Institutions (other than Banks) Risk Based Capital Requirements - ASX Market Participants - ACH Clearing Participants	20%
Approved Institutions NTA Requirements - ASX Market Participants - ACH Clearing Participants	50%
Other	100%

In Table 2.1, references to Central Banks and Governments are references to OECD Central Banks and Governments. Non-OECD Central Banks and Governments are within the 'other' category of risk weighting.

Table 2.2

Potential Credit Exposure Factors			
Remaining Time to Maturity	Equity	Debt	Foreign Exchange
One year or less	6.0%	0.0%	1.0%
Over one year to 5 years	8.0%	0.5%	5.0%
Over 5 years	10.0%	1.5%	7.5%

3. OTHER

Table 3.1

Recognised Non European Regulator	
Country	Regulator
Australia	Sydney Futures Exchange
Canada	Alberta Stock Exchange Montreal Exchange Toronto Stock Exchange Vancouver Stock Exchange Investment Dealers Association of Canada
Hong Kong	Hong Kong Monetary Authority Hong Kong Securities and Futures Commission
Japan	Financial Services Agency
Singapore	Monetary Authority of Singapore Stock Exchange of Singapore
South Africa	Bond Exchange of South Africa Johannesburg Stock Exchange South African Futures Exchange
United States	Securities and Exchange Commission Commodity and Futures Trading Commission

Table 3.2

Recognised European Regulator	
Country	Regulator
Austria	Bundesministerium für Finanzen (Federal Ministry of Finance, Banking, Stock Exchange and Capital Market Supervision) Bundes-Wertpapieraufsicht (Austrian Securities Authority)
Belgium	Commission Bancaire et Financière
Finland	Financial Supervision Authority
France	Comité des établissements de crédit et des entreprises d'investissements
Germany	Bundesanstalt für Finanzdienstleistungsaufsicht (Federal Financial Supervisory Authority)
Greece	The Bank of Greece The Capital Market Commission
Iceland	Central Bank of Iceland
Ireland	Central Bank of Ireland
Italy	Banca d'Italia
Liechtenstein	Dienststelle für Bankenaufsicht
Luxembourg	Institute Monétaire Luxembourgeois
Netherlands	Securities Board of the Netherlands
Norway	Kredittilsynet (the Banking, Insurance and Securities Commission of Norway)
Portugal	Banco de Portugal (Central Bank)
Spain	Banco de Espana (for Banks and Credit Institutions) Comision Nacional del Mercado de Valores
United Kingdom	Financial Services Authority

SCHEDULE 1B – NTA REQUIREMENTS

*This schedule sets out the NTA Requirements for the purposes of **Rule 6.2**. A Market Participant subject to the NTA Requirements must comply with this schedule. Under Rule 6.2, the NTA Requirements are only applicable to Market Participants whose Trading Permission is limited to Futures and who have elected under Rule 6.2 to comply with the NTA Requirements.*

S1B.1 INTERPRETATION

In this Schedule, unless the context otherwise requires:

“Approved Subordinated Debt” means an amount owing by a Market Participant under a subordination arrangement which is approved by ASX under Rule S1B.8.

“Approved Subordinated Loan Deed” means, in respect of a subordination arrangement, a deed which:

- (a) is executed by the lender, the Market Participant and ASX under seal or by such equivalent method expressly recognised under the Corporations Act (or in the case of ASX, on behalf of ASX by its attorney, delegate or sub-delegate);
- (b) sets out details of the terms governing any subordinated debt regulated by the subordination arrangement or identifies the document which does so;
- (c) contains those provisions required by ASX including without limitation, provisions to the effect that:
 - (i) alterations to the subordinated loan deed or the terms or details of any subordinated debt regulated by the subordination arrangement cannot be made unless the agreement of all parties is obtained and the variation is executed in the manner required under paragraph (a);
 - (ii) ASX must be satisfied that the Market Participant has made adequate arrangements to ensure that the NTA Requirements will be complied with and will continue to be complied with upon the maturity date of any loan for a fixed term;
 - (iii) ASX must be given full particulars of any debt to be regulated by the subordination arrangement under the subordinated loan deed prior to such debt being created; and
 - (iv) prior to the Bankruptcy of the Market Participant, repayment of any subordinated debt regulated by the subordination arrangement can only occur in accordance with Rules S1B.8.5 and S1B.8.6; and
- (d) contains specific acknowledgment by the lender of the matters set out in Rule S1B.8.2(a) and S1B.8.2(b).

“Bankruptcy” means in respect of an entity:

- (a) the entity becomes an externally administered body-corporate within the meaning of the Corporations Act;
- (b) the entity becomes an individual who is an insolvent under administration within the meaning of the Corporations Act;

- (c) a person takes control of the entity's property for the benefit of the entity's creditors because the entity is, or is likely to become, insolvent;
- (d) the entity enters into an arrangement, composition or compromise with, or assignment for the benefit of, all of its creditors or any class of them; or
- (e) anything analogous to, or having a substantially similar effect to the events specified in paragraphs (a) to (d) happens under the laws of any applicable jurisdiction.

S1B.2 MEANING AND CALCULATION OF NET TANGIBLE ASSETS (NTA)

S1B.2.1 Calculating a Market Participant's NTA

In this Schedule, the "NTA" of a Market Participant is calculated as the sum of the values of the assets (both non-current and current) owned by the Market Participant less the sum of any liabilities (secured and unsecured) attaching to those assets or to the Market Participant.

S1B.2.2 Excluding items from calculation

In calculating the values of the assets for the purposes of Rule S1B.2.1 any value attributable to the following must be excluded:

- (a) any future tax benefit, goodwill, patent, trademark, participation rights granted by ASX or a Related Body Corporate, and any preliminary expense;
- (b) any other similar item which, in the opinion of ASX, should be excluded or is regarded in current accounting practice as intangible;
- (c) any debt owed to the Market Participant which is disputed or may otherwise be regarded as doubtful; and
- (d) any asset which is not capable of being realised within 12 months on a going concern basis.

S1B.2.3 Calculating liabilities

In calculating the sum of the liabilities for the purposes of Rule S1B.2.1:

- (a) the sum must include a provision for the Market Participant's estimated liability for income tax, long service leave and any other contingency for which, in the opinion of ASX, provision must be properly made in accordance with current accounting practice; and
- (b) the sum must exclude Approved Subordinated Debt.

S1B.2.4 ASX may prescribe alternative bases for calculating NTA

ASX may prescribe alternative bases for calculating the NTA for the purposes of this Schedule.

S1B.3 MINIMUM NTA REQUIREMENT

A Market Participant must have at all times an NTA of at least \$1,000,000.

S1B.4 ASX MAY IMPOSE A HIGHER MINIMUM NTA REQUIREMENT

ASX may require a Market Participant to have a minimum NTA which is greater than the minimum amount which it is required to have under Rule S1B.3 if ASX considers that action appropriate having regard to Rule 1.13.

S1B.5 OBLIGATION TO NOTIFY ASX IN CERTAIN CIRCUMSTANCES

S1B.5.1 NTA below minimum amount

A Market Participant must immediately notify ASX if its NTA falls below the minimum amount which applies to that Market Participant under Rules S1B.3 or S1B.4 above.

S1B.5.2 NTA Changes

A Market Participant must immediately notify ASX in each of the following circumstances:

- (a) if the Market Participant's NTA is less than 150 per cent of the minimum amount required under Rules S1B.3 or S1B.4 above; and
- (b) having notified ASX under paragraph (a), the Market Participant's NTA has then decreased by more than 20% since the amount last notified to ASX under this Rule S1B.5.

S1B.6 RECORDS, ACCOUNTS AND RETURNS

S1B.6.1 Market Participant must maintain records

Without limiting the Market Participant's obligations under Rule 4.9, a Market Participant must maintain records and working papers in sufficient detail to show continuous compliance with this Schedule for at least 7 years.

S1B.6.2 Market Participant must prepare and lodge returns

A Market Participant must prepare and lodge returns by the time and in the manner and form prescribed by ASX. Those returns must accurately reflect the Market Participant's accounts and financial position.

S1B.6.3 ASX may require additional returns

ASX may require a Market Participant who has given a notice under Rule S1B.5 to prepare and lodge additional returns by the time and in the manner and form determined by ASX. The Market Participant concerned must comply with those additional requirements.

S1B.6.4 Returns to be certified

All returns lodged by the Market Participant under this Rule S1B.6 must be certified by the number of directors of the Market Participant prescribed by ASX as having been prepared in accordance with the Rules.

S1B.7 REQUEST FOR INFORMATION

S1B.7.1 ASX may require information

ASX may require the Market Participant to provide any document or other information, or an explanation, which ASX considers it requires to satisfy itself that the Market Participant is complying, has been complying and will comply with this Schedule.

S1B.7.2 Market Participant to provide information

A Market Participant which receives a request from ASX under Rule S1B.7 must provide the document, information or explanation requested by the time and in the form and manner specified by ASX.

S1B.8 APPROVED SUBORDINATED DEBT

81B.8.1 Circumstances in which amounts owing under a subordination arrangement may be excluded from a Market Participant's liabilities

A Market Participant entering into a subordination arrangement may only exclude an amount owing under such an arrangement from the sum of its liabilities for the purposes of calculating its NTA if:

- (a) the subordination arrangement has the prior approval of ASX under Rule S1B.8.2; and
- (b) the amount is notified to and approved by ASX prior to being drawn down under the subordination arrangement. ASX will not approve an amount under paragraph 8.1(b) if the Market Participant does not have at least \$250,000 in paid-up capital. Further, the maximum amount that ASX will approve is two times the amount of shareholders equity excluding Approved Subordinated Debt.

81B.8.2 Circumstances in which ASX will not approve a subordination arrangement

ASX will not approve a subordination arrangement unless in the opinion of ASX:

- (a) subject to Rule S1B.8.5, the amount owing to the lender under the subordination arrangement will not be repaid until all other debts which the Market Participant owes to any other persons are repaid in full; and
- (b) the obligation to pay any amount owing under the subordination arrangement is suspended if Rules S1B.3 and S1B.4 are no longer complied with.

81B.8.3 Execution of approved Subordination Loan Deed

ASX will not approve a subordination arrangement unless the Market Participant has executed an Approved Subordinated Loan Deed in respect of the subordination arrangement.

81B.8.4 Market Participant obligations

A Market Participant must comply with the terms of the Approved Subordinated Loan Deed and any associated agreement and must ensure the lender's compliance with these documents.

81B.8.5 Repayment of Amounts owing under an approved subordination arrangement

Prior to its Bankruptcy, a Market Participant may repay an amount owing under an approved subordination arrangement only with the prior approval of ASX.

81B.8.6 Circumstances in which ASX will not withhold its approval for repayment

ASX will not withhold approval under Rule S1B.8.5 if in the opinion of ASX the Market Participant's NTA is capable of continuing, on repayment, to be greater than 150 per cent of the minimum required under Rule S1B.3 or S1B.4 above.

SCHEDULE 2 - FUTURES MARKET CONTRACTS

PART 1 FUTURES MARKET CONTRACTS OVER AN UNDERLYING INDEX

This part sets out the terms of a Futures Market Contract over an Underlying Index.

1. INTERPRETATION

In this part of the Schedule, the following words and expressions have the following meanings:

"Contract Multiplier" means, in relation to a Futures Market Contract, \$10 per point of the Underlying Index unless:

- (a) ASX notifies Market Participants that a different multiplier will apply to a Futures Market Contract before ASX opens that Futures Market Contract for trading under Rule 12.2; or
- (b) that multiplier is adjusted under paragraph 2.2.

Amended 28/11/05

"Contract Value" is defined in paragraph 7.3.

"Maturity Date" means, in relation to a Futures Market Contract, the date determined by ASX as the date on which the Futures Market Contract matures. Unless ASX notifies Market Participants that a different date will apply to a Futures Market Contract before ASX opens that Futures Market Contract for trading under Rule 12, the Maturity Date will be:

- (a) the third Friday of the month in which the Futures Market Contract is expressed to mature; or
- (b) if the Underlying Market for the component stocks in an Underlying Index does not open for trading on the day referred to in paragraph (a), the immediately preceding trading day of that Underlying Market.

Amended 28/11/05

"Opening Price Index Calculation" or **"OPIC"** is defined in paragraph 5.2.

"Opening Traded Price" means that price of the first recorded trade on a given day for a component security in an Underlying Index that occurs on the Underlying Market.

"Settlement Amount" is the amount of the difference referred to in paragraph 7.1 or 7.2 (as applicable).

"**Settlement Value**" is defined in paragraph 5.3.

2. SPECIFICATIONS DETERMINED BY ASX

2.1 When ASX opens a Futures Series for trading under Rule 12.2, ASX will determine:

- (a) the Underlying Index;
- (b) the Maturity Date; and
- (c) the Contract Multiplier.

Amended 28/11/05

2.2 ASX may, under Rule 12.3, adjust any of the terms referred to in paragraph 2.1, except that ASX will only make an adjustment where the Underlying Index ceases to exist or the method of calculating the Underlying Index changes materially and a successor index is established that uses a method of calculation that is the same or substantially similar to the method used to calculate the underlying index prior to the event.

Amended 28/11/05

3. BIDS AND OFFERS

Bids and offers for Futures Market Contracts over an Underlying Index must be expressed in terms of the number of points of the relevant Underlying Index. Unless ASX prescribes otherwise, the minimum tick size is 1 point of the Underlying Index.

Amended 28/11/05

4. LAST TRADING DAY

The last Trading Day for a Futures Market Contract is the Trading Day prior to the Maturity Date.

Amended 28/11/05

5. OPENING PRICE INDEX CALCULATION AND SETTLEMENT VALUE

5.1 ASX will determine, or procure that a third party determines, the Opening Price Index Calculation ("**OPIC**") of the Underlying Index, rounded to the nearest one decimal place and will notify the Approved Clearing Facility and Market Participants of the OPIC.

Amended 28/11/05

5.2 Where the Underlying Index comprises Cash Market Products, the OPIC for a Futures Market Contract will be determined by reference to the Opening Traded Price for each component Cash Market Product of the Underlying Index on the Maturity Date. Where a component Cash Market Product of an Underlying Index does not have an Opening Traded Price on the Maturity Date, the last traded price will be used for the purposes of the OPIC.

Amended 28/11/05

5.3 The settlement value ("**Settlement Value**") of a Futures Market Contract will be determined by multiplying the OPIC by the Contract Multiplier.

Amended 28/11/05

- 5.4 Where the OPIC is calculated by a third party (as identified in Schedule 3), unless ASX determines otherwise, the OPIC first reported to ASX by that person is conclusive for the purpose of the calculation of the Settlement Value, even if the OPIC is later revised by that person or ASX later determines that the OPIC reported was inaccurate.

Amended 28/11/05

6. UNAVAILABILITY OF OPENING PRICE INDEX CALCULATION

If ASX determines that the OPIC of an Underlying Index is unreported or unavailable, ASX may:

- (a) suspend the settlement of rights and obligations of Buyers and Sellers of Futures Market Contracts over that Underlying Index until ASX has access to the OPIC and is able to calculate the Settlement Value and has notified the market that the suspension is lifted; or
- (b) specify an OPIC and calculate the Settlement Value accordingly.

Amended 28/11/05

7. PAYMENT AND RECEIPT OF SETTLEMENT AMOUNT ON MATURITY

- 7.1 Subject to paragraph 11, these Rules and the Clearing Rules, on the next Business Day (as that term is defined in the Clearing Rules) following the Maturity Date of a Futures Market Contract:

- (a) if the Settlement Value of the Futures Market Contract is greater than the Contract Value of that Futures Market Contract, the Seller must pay the difference;
- (b) if the Settlement Value of the Futures Market Contract is less than the Contract Value of that Futures Market Contract, the Buyer must pay the difference.

Amended 28/11/05

- 7.2 Subject to paragraph 11, these Rules and the Clearing Rules, on the next Business Day (as that term is defined in the Clearing Rules) following the Maturity Date of a Futures Market Contract:

- (a) if the Settlement Value of the Futures Market Contract is greater than the Contract Value of that Futures Market Contract, the Buyer is entitled to receive payment of the difference;
- (b) if the Settlement Value of the Futures Market Contract is less than the Contract Value of that Futures Market Contract, the Seller is entitled to receive payment of the difference.

Amended 28/11/05

7.3 For the purposes of paragraphs 7.2 and 7.3, the Contract Value of a Futures Market Contract which is an Open Contract is:

- (a) where the Open Contract arose from the registration of a Futures Market Contract - the price or level of the Underlying Index at which the Market Futures Contract was registered with the Approved Clearing Facility; and
- (b) where the Open Contract arose through the daily settlement of another Open Contract under the Clearing Rules - the price at which the second Open Contract is registered in accordance with the Clearing Rules,

in each case, multiplied by the Contract Multiplier.

Amended 28/11/05

7.4 Subject to paragraph 11, payment of the Settlement Amount must be made in accordance with the Clearing Rules.

8. ADJUSTMENT TO OPENING PRICE INDEX CALCULATION

8.1 When notifying Market Participants under paragraph 5.2 of the OPIC, ASX may indicate that the OPIC has been calculated on a preliminary basis and is subject to adjustment on the following Trading Day. To the extent that an adjustment is made to the OPIC on that next Trading Day:

- (a) where the Settlement Value of a Futures Market Contract increases as a result of the adjustment, the Seller must pay, and the Buyer is entitled to receive, the difference; and
- (b) where the Settlement Value of a Futures Market Contract falls as a result of the adjustment, the Buyer must pay, and the Seller is entitled to receive, the difference.

Amended 28/11/05

8.2 Subject to paragraph 11, payment of any amount following any adjustment under paragraph 8.1 must be made on the next Business Day (as that term is defined in the Clearing Rules) following the adjustment.

9. LIMITATION OF STANDARD & POOR'S LIABILITY

In connection with trading of Futures Market Contracts over the Underlying Index, neither Standard & Poor's nor its agents/subcontractors involved in the compilation or calculation of the Underlying Index(es) will have any liability for any damages, claims, losses or expenses caused by any errors or delays in calculating or disseminating the Underlying Index.

Amended 28/11/05

10. STANDARD & POOR'S DISCLAIMER

In connection with trading of Futures Market Contracts over the Underlying Index, neither Standard & Poor's ("S&P") nor any other party involved in the compilation and calculation of the Underlying Index(es) guarantees the accuracy and/or completeness of the Underlying Index(es) or any data included therein. S&P makes no warranty, express or implied, as to the results to be obtained by any person or any entity from the use of the Underlying Index(es) or

any data included therein. S&P makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the Underlying Index(es) or any data included therein. Without limiting any of the foregoing, in no event will S&P have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility thereof.

Amended 28/11/05

11. ALTERNATIVE CLEARING FACILITY

Where a Futures Market Contract is cleared by an Alternative Clearing Facility under Rule 6.8, the determination of the Contract Value and the payment of any Settlement Amount and amounts following the adjustment of the OPIC in respect of that contract will be governed by the operating rules of that facility.

Amended 28/11/05

PART 2

FUTURES MARKET CONTRACT OVER AN UNDERLYING COMMODITY

A. ELECTRICITY

This part sets out the terms of a Futures Market Contract over the relevant Underlying Commodity as set out in Part 2.A of Schedule 3.

1. INTERPRETATION

In this part of the schedule, the following words and expressions have the following meanings:

"Average Quoted Price" means the price calculated by dividing the sum of the Reference Prices for the relevant Futures Market Contract by the number of half hour intervals for the period of the relevant Futures Market Contract, rounded to the nearest cent.

Amended 28/11/05

"Contract Multiplier" means, in relation to a Futures Market Contract, the number of hours in the Hourly Schedule unless:

- (a) ASX notifies Market Participants that a different multiplier will apply to a Futures Market Contract before ASX opens that Futures Market Contract for trading under Rule 12; or
- (b) that multiplier is adjusted under paragraph 2.2.

Amended 28/11/05

"Contract Value" is defined in paragraph 7.3.

"EST" means Australian eastern standard time.

"Hourly Schedule" means the schedule calculated and published by ASX detailing the number of hours for each region for peak and off-peak periods for each Future.

Amended 28/11/05

"Maturity Date" means, in relation to a Futures Market Contract, the date determined by ASX as the date on which the Futures Market Contract matures. Unless ASX notifies Market Participants that a different date will apply to a Futures Market Contract before ASX opens that Futures Market Contract for trading under Rule 12, the Maturity Date will be:

- (a) for Peak period Futures Market Contract, the Last Trading Day of the month in which the Futures Market Contract is expressed to mature;
- (b) for Off Peak period Futures Market Contract, the last calendar day of the month in which the Futures Market Contract is expressed to mature.

Amended 28/11/05

"**NEMMCO**" means the National Electricity Market Management Company Limited (ABN 94 072 010 327).

"**Off Peak**" means the period that is not a Peak period.

"**Peak**" means the period from 7.00 am to 10.00 pm EST (inclusive) Monday to Friday when the major trading banks are open for business in the relevant State capital and includes the NSW August bank holiday.

"**Reference Price**" means the wholesale electricity pool market price that underlies the relevant Futures Market Contract as calculated by the Reporting Authority on a half hourly basis, being the average of the spot prices rounded to the nearest cent for purposes of invoicing physical deliveries of electricity.

Amended 28/11/05

"**Reporting Authority**" in relation to the Underlying Commodity, means the authority specified by ASX as the official source for calculating the Reference Price and calculating and reporting the Average Quoted Price.

Amended 28/11/05

"**Settlement Amount**" is the amount of the difference referred to in paragraph 7.1 or 7.2 (as applicable).

"**Settlement Value**" is defined in paragraph 5.2.

2. SPECIFICATIONS DETERMINED BY ASX

2.1 When ASX opens a Futures Market Contract for trading under Rule 12.2, ASX will determine:

- (a) the Underlying Commodity; and
- (b) the Maturity Date; and
- (c) the Contract Multiplier.

Amended 28/11/05

2.2 ASX may, under Rule 12, adjust any of the terms referred to in paragraph 2.1, except that ASX will only make an adjustment where the Underlying Commodity ceases to exist, or the method of calculating the Reference Price changes materially, and a successor Reference Price is established that uses a method of calculation that is the same or substantially similar to the method used to calculate the price of underlying commodity prior to the event.

Amended 28/11/05

2.3 ASX will not make an adjustment to the terms of the Futures Market Contract following any amendments to the Hourly Schedule.

Amended 28/11/05

3. BIDS AND OFFERS

Bids and offers for Futures Market Contracts over an Underlying Commodity must be expressed in terms of price per Megawatt hour of electrical energy to the nearest cent. Unless ASX prescribes otherwise, the minimum tick size is \$0.05 per Megawatt hour of electrical energy.

Amended 28/11/05

4. LAST TRADING DAY

The last trading day for a Futures Market Contract will be the final Trading Day of the relevant settlement month.

Amended 28/11/05

5. AVERAGE QUOTED PRICE AND SETTLEMENT VALUE

- 5.1 On the second Trading Day following the Maturity Date, ASX will determine, or procure that a third party determines, the Average Quoted Price for the underlying amount of electricity for the Futures Market Contract which will be rounded to the nearest cent. ASX will notify the Approved Clearing Facility and the Market Participants of the Average Quoted Price.

Amended 28/11/05

- 5.2 Subject to paragraph 11, the settlement value ("**Settlement Value**") of a Futures Market Contract will be calculated by the Approved Clearing Facility by multiplying the Average Quoted Price by the Contract Multiplier, rounded to the nearest cent.

Amended 28/11/05

- 5.3 Where the Average Quoted Price is calculated by a third party (as identified in Schedule 3), unless ASX determines otherwise, the Average Quoted Price first reported to ASX by that person is conclusive for the purpose of the calculation of the Settlement Value, even if the Settlement Value is later revised by that person or ASX later determines that the Average Quoted Price reported was inaccurate.

Amended 28/11/05

6. UNAVAILABILITY OF AVERAGE QUOTED PRICE

If ASX determines that the Average Quoted Price of the Underlying Commodity is unreported or unavailable, ASX may:

- (a) suspend the settlement of rights and obligations of Buyers and Sellers of Futures Market Contracts over that Underlying Commodity until ASX has access to the Average Quoted Price and is able to calculate the Settlement Value and has notified the market that the suspension is lifted; or
- (b) specify an Average Quoted Price and calculate the Settlement Value accordingly.

Amended 28/11/05

7. PAYMENT AND RECEIPT OF SETTLEMENT AMOUNT ON MATURITY

7.1 Subject to paragraph 11, these Rules and the Clearing Rules, on the third Business Day (as that term is defined in the Clearing Rules) following the Maturity Date of a Future:

- (a) if the Settlement Value of the Futures Market Contract is greater than the Contract Value of that Futures Market Contract, the Seller must pay the difference;
- (b) if the Settlement Value of the Futures Market Contract is less than the Contract Value of that Futures Market Contract, the Buyer must pay the difference.

Amended 28/11/05

7.2 Subject to paragraph 11, these Rules and the Clearing Rules, on the third Business Day (as that term is defined in the Clearing Rules) following the Maturity Date of a Futures Market Contract:

- (a) if the Settlement Value of the Futures Market Contract is greater than the Contract Value of that Futures Market Contract, the Buyer is entitled to receive payment of the difference;
- (b) if the Settlement Value of the Futures Market Contract is less than the Contract Value of that Futures Market Contract, the Seller is entitled to receive payment of the difference.

Amended 28/11/05

7.3 Subject to paragraph 11, for the purposes of paragraphs 7.1 and 7.2, the contract value ("**Contract Value**") of a Futures Market Contract which is an Open Contract is:

- (a) where the Open Contract arose from the registration of a Market Contract - the price at which the Market Contract was registered with the Approved Clearing Facility; and
- (b) where the Open Contract arose through the daily settlement of another Open Contract under the Clearing Rules - the price at which the second Open Contract is registered in accordance with the Clearing Rules,

in each case, multiplied by the Contract Multiplier.

Amended 28/11/05

7.4 Subject to paragraph 11, payment of the Settlement Amount must be made in accordance with the Clearing Rules.

8. ADJUSTMENT TO AVERAGE QUOTED PRICE CALCULATION

8.1 When notifying Market Participants under paragraph 5.1 of the Average Quoted Price, ASX may indicate that the Average Quoted Price has been calculated on a preliminary basis and is subject to adjustment on the following Trading Day. To the extent that an adjustment is made to the Average Quoted Price on that next Trading Day:

- (a) where the Settlement Value of a Futures Market Contract increases as a result of the adjustment, the Seller must pay, and the Buyer is entitled to receive, the difference; or

- (b) where the Settlement Value of a Futures Market Contract falls as a result of the adjustment, the Buyer must pay, and the Seller is entitled to receive, the difference.

Amended 28/11/05

- 8.2 Subject to paragraph 11, payment of any amount following any adjustment under paragraph 8.1 must be made on the next Business Day (as that term is defined in the Clearing Rules) following the adjustment.

9. HOURLY SCHEDULE

The Hourly Schedule is published by ASX on its website and distributed to Market Participants by Notice prior to each Futures Market Contract being opened by ASX.

Amended 28/11/05

10. NEMMCO LIMITATION OF LIABILITY

In connection with trading of Futures Market Contracts over the Underlying Commodity, neither NEMMCO nor its agents/subcontractors involved in the compilation or calculation of the Reference Price or the Average Quoted Price (the Information) will have any liability for any damages, claims, losses or expenses caused by any errors or delays in calculating or disseminating the Information.

Amended 28/11/05

11. ALTERNATIVE CLEARING FACILITY

Where a Futures Market Contract is cleared by an Alternative Clearing Facility under Rule 6.8, the determination of the Settlement Value and the Contract Value and the payment of any Settlement Amount and amounts following the adjustment of the Average Quoted Price Calculation in respect of that contract will be governed by the operating rules of that facility.

Amended 28/11/05

B. GRAIN

This part sets out the terms of the deliverable Futures Market Contract over the relevant Underlying Commodity as set out in Part 2.B of Schedule 3.

1. INTERPRETATION

"Applicable Standards" means:

- (a) the relevant deliverable grade requirements as specified in Part 2B of Schedule 3; and
- (b) the relevant sampling methodology as specified in Part 2B of Schedule 3.

"Bulk Handler" means a company which operates Delivery Depots and with whom the Approved Clearing Facility has entered an arrangement for the storage and handling of the Underlying Commodity.

"Bulk Handler Agreement" in respect of a commodity means a bulk handler agreement with the relevant Bulk Handler governing the storage and handling of an Underlying Commodity.

"Contract Multiplier" means, in relation to a Futures Market Contract, the number of tonnes in each contract unit as determined by ASX in accordance with paragraph 2 unless:

- (a) ASX notifies Market Participants that a different multiplier will apply to a Futures Market Contract before ASX opens that Futures Market Contract for trading under Rule 12; or
- (b) that multiplier is adjusted under paragraph 2.2.

Amended 28/11/05

"Current Season" means:

- (a) in relation to an Underlying Commodity (other than Sorghum, Feed Wheat and Feed Barley):
 - (i) the commodity has been harvested in the same industry accepted crop season within which the Delivery Month falls; or
 - (ii) the commodity has been upgraded by the Bulk Handler as if it had been harvested in the same industry accepted crop season within which the Delivery Month falls;
- (b) in relation to Sorghum, Feed Wheat and Feed Barley the commodity may be harvested in any industry accepted crop season so long as there is no regulatory control over that particular crop year.

Amended 03/01/06

"Deliverable Stock" means stock that has met the Applicable Standards and which has been transferred in accordance with the Tender Process into the Approved Clearing Facility account with the relevant Bulk Handler.

"Delivery Depot" means a facility for the storage and handling of the Underlying Commodity in a location approved by ASX, in consultation with the Approved Clearing Facility.

Amended 28/11/05

"Delivery Month" means the month in which the Futures Market Contract is expressed to mature.

Amended 28/11/05

"Delivery Period" means the period commencing on the second Trading Day of the Delivery Month and ending on the Maturity Date.

"Invoice Price" means the amount determined in accordance with paragraph 9.

"Maturity Date" means, in relation to a Futures Market Contract, the date determined by ASX as the date on which the Futures Market Contract matures. Unless ASX notifies Market Participants that a different date will apply to a Futures Market Contract before ASX opens that Futures Market Contract for trading under Rule 10, the Maturity Date will be:

- (a) the third Thursday of the month in which the Futures Market Contract is expressed to mature; or
- (b) if the day referred to in paragraph (a) is not a Trading Day, the immediately preceding Trading Day.

Amended 28/11/05

"Notice Day" means any Trading Day during the Delivery Period where Tender Documentation is accepted by the Approved Clearing Facility in accordance with times prescribed by the Approved Clearing Facility.

"Settlement Amount" has the meaning given in paragraph 10.

"Settlement Day" means the Trading Day immediately following a Notice Day.

"Settlement Value" means the amount determined in accordance with paragraph 9.

"Shrinkage" means the amount that is deducted from the weight of the Underlying Commodity, expressed as a percentage, that is allowable by the relevant Bulk Handler as published by the Approved Clearing Facility.

"Specified Quantity" means the number of contract units multiplied by the Contract Multiplier.

"Tender Documentation" means the documentation required by the Approved Clearing Facility to affect tenders of the Underlying Commodity.

"Tender Process" means the process described in paragraph 6.

"Underlying Commodity" has the meaning given in Part 2.B of Schedule 3.

2. SPECIFICATIONS DETERMINED BY ASX

2.1 When ASX opens a Futures Market Contract for trading under Rule 12.2, ASX will determine:

- (a) The Underlying Commodity; and
- (b) The Maturity Date; and
- (c) The Contract Multiplier.

ASX may, under Rule 12.3, adjust any of the terms referred to in paragraph 2.1.

Amended 28/11/05

3. BIDS AND OFFERS

Bids and offers for Futures Market Contracts over an Underlying Commodity must be expressed in terms of the price per tonne of the Underlying Commodity. Unless ASX prescribes otherwise, the minimum tick size is \$0.10 per metric tonne of Underlying Commodity.

Amended 28/11/05

4. LAST TRADING DAY

The last trading day for a Futures Market Contract over an Underlying Commodity will be the Maturity Date. Trading on the Last Trading Day will cease at the time prescribed by ASX.

Amended 28/11/05

5. DELIVERABLE STOCK

5.1 An Underlying Commodity cannot be admitted as Deliverable Stock unless it is stored in a Delivery Depot and is Current Season.

5.2 An Underlying Commodity will automatically be excluded from Deliverable Stock where:

- (a) it is transferred from the Approved Clearing Facility account with the relevant Bulk Handler;
- (b) it no longer meets the Applicable Standards;
- (c) it is no longer Current Season; or

- (d) ASX or the Approved Clearing Facility notifies Market Participants they have reason to believe the Underlying Commodity was sampled and graded in a manner inconsistent with these Rules.

Amended 28/11/05

- 5.3 Admission of an Underlying Commodity as Deliverable Stock is conclusive evidence binding the Seller that the Underlying Commodity meets the Applicable Standards.

6. TENDER PROCESS

Subject to paragraph 13, the tender process will be administered in accordance with the Clearing Rules.

7. BUYER AND SELLER OBLIGATIONS FOR DELIVERY

Upon the Notice Day and subject to paragraph 13, these Rules and the Clearing Rules:

- (a) the Seller is obligated to make delivery of the Specified Quantity of the Underlying Commodity which has been admitted to Deliverable Stock; and
- (b) the Buyer is obligated to pay the Settlement Amount in accordance with paragraph 10 which value is calculated in accordance with paragraph 9 and to take delivery of the Specified Quantity of the Underlying Commodity,

in the time and manner prescribed by the Clearing Rules.

8. VALUE OF UNDERLYING COMMODITY

8.1 Storage and Handling Fees

At the time of admission as Deliverable Stock, the Underlying Commodity will be valued ex Bulk Handler fees and charges, government and industry levies and government taxes.

Subject to paragraph 13, Deliverable Stock held in the Approved Clearing Facility account with the Bulk Handler will be subject to storage and handling costs, any other amounts owing to the Bulk Handler in accordance with the terms of the relevant Bulk Handler Agreement, and any amounts as may be prescribed by the Approved Clearing Facility. The Seller and Buyer are liable to pay such costs.

8.2 Differentials and Adjustments

Subject to paragraph 13, Deliverable Stock will be subject to differentials, premium allowances and adjustments as may be prescribed by the Approved Clearing Facility.

ASX will post the applicable differentials and adjustments on its website and advise Market Participants of any amendments to differentials and adjustments by Notice.

Amended 28/11/05

8.3 Excess

Subject to paragraph 13, in the event that the Seller transfers to the Approved Clearing Facility account with the Bulk Handler an excess above the Contract Multiplier per contract unit per Delivery Depot the Seller will forego all rights to such excess and the weight will be deemed to be the Contract Multiplier.

Amended 28/11/05

9. INVOICE PRICE AND SETTLEMENT VALUE

9.1 Subject to paragraph 13, the daily settlement price will be determined by the Approved Clearing Facility in accordance with the Clearing Rules.

Amended 28/11/05

9.2 Subject to paragraph 13, the Invoice Price will be the daily settlement price per metric tonne for that day on which the Approved Clearing Facility accepts Tender Documentation, less any applicable fees, differentials and adjustments pursuant to paragraph 8 above.

Amended 28/11/05

9.3 Subject to paragraphs 9.4 and 13, the Settlement Value of a Futures Market Contract will be calculated by the Approved Clearing Facility by multiplying the Invoice Price by the Contract Multiplier.

Amended 28/11/05

9.4 The Settlement Value will be adjusted for tax and rounded to the nearest cent as follows:

- (a) multiplying the Settlement Value by the current Goods and Services Tax rate to calculate the "GST Amount"; and
- (b) adding the GST Amount to the Settlement Value.

10. PAYMENT AND RECEIPT OF SETTLEMENT AMOUNT

For the purpose of payment and receipt, the Settlement Value will be known as the Settlement Amount. The Approved Clearing Facility will issue an invoice to the Buyer by the time prescribed by the Clearing Rules stating the Settlement Amount. Subject to paragraph 13, payment of the Settlement Amount in respect of an Open Contract must be made by the time and in the manner determined by the Approved Clearing Facility.

11. DEFAULT

Subject to paragraph 13, if a Seller or Buyer is in default for the purposes of the Clearing Rules, the default provisions in the Clearing Rules will take effect.

12. EXCLUSION OF LIABILITY AND WARRANTY

12.1 ASX does not make any representation or warranty concerning:

- (a) the quality or suitability for any purpose of any Underlying Commodity; or
- (b) the correspondence of any Underlying Commodity with any description or sample.

Amended 28/11/05

- 12.2 ASX will not have any liability for the performance by any Bulk Handler in relation to these Rules. Neither the Buyer nor the Seller will have any claim against ASX or its respective officers, employees and agents, for any loss or damage suffered as a result of, or in connection with, any delivery of or failure to delivery, any Underlying Commodity however such loss or damage may be caused.

Amended 28/11/05

13. **ALTERNATIVE CLEARING FACILITY**

Where a Futures Market Contract is cleared by an Alternative Clearing Facility under Rule 5.8, the administration of the tender process, the Seller's obligations to make delivery of the Specified Quantity of the Underlying Commodity, the valuation of the Underlying Commodity, the determination of the Invoice Price and the Settlement Value, the rules relating to default by the parties and the payment of any Settlement Amount in respect of that contract will be governed by the operating rules of that facility.

Amended 28/11/05

C. WOOL

This part sets out the terms of the deliverable Futures Market Contract over the relevant Underlying Commodity as set out in Part 2.C of Schedule 3.

1. INTERPRETATION

"Admission Documents" means the documents required the Approved Clearing Facility to effect tenders of the Underlying Commodity.

"Applicable Standards" means the relevant deliverable grade requirements as specified in Part 2C of Schedule 3.

"AWEX" means Australian Wool Exchange Limited.

"AWTA" means Australian Wool Testing Authority.

"Contract Multiplier" means, in relation to a Futures Market Contract, the number of net clean kilograms in each contract unit as determined by ASX in accordance with paragraph 2 unless:

- (a) ASX notifies Market Participants that a different multiplier will apply to a Futures Market Contract before ASX opens that Futures Market Contract for trading under Rule 12; or
- (b) that multiplier is adjusted under paragraph 2.2.

Amended 28/11/05

"Deliverable Life" means the period of 24 months from the date which the Underlying Commodity was originally tested or appraised (whichever is earlier) exclusive of the month the testing or appraisal occurs. In the event that there is more than 1 testing or appraisal date, the last testing or appraisal date is to be used for the purposes of determining the commencement of the period.

"Deliverable Stock" means stock that has met the requirements in paragraph 5 and which has been admitted in accordance with the Clearing Rules.

"Delivery Month" means the month in which the Futures Market Contract is expressed to mature.

Amended 28/11/05

"Delivery Period" means the period commencing on the second Thursday of the Delivery Month or if that day is not a Trading Day the immediately preceding Trading Day and ending on the Maturity Date.

"IWTO" means International Wool Textile Organisation.

"Invoice Price" means the amount determined in accordance with paragraph 9.

"Maturity Date" means, in relation to a Futures Market Contract, the date determined by ASX as the date on which the Futures Market Contract matures. Unless ASX notifies Market Participants that a different date will apply to a Futures Market Contract before ASX opens that Futures Market Contract for trading under Rule 12, the Maturity Date will be:

- (a) the fourth Thursday of the month in which the Futures Market Contract is expressed to mature; or
- (b) if the day referred to in paragraph (a) is not a Trading Day, the immediately preceding Trading Day.

Amended 28/11/05

"Notice Day" means any Trading Day during the Delivery Period where Tender Documentation is accepted by the Approved Clearing Facility.

"POB" means position-of-break.

"Settlement Amount" is defined in paragraph 10.

"Settlement Day" means the Trading Day immediately following a Notice Day.

"Settlement Value" means the amount determined in accordance with paragraph 9.

"Tender Documentation" means the documentation required by the Approved Clearing Facility to effect tender of the Underlying Commodity.

"VM" means vegetable matter.

"VM Increment" means, in relation to Deliverable Stock, an amount equal to 0.1% of the total volume of Deliverable Stock.

"Wool Warehouse" means a facility for the storage and handling of the Underlying Commodity in a location approved by ASX, in consultation with the Approved Clearing Facility.

Amended 28/11/05

"Underlying Commodity" has the meaning given in Part 2C of Schedule 3.

2. SPECIFICATIONS DETERMINED BY ASX

2.1 When ASX opens a Futures Market Contract for trading under Rule 12.2, ASX will determine:

- (a) The Underlying Commodity; and
- (b) The Maturity Date; and
- (c) The Contract Multiplier.

Amended 28/11/05

2.2 ASX may, under Rule 12, adjust any of the terms referred to in paragraph 2.1, except that ASX will only make an adjustment where the Underlying Commodity ceases to exist.

Amended 28/11/05

3. BIDS AND OFFERS

Bids and offers for Futures Markets Contracts over the relevant Underlying Commodity must be expressed in terms of the price per net clean kilogram of the Underlying Commodity. Unless ASX prescribes otherwise, the minimum tick size is \$0.01 per net clean kilogram of Underlying Commodity.

Amended 28/11/05

4. LAST TRADING DAY

The last trading day for a Futures Market Contract over an Underlying Commodity will be the Maturity Date. Trading on the Last Trading Day will cease at the time prescribed by ASX.

Amended 28/11/05

5. DELIVERABLE STOCK

5.1 An Underlying Commodity cannot be admitted as Deliverable Stock unless at the time of admission it:

- (a) meets the Applicable Standards;
- (b) is, subject to paragraph 8.3, an amount or combined amount equal to the Contract Multiplier;
- (c) comprises of a lot or sub-lots that each consist of a single line of Underlying Commodity prepared in accordance with relevant industry practice;
- (d) is grouped together in a single Australian State in no more than 4 Wool Warehouses;
- (e) is delivered in whole bales in industry standard packs for the Underlying Commodity with each bale having a minimum and maximum gross greasy weight as prescribed by the IWTO unless ASX, the Approved Clearing Facility permits the delivery in an alternative manner;
- (f) has been tested by the AWTA or other body approved by ASX in accordance with the IWTO approved testing procedures within the last 12 calendar months; and
- (g) has been appraised by AWEX or other body approved by ASX within the last 12 calendar months;
- (h) is free of any taxes or encumbrances;
- (i) is stored in a Wool Warehouse; and
- (j) it is accompanied by the Admission Documents required by the Procedures.

Amended 28/11/05

- 5.2 For the purposes of paragraph 5.1, an Underlying Commodity which is comprised of sub-lots may have any or all of the following deliverable tolerances for 1 or more sub-lots if, and only if, the weighted average of all the sub-lots meets the Applicable Standards:
- (a) a Micron range as allowed by the AWTA Objective Matched Lot (OML) testing protocol;
 - (b) a range of VM as directed by AWTA OML testing protocol;
 - (c) a range of staple length of:
 - (i) 75 mm to 100 mm (inclusive) for 19.5 Micron wool;
 - (ii) 75 mm to 105 mm (inclusive) for 21.0 Micron wool; and
 - (iii) 75 mm to 105 mm (inclusive) for 22.6 Micron wool;
 - (d) a minimum strength of 25 n/ktx; and
 - (e) a IWTO Schlumberger Dry Top and Noil Yield in a range as allowed by the AWTA OML protocol.
- 5.3 An Underlying Commodity will automatically be excluded from Deliverable Stock where any or all of the following applies:
- (a) it does not meet the requirements of paragraph 5.1, and if applicable paragraph 5.2;
 - (b) it has the characteristics of Carbonised wool;
 - (c) it has the characteristics of Cotted wool;
 - (d) it has the characteristics of Discoloured wool;
 - (e) it has the characteristics of Scoured wool;
 - (f) it has the characteristics of Slipe wool;
 - (g) it is appraised and requires prefixes, suffixes or qualifiers (except M);
 - (h) it contains Noogoora Burr; or
 - (i) ASX, the Approved Clearing Facility notifies Market Participants they have reason to believe the Underlying Commodity was sampled and graded in a manner inconsistent with these Rules.
- Amended 28/11/05
- 5.4 Subject to paragraph 14, an Underlying Commodity will be admitted to Deliverable Stock in accordance with the Clearing Rules.
- 5.5 Admission of an Underlying Commodity as Deliverable Stock is conclusive evidence binding the Seller that the Underlying Commodity meets the Applicable Standards.

6. TENDER PROCESS

- 6.1 Deliverable Stock must not be tendered for delivery unless the Maturity Date for the Open Contract falls within its Deliverable Life.
- 6.2 Subject to paragraph 14, the tender process will be administered in accordance with the Clearing Rules.

7. BUYER AND SELLER OBLIGATIONS FOR DELIVERY

Upon the Notice Day and subject to paragraph 14, these Rules and the Clearing Rules:

- (a) the Seller is obligated to make delivery of the Underlying Commodity which has been admitted to Deliverable Stock; and
- (b) the Buyer is obligated to pay the Settlement Amount in accordance with paragraph 10 which value is calculated in accordance with paragraph 9 and to take delivery of the Underlying Commodity;

in the time and manner prescribed by the Clearing Rules.

8. VALUE OF UNDERLYING COMMODITY

8.1 Fees and Taxes

At the time of admission as Deliverable Stock, the Underlying Commodity will be valued ex Wool Warehouse fees and ex wool and all other government taxes.

8.2 Differentials and Adjustments

Subject to paragraph 14, Deliverable Stock may be subject to applicable differentials and/or adjustments as may be prescribed by the Clearing Rules.

ASX will post differentials and other adjustments on its website and advise Market Participants of any amendments to differentials or adjustments by Notice.

Amended 28/11/05

8.3 Weight Tolerance Levels

Subject to paragraph 5, a Seller may tender for delivery an equivalent net clean amount of Underlying Commodity within the weight tolerance levels determined by ASX. In the event of excess above the upper tolerance level the Seller will forego all rights to such excess and the weight will be deemed to be equivalent to the upper tolerance level.

Amended 28/11/05

8.4 Excess VM Discount

The Invoice Price will be discounted by 3 cents per full VM Increment by which the VM content of the Deliverable Stock, as specified in the Admission Documents, exceeds 1%.

9. INVOICE PRICE AND SETTLEMENT VALUE

- 9.1 Subject to paragraph 14, the daily settlement price will be determined by the Approved Clearing Facility in accordance with the Clearing Rules.

Amended 28/11/05

- 9.2 Subject to paragraph 14, the Invoice Price will be the daily settlement price per net clean kilogram for the Underlying Commodity for that day on which the Approved Clearing Facility accepts the Tender Documentation, less any applicable fees, differential discounts and adjustments pursuant to paragraph 8.

Amended 28/11/05

- 9.3 Subject to paragraphs 9.4 and 14, the Settlement Value of a Futures Market Contract will be calculated by the Approved Clearing Facility by multiplying the Invoice Price by the net clean weight of Underlying Commodity accepted for tender by the Approved Clearing Facility.

Amended 28/11/05

- 9.4 The Settlement Value will be adjusted for tax and rounded to the nearest cent as follows:

- (a) multiplying the Settlement Value by the current Goods and Services Tax rate to calculate the "GST Amount"; and
- (b) adding the GST Amount to the Settlement Value.

10. PAYMENT AND RECEIPT OF SETTLEMENT AMOUNT

For the purposes of payment and receipt, the Settlement Value will be known as the Settlement Amount. The Approved Clearing Facility will issue an invoice to the Buyer by the time prescribed by the Clearing Rules stating the Settlement Amount. Subject to paragraph 14, payment of the Settlement Amount in respect of an Open Contract must be made by the time and in the manner determined by the Approved Clearing Facility.

11. DEFAULT

- 11.1 Subject to paragraph 14, if a Seller or Buyer is in default for the purposes of the Clearing Rules, the default provisions in the Clearing Rules will take effect.

12. DISPUTES

- 12.1 All documents required by paragraph 5 relating to testing and appraisal of the Underlying Commodity will be regarded as final and binding evidence of the test and the appraisal results and that the procedures and/or protocols for the conduct of the test or appraisal were conducted in the manner specified by ASX.

Amended 28/11/05

- 12.3 Where a Market Participant disputes a test result, appraisal or procedure undertaken by a testing or appraisal body, the Market Participant agrees that the testing or appraisal body is responsible and not ASX.

Amended 28/11/05

13. EXCLUSION OF LIABILITY AND WARRANTY

13.1 ASX does not make any representation or warranty concerning:

- (a) the quality or suitability for any purpose of any Underlying Commodity; or
- (b) the correspondence of any Underlying Commodity with any description or sample.

Amended 28/11/05

13.2 ASX will not have any liability for the performance by any Wool Warehouse or any testing or appraisal authority or organisation in relation to these Rules. Neither the Buyer nor the Seller will have any claim against ASX or its respective officers, employees and agents, for any loss or damage as a result of, or in connection with, any delivery of or failure to deliver, any Underlying Commodity suffered however such loss or damage may be caused.

Amended 28/11/05

14. ALTERNATIVE CLEARING FACILITY

Where a Futures Market Contract is cleared by an Alternative Clearing Facility under Rule 5.8, the admittance of the Underlying Commodity to Deliverable Stock, administration of the tender process, the Seller's obligations to make delivery of the Underlying Commodity, the valuation of the Underlying Commodity, the determination of the Invoice Price and the Settlement Value, the rules relating to default by the parties and the payment of any Settlement Amount in respect of that contract will be governed by the operating rules of that facility.

Amended 28/11/05

SCHEDULE 3 – UNDERLYING INSTRUMENTS, COMMODITIES, SECURITIES AND INDICES FOR FUTURES MARKET CONTRACTS

PART 1 UNDERLYING INDICES

S&P/ASX 50 Share Price Index (calculated by Standard & Poor's)

S&P/ASX 200 Share Price Index (calculated by Standard & Poor's)

S&P/ASX 200 Property Trusts (GIC) Sector Index (calculated by Standard & Poor's)

S&P/ASX Small Ordinaries (calculated by Standard & Poor's)

S&P/ASX Small Cap Industrials (calculated by Standard & Poor's)

S&P/ASX 200 Fin (including Property Trusts) (calculated by Standard & Poor's)

S&P/ASX 300 Fin (including Property Trusts) (calculated by Standard & Poor's)

S&P/ASX 300 Fin x Prop (calculated by Standard & Poor's)

S&P/ASX Mid Cap 50 (calculated by Standard & Poor's)

S&P/ASX Mid Cap Industrials (calculated by Standard & Poor's)

S&P/ASX 200 Resources (calculated by Standard & Poor's)

S&P/ASX 300 Resources (calculated by Standard & Poor's)

PART 2 UNDERLYING COMMODITIES

A. ELECTRICITY

NEW SOUTH WALES PEAK PERIOD

Wholesale Electricity Pool Market price for electricity bought and sold in the New South Wales region for the Peak Period as calculated by NEMMCO (National Electricity Market Management Company Limited) on a half hourly basis for the purpose of invoicing physical deliveries of electricity.

VICTORIAN PEAK PERIOD

Wholesale Electricity Pool Market price for electricity bought and sold in the Victorian region for the Peak Period as calculated by NEMMCO (National Electricity Market Management Company Limited) on a half hourly basis for the purpose of invoicing physical deliveries of electricity.

QUEENSLAND PEAK PERIOD

Wholesale Electricity Pool Market price for electricity bought and sold in the Queensland region for the Peak Period as calculated by NEMMCO (National Electricity Market Management Company Limited) on a half hourly basis for the purpose of invoicing physical deliveries of electricity.

SOUTH AUSTRALIAN PEAK PERIOD

Wholesale Electricity Pool Market price for electricity bought and sold in the South Australian region for the Peak Period as calculated by NEMMCO (National Electricity Market Management Company Limited) on a half hourly basis for the purpose of invoicing physical deliveries of electricity.

NEW SOUTH WALES OFF-PEAK PERIOD

Wholesale Electricity Pool Market price for electricity bought and sold in the New South Wales region for the Off-Peak Period as calculated by NEMMCO (National Electricity Market Management Company Limited) on a half hourly basis for the purpose of invoicing physical deliveries of electricity.

VICTORIAN OFF-PEAK PERIOD

Wholesale Electricity Pool Market price for electricity bought and sold in the Victorian region for the Off-Peak Period as calculated by NEMMCO (National Electricity Market Management Company Limited) on a half hourly basis for the purpose of invoicing physical deliveries of electricity.

QUEENSLAND OFF-PEAK PERIOD

Wholesale Electricity Pool Market price for electricity bought and sold in the Queensland region for the Off-Peak Period as calculated by NEMMCO (National Electricity Market Management Company Limited) on a half hourly basis for the purpose of invoicing physical deliveries of electricity.

SOUTH AUSTRALIAN OFF-PEAK PERIOD

Wholesale Electricity Pool Market price for electricity bought and sold in the South Australian region for the Off-Peak Period as calculated by NEMMCO (National Electricity Market Management Company Limited) on a half hourly basis for the purpose of invoicing physical deliveries of electricity.

B GRAINS

MILLING WHEAT

The deliverable grade is Australian origin and is a minimum of AWB Bin Grade APW2 as specified by the Australian Wheat Board 'Wheat Receival Standards' and tested in accordance with the Australian Wheat Board Receival Standard Procedures.

FEED WHEAT

The deliverable grade is Australian origin and is a minimum of AWB Bin Grade FED1 as specified by the Australian Wheat Board 'Wheat Receival Standards' and tested in accordance with the Australian Wheat Board Receival Standard Procedures.

FEED BARLEY

The deliverable grade is Australian origin and is a minimum of NACMA Feed Barley (F1) or equivalent as specified by the National Agricultural Commodities Marketing Association Incorporated 'Feed Barley Standards' and tested in accordance with the 'Barley Receival Standards' of the specified Bulk Handling Company. The deliverable grade must be free of any regulatory control that is applied on either a State basis or determined by crop year.

Amended 03/01/06

SORGHUM

The deliverable grade is Australian origin and is a minimum of NACMA Sorghum (SOR) or equivalent as specified by the National Agricultural Commodities Marketing Association Incorporated 'Sorghum Standards' and tested in accordance with the 'Sorghum Receival Standards' of the specified Bulk Handling Company. The deliverable grade must be free of any regulatory control that is applied on either a State basis or determined by a crop year.

Amended 03/01/06

CANOLA

The deliverable grade is Australian origin and is a minimum of the Australian Oilseed Federation 'Oilseed Quality Standards' for Canola (CAN) or equivalent and tested in accordance with the 'Oilseeds Receival Standards' of the specified Bulk Handling Company. The deliverable grade must be free of any regulatory control that is applied on either a State basis or determined by a crop year.

Amended 03/01/06

C WOOL

19.5 MICRON WOOL

The deliverable grade for 19.5 Micron Wool is:

- (a) a maximum of 19.5 microns of Merino Fleece shorn from living sheep located in Australia;
- (b) Style 5 or better of good colour with no qualifiers except M;
- (c) a minimum average of 30 n/ktx;
- (d) a minimum average staple length of 78 mm;
- (e) a VM content of 1.8% of total volume or less;
- (f) an IWTO Schlumberger Dry Top and Noil Yield of greater than or equal to 63.0%; and
- (g) a maximum average POB in the middle of less than or equal to 70% and a greater than or equal to 30% POB at the tip and base combined.

21.0 MICRON WOOL

The deliverable grade for 21 Micron Wool is:

- (a) a maximum of 21 microns of Merino Fleece shorn from living sheep located in Australia;
- (b) Style 5 or better of good colour with no qualifiers except M;
- (c) a minimum average of 30 n/ktx;
- (d) a minimum average staple length of 80 mm;
- (e) a VM content of 1.8% of total volume or less;
- (f) an IWTO Schlumberger Dry Top and Noil Yield of greater than or equal to 63.0%; and
- (g) a maximum average POB in the middle of less than or equal to 70% and a greater than or equal to 30% POB at the tip and base combined.

22.6 MICRON WOOL

The deliverable grade for 22.6 Micron Wool is:

- (a) a maximum of 22.6 microns of Merino Fleece shorn from living sheep located in Australia;
- (b) appraised as Style 5 or better of good colour with no qualifiers except M;
- (c) a minimum average of 30 n/ktx;
- (d) a minimum average staple length of 80 mm;
- (e) a VM content of 1.8% of total volume or less;
- (f) an IWTO Schlumberger Dry Top and Noil Yield of greater than or equal to 63.0%; and
- (g) a maximum average POB in the middle of less than or equal to 70% and a greater than or equal to 30% POB at the tip and base combined.

Note- "n/ktx" means newtons per kilo text

SCHEDULE 4 – OPTIONS MARKET CONTRACTS

PART 1 OPTIONS MARKET CONTRACTS OVER AN UNDERLYING INDEX

This part sets out the terms of an Options Market Contract over an Underlying Index.

1. INTERPRETATION

In this part of the Schedule, the following words and expressions have the following meanings:

"Call Option" means, in the case of an Options Market Contract over an Underlying Index, a contract which gives the Buyer the right to receive from the Seller a Settlement Amount if the OPIC is greater than the Exercise Level.

Amended 28/11/05

"Exercise Level" means the level of the Underlying Index specified by ASX as the Exercise Level of that Options Market Contract.

Amended 28/11/05

"Index Multiplier" means, in relation to an Option, \$10 per point of the Underlying Index unless:

- (a) ASX notifies Market Participants that a different multiplier will apply to an Options Market Contract before ASX opens that Options Market Contract for trading under Rule 12.1; or
- (b) that multiplier is adjusted under paragraph 2.2.

Amended 28/11/05

"Opening Price Index Calculation" or **"OPIC"** is defined in paragraph 5.1.

"Opening Traded Price" means that price of the first recorded trade on a given day for a component security in an Underlying Index that occurs on the Underlying Market.

"Put Option" means, in the case of an Options Market Contract over an Underlying Index, a contract which gives the Buyer the right to receive from the Seller a Settlement Amount if the OPIC is less than the Exercise Level.

Amended 28/11/05

"Settlement Amount" means the amount determined in accordance with paragraph 9.2.

"Settlement Value" is defined in paragraph 5.4.

2. SPECIFICATIONS DETERMINED BY ASX

2.1 When ASX opens an Options Market Contract for trading under Rule 12.1, ASX will determine:

- (a) the Underlying Index;
- (b) the Expiry Date;
- (c) the Exercise Level;
- (d) the Exercise Style (being either American-Style or European-Style);
- (e) the Exercise Price; and
- (f) the Index Multiplier.

Amended 28/11/05

2.2 ASX may, under Rule 12.3, adjust any of the terms referred to in paragraph 2.1, except that ASX will only make an adjustment where the Underlying Index ceases to exist or the method of calculating the Underlying Index changes materially and a successor index is established that uses a method of calculation that is the same or substantially similar to the method used to calculate the underlying index prior to the event.

Amended 28/11/05

3. BIDS AND OFFERS

Bids and offers for Options Market Contracts over an Underlying Index must be expressed in terms of the number of points of the relevant Underlying Index. Unless ASX prescribes otherwise, the minimum tick size is 1 point of the Underlying Index.

Amended 28/11/05

4. LAST TRADING DAY

The last Trading Day for an Options Market Contract is the Expiry Date. Trading in Options Market Contracts may continue until midday on the last Trading Day.

Amended 15/09/04, 28/11/05

5. PAYMENT OF PREMIUM

The Buyer of an Options Market Contract must pay the Premium to the Seller. Subject to paragraph 13, payment of the Premium must be made in accordance with the Clearing Rules.

Amended 28/11/05

6. EXERCISE OF OPTIONS

Subject to paragraph 13, the Buyer of an Options Market Contract may exercise the Options Market Contract by giving an Exercise Notice in accordance with the Clearing Rules.

7. OPENING PRICE INDEX CALCULATION AND SETTLEMENT VALUE

- 7.1 ASX will determine, or procure that a third party determines, the OPIC of the Underlying Index, rounded to the nearest one decimal place and will notify the Approved Clearing Facility and Market Participants of the OPIC.

Amended 28/11/05

- 7.2 Where the Underlying Index comprises Cash Market Products, the Opening Price Index Calculation (“**OPIC**”) for an Options Market Contract will be determined by reference to the Opening Traded Price for each component Cash Market Product of the Underlying Index on the Expiry Date. Where a component Cash Market Product of an Underlying Index does not have an Opening Traded Price on the Expiry Date, the last traded price will be used for the purposes of the OPIC.

Amended 28/11/05

- 7.3 The settlement value (“**Settlement Value**”) of an Options Market Contract will be determined by multiplying the OPIC by the Index Multiplier.

Amended 28/11/05

- 7.4 Where the OPIC is calculated by a third party, unless ASX determines otherwise, the OPIC first reported to ASX by that person is conclusive for the purpose of the calculation of the Settlement Value, even if the OPIC is later revised by that person or ASX later determines that the OPIC reported was inaccurate.

Amended 28/11/05

8. UNAVAILABILITY OF OPENING PRICE INDEX CALCULATION

If ASX determines that the OPIC of an Underlying Index is unreported or unavailable, ASX may:

- (a) suspend the settlement of rights and obligations of Buyers and Sellers of Options Market Contracts over that Underlying Index until ASX has access to the OPIC and is able to calculate the Settlement Value and has notified the market that the suspension is lifted; or
- (b) specify an OPIC and calculate the Settlement Value accordingly.

Amended 28/11/05

9. PAYMENT AND RECEIPT OF SETTLEMENT AMOUNT ON EXERCISE

- 9.1 Subject to paragraph 13, these Rules and the Clearing Rules, after an Exercise Notice is given by the Buyer of an Options Market Contract to the Approved Clearing Facility, the Seller must pay to the Approved Clearing Facility in accordance with the Clearing Rules (and the Buyer will receive from the Approved Clearing Facility in accordance with the Clearing Rules) the Settlement Amount if:

- (a) in the case of a Call Option, the Exercise Level is less than the OPIC; and
- (b) in the case of a Put Option, the Exercise Level is greater than the OPIC.

Amended 28/11/05

- 9.2 Subject to paragraph 13, the amount of the Settlement Amount will be determined in accordance with the Clearing Rules.

10. ADJUSTMENT TO OPENING PRICE INDEX CALCULATION

When notifying Market Participants under paragraph 7.1 of the OPIC, ASX may indicate that the OPIC has been calculated on a preliminary basis and is subject to adjustment on the following Trading Day. To the extent that an adjustment is made to the OPIC on that next Trading Day, subject to paragraph 13, the Approved Clearing Facility will adjust the Settlement Value and payment of any amount following any adjustment must be made on the next Business Day (as that term is defined in the Clearing Rules) following the adjustment.

Amended 28/11/05

11. LIMITATION OF STANDARD & POOR'S LIABILITY

In connection with trading of the Options Market Contracts over the Underlying Index, neither Standard & Poor's nor its agents/subcontractors involved in the compilation or calculation of the Underlying Index(es) will have any liability for any damages, claims, losses or expenses caused by any errors or delays in calculating or disseminating the Underlying Index.

Amended 28/11/05

12. STANDARD & POOR'S DISCLAIMER

In connection with trading of the Options Market Contracts over the Underlying Index, neither Standard & Poor's ("S&P") nor any other party involved in the compilation and calculation of the Underlying Index(es) guarantees the accuracy and/or completeness of the Underlying Index(es) or any data included therein. S&P makes no warranty, express or implied, as to the results to be obtained by any person or any entity from the use of the Underlying Index(es) or any data included therein. S&P makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the Underlying Index(es) or any data included therein. Without limiting any of the foregoing, in no event will S&P have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility thereof.

Amended 28/11/05

13. ALTERNATIVE CLEARING FACILITY

Where an Options Market Contract is cleared by an Alternative Clearing Facility under Rule 6.8, the payment and receipt of the Premium, the manner of exercise of the Options Market Contract, any adjustment to the OPIC and the determination, payment and receipt of any Settlement Amount in respect of that Options Market Contract will be governed by the operating rules of that facility.

Amended 28/11/05

PART 2

OPTIONS MARKET CONTRACTS OVER AN UNDERLYING FINANCIAL PRODUCT

This part sets out the terms of an Options Market Contract over an Underlying Financial Product.

1. INTERPRETATION

In this part of the Schedule, the following words and expressions have the following meanings:

"Call Option" means, in the case of an Options Market Contract over Underlying Financial Products, a contract which gives the Buyer the right to purchase from the Seller the Contract Size of the Underlying Financial Products at the Exercise Price.

Amended 28/11/05

"Contract Size" means the number of Underlying Financial Products the subject of the Options Market Contract determined by ASX.

Amended 28/11/05

"Exercise Value" means the Exercise Price of the Options Market Contract multiplied by the Contract Size.

Amended 28/11/05

"Put Option" means, in the case of an Options Market Contract over Underlying Financial Products, a contract which gives the Buyer the right to sell to the Seller the Contract Size of the Underlying Financial Products at the Exercise Price.

Amended 28/11/05

2. SPECIFICATIONS DETERMINED BY ASX

2.1 When ASX opens an Options Market Contract for trading under Rule 12.1, ASX will determine:

- (a) the Underlying Financial Product;
- (b) the Expiry Date;
- (c) the Exercise Price
- (d) the Contract Size; and
- (e) the Exercise Style (being either American style or European style).

Amended 28/11/05

2.2 ASX may, under Rule 12.3, adjust any of the terms referred to in paragraph 2.1.

Amended 28/11/05

3. BIDS AND OFFERS

Bids and offers for Options Market Contracts over an Underlying Financial Product must be expressed in terms of Australian Dollars.

Amended 28/11/05

4. LAST TRADING DAY

The last Trading Day for an Options Market Contract is the Trading Day prior to the Expiry Date.

Amended 28/11/05

5. PAYMENT OF PREMIUM

The Buyer of an Options Market Contract must pay the Premium to the Seller. Subject to paragraph 8, payment of the Premium must be made in accordance with the Clearing Rules.

Amended 28/11/05

6. EXERCISE OF OPTIONS

Subject to paragraph 8, the Buyer of an Options Market Contract may exercise the Options Market Contract by giving an Exercise Notice in accordance with the Clearing Rules.

Amended 28/11/05

7. AGREEMENT TO BUY AND SELL UNDERLYING FINANCIAL PRODUCTS ON EXERCISE

7.1 Subject to paragraph 8, these Rules and the Clearing Rules, after an Exercise Notice is given by the Buyer of an Options Market Contract to the Approved Clearing Facility, an agreement arises between the Buyer and the Seller of the Options Market Contract to buy and sell the relevant Underlying Financial Products, pursuant to which:

- (a) in the case of a Call Option, the Seller agrees to transfer the number of the Underlying Financial Products representing the Contract Size to the Buyer and the Buyer agrees to pay the Exercise Value to the Seller; and
- (b) in the case of a Put Option, the Buyer agrees to transfer the number of the Underlying Financial Products representing the Contract Size to the Seller and the Seller agrees to pay the Exercise Value to the Buyer.

Amended 28/11/05

7.2 Subject to paragraph 8, the purchase and sale of Underlying Financial Products under this paragraph 7 will be made in accordance with the Clearing Rules.

8. ALTERNATIVE CLEARING FACILITY

Where an Options Market Contract is cleared by an Alternative Clearing Facility under Rule 6.8, the payment and receipt of the Premium, the manner of exercise of the Options

Market Contract and the purchase and sale of any Underlying Financial Products in respect of that Options Market Contract will be governed by the operating rules of that facility.

Amended 28/11/05

SCHEDULE 5 –UNDERLYING INDICES AND FINANCIAL PRODUCTS

FOR OPTIONS MARKET CONTRACTS

PART 1 UNDERLYING INDICES

S&P/ASX 50 Share Price Index (calculated by Standard & Poor's)

S&P/ASX 200 Share Price Index (calculated by Standard & Poor's)

S&P/ASX 200 Property Trusts (GIC) Sector Index (calculated by Standard & Poor's)

S&P/ASX Small Ordinaries (calculated by Standard & Poor's)

S&P/ASX Small Cap Industrials (calculated by Standard & Poor's)

S&P/ASX 200 Fin (including Property Trusts) (calculated by Standard & Poor's)

S&P/ASX 300 Fin (including Property Trusts) (calculated by Standard & Poor's)

S&P/ASX 300 Fin x Prop (calculated by Standard & Poor's)

S&P/ASX Mid Cap 50 (calculated by Standard & Poor's)

S&P/ASX Mid Cap Industrials (calculated by Standard & Poor's)

S&P/ASX 200 Resources (calculated by Standard & Poor's)

S&P/ASX 300 Resources (calculated by Standard & Poor's)

SCHEDULE 6 – SHORT SELLING MARGIN REQUIREMENTS

1. Before a Trading Participant makes a Short Sale of an Approved Short Sale Product or an Approved Short Sale ETF on behalf of a client, the Relevant Clearing Participant must secure from the client an initial margin of cover of not less than 20% of the contract price of the Approved Short Sale Product or an Approved Short Sale ETF short sold. The Trading Participant must ensure that its Relevant Clearing Participant secures and holds the initial margin of cover from the client in accordance with this clause. The Relevant Clearing Participant must hold that cover in trust until the Short Sale has been covered by a purchase of the same number of Approved Short Sale Products or the issue of the Approved Short Sale ETFs from a third party.
2. Where the Relevant Clearing Participant acts as agent in arranging the borrowing of Cash Market Products to effect a delivery in settlement of a Short Sale, the Trading Participant must ensure that its Relevant Clearing Participant retains the margin of cover until the client has covered his short position by the delivery of replacement Cash Market Products to the lender.

Amended 28/11/05

3. Any margin of cover required by this Schedule 6 must be provided in cash or Cash Market Products admitted to Official Quotation (which are not suspended), or both. When Cash Market Products are provided in accordance with paragraph (2) they must be regarded as having a value of the lower of:
 - (a) 90% of their market price at the time the margin of cover is required from the client; or
 - (b) such value as the Trading Participant or Clearing Participant (as applicable) considers is reasonable at the time the margin of cover is required from the client, having regard to the business undertaken by the Issuer of the Cash Market Products, the relevant risk attached to the assets of the ETF, the number of Cash Market Products provided and the volatility of the market price of the Cash Market Products in the preceding period of 12 months.

Amended 28/11/05

4. Whenever the market price of:
 - (a) Approved Cash Market Products or Approved ETFs short sold rises in excess of 10% of the contract price of the Cash Market Products short sold the Trading Participant must immediately call on its selling client to provide an additional margin of cover equal to the amount of the increase. That additional cover must also be held in trust;
 - (b) Cash Market Products provided by a client as margin cover falls, the Trading Participant or Clearing Participant (as applicable) must immediately call on the selling client to provide to the Trading Participant or Clearing Participant (as applicable) an additional margin of cover. That additional cover must also be held in trust.

Amended 28/11/05

5. In addition to the requirements of paragraphs (1), (2), (3) and (4) a Trading Participant or Clearing Participant (as applicable) may require its selling client at any time to pay or provide security for 100% of the current cost of closing out a Short Sale at the point of time the demand is made.

6. The following business entities are exempted from the requirements contained in paragraphs (1), (2), (3), (4) and (5) above:
- (a) Australian Life Insurance Companies with assets of statutory funds held in Australia exceeding \$30 million;
 - (b) Australian General Insurance Companies provided they are authorised by the Insurance Commissioner to undertake general insurance business and their total tangible assets exceed their total liabilities by no less than \$30 million as at the date of its last published audited balance sheet;
 - (c) Superannuation, Retirement and Pension Funds whose net assets are in excess of \$30 million as at the date of its last audited balance sheet and which has satisfied ASXL that the constituent documents of the Fund empower the Fund to enter into the appropriate contract;
 - (d) ADIs provided they have net assets in excess of \$30 million as at the date of their last published audited balance sheet or which lodge with ASX an approved Bank or insurance company bond or indemnity in the amount of \$30 million guaranteeing the performance of all short sale contracts entered into. ASX may in its absolute discretion refuse to approve a bond for the purposes of this Schedule;
 - (e) Investment Companies provided they have net assets in excess of \$30 million as at the date of their last published audited balance sheet and are listed on ASX's market.
7. If the client:
- (a) fails to provide margin of cover to the Relevant Clearing Participant; or
 - (b) having been called upon to provide an additional margin of cover or additional Cash Market Products, fails to do so by the commencement of the next trading session after the demand is made, the Trading Participant or the Relevant Clearing Participant (as applicable) may proceed to close out, or cause to be closed out, the Short Sale at the client's risk and expense.

Amended 28/11/05

8. If a profit results from the action taken by the Trading Participant pursuant to paragraph 7, the Relevant Clearing Participant will account to the client for the profit. If a loss results, the client will account to the Trading Participant or Relevant Clearing Participant (as applicable) for the loss.

SCHEDULE 7 – FORWARD DELIVERY LEGAL TITLE AND DEPOSIT REQUIREMENTS

1. LEGAL TITLE REQUIREMENTS

Before a Trading Participant makes a Forward Delivery Transaction on behalf of a selling client, it must:

- (a) notify its Relevant Clearing Participant (if applicable); and
 - (b) if the Trading Participant is a Relevant Clearing Participant:
 - (i) secure from the client the Cash Market Products subject of the Forward Delivery Transaction; or
 - (ii) satisfy itself that the client:
 - (A) is the registered holder;
 - (B) has the legal right to become the registered holder; or
 - (C) has the irrevocable right to call for delivery to the buying client,
- of the Cash Market Product the subject of the Forward Delivery Transaction, and is legally entitled or authorised to sell or dispose of those Cash Market Products; or
- (c) if the Trading Participant is not a Clearing Participant, ensure that its Relevant Clearing Participant has complied with paragraphs 1(b)(i) and (ii).

Amended 28/11/05

2. DEPOSIT REQUIREMENTS

- (a) Before a Trading Participant makes a Forward Delivery Transaction on behalf of a buying client, the Trading Participant must ensure that its Relevant Clearing Participant secures from the client:
 - (i) an initial deposit of not less than 25% of the consideration payable in respect of the Forward Delivery Transaction; and
 - (ii) where that consideration exceeds the market value of the relevant Cash Market Products at the time of the transaction - a margin equal to the difference between the consideration and the market value of the Cash Market Products.
- (b) For the purposes of paragraphs 2(a), 2(c) and 2(d) the aggregate amount held as margin and deposit must not exceed the consideration payable in respect of the Forward Delivery Transaction.
- (c) Where the market price of the Cash Market Products subject to the Forward Delivery Transaction changes by at least 10% of the consideration payable in respect of the

Forward Delivery Transaction, the Trading Participant or its Relevant Clearing Participant (as applicable) acting for the buying client must, as applicable:

- (i) immediately call on its client to provide; or
- (ii) repay to the client upon request by the client,

the amount necessary to maintain a margin equal to the difference between that consideration and the market value of those Cash Market Products.

- (d) Where the market value of any Cash Market Products the subject of Official Quotation and accepted by a Clearing Participant as whole or part of the deposit or margins of cover prescribed in this Schedule 6 changes by at least 10% of the Forward Price the Trading Participant or Relevant Clearing Participant (as applicable) acting for the buying client who lodged such Collateral Securities must, as applicable:

- (i) immediately call on its client to provide; or
- (ii) repay to the client upon request by the client,

the amount necessary to maintain the percentage of the Forward Price originally secured by the Collateral Securities.

Amended 28/11/05

3. REMEDY IN EVENT OF DEFAULT BY CLIENT

- (a) If the buying client who has been called on to provide a margin fails to comply within one Trading Day from the date of request the Trading Participant or the Clearing Participant concerned (as applicable) may as against and at the risk of its client proceed to sell out, or cause to be sold out, such of the Cash Market Products subject to the Forward Delivery Transaction in question as are necessary to provide for due completion of the Forward Delivery Transaction.
- (b) A Trading Participant or Clearing Participant (as applicable) who takes action in accordance with paragraph 3(1) must immediately notify the relevant circumstances to ASX.

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SCHEDULE 8 DELIVERY AND SETTLEMENT OF NON-CS APPROVED PRODUCTS

1 DEFINITIONS

For the purposes of this Schedule 8:

“Broker” means a Clearing Participant that has Settlement Obligations in respect of a Market Transaction in a Non-CS Approved Product which is not eligible for settlement by electronic transfer and registration.

“Benefit”, in clause 4, means a benefit accruing to the holders of Non-CS Approved Products on the relevant Record Date, such as, without limitation, a dividend, interest payment, capital return or other payment or the issue of a security.

“Cash Benefit” means a Benefit which is a dividend, interest payment or capital return.

“Cash Adjustments” for the purpose of clause 4, has the meaning given in clause 4.3.

“Buying Broker” means, in relation to a Market Transaction in respect of Non-CS Approved Products, the Broker which is entitled to delivery of Non-CS Approved Products and is obliged to pay for those Non-CS Approved Products.

“Delivery Obligation” means the obligation of a Broker to deliver a specified quantity of units of a Non-CS Approved Product to another Broker or Brokers on a Settlement Day by means of a paper based transfer and any other documents necessary to effect registration of ownership of the Non-CS Approved Product.

“ED” means:

- (a) the day on or by which a right in respect of a Benefit (such as a right to acquire securities) must be exercised or the date by which an election or nomination must be made in respect of a Cash Benefit (such as an election as to whether to take such Cash Benefit in specie or by way of an issue of securities);
- (b) the date, in respect of a priority Benefit, on which the priority lapses;
- (c) the date, in respect of an issue of renounceable rights, by which renunciation forms must be received by the Issuer to be valid; or
- (d) the date, in respect of a specific entitlement of non-renounceable rights, by which acceptance of the rights offer must be lodged with the Issuer to be valid.

“ED-N” means the day which is N Business Days before ED (and terms such as ED-1, ED-2 etc have corresponding meanings).

“Mark” in respect of a transfer of Non-CS Approved Products means the certification of transfers by a Marking Body or the Issuer of the Non-CS Approved Products as to the number of units of the Non-CS Approved Product represented by each transfer.

“Marking Body” means:

- (a) a Broker;
- (b) The New Zealand Stock Exchange;
- (c) The London Stock Exchange;
- (d) an organisation which enters into a written agreement with ASX confirming it will comply with the appropriate requirements relating to the Marking of transfers.

“RD-N” means the day which is N Business Days before the Record Date (and terms such as RD-1, RD-2 etc have corresponding meanings).

“Record Date” or **“RD”** means the date determined by an Issuer as the date by which Transfers must be received for the purpose of identifying the persons entitled to the benefit of a Corporate Action.

“Selling Broker” means the Broker which is obliged to deliver Non-CS Approved Products and is entitled to receive payment for those Non-CS Approved Products.

2. APPLICATION OF THIS SCHEDULE

This Schedule applies only to transactions in Non-CS Approved Products.

Note: This Schedule only applies to settlement of transactions on ASX markets which are not eligible to be settled using electronic transfer and registration facilities.

3. VALID DELIVERY DOCUMENTS

3.1 Document validity – Selling Broker

The Selling Broker will be responsible for the validity of all documents of title delivered to the Buying Broker.

3.2 Incomplete transfer documents

A Buying Broker may refuse delivery of a transfer of Non-CS Approved Products where the details specified in the Procedures have not been inserted by the Selling Broker.

3.3 Partial delivery by consent

Deliveries of Non-CS Approved Products (which may constitute one or more documents) must represent the exact quantity sold in each case unless the Buying Broker consents, in which case there may be partial delivery.

3.4 Rejected transfers

If a Buying Broker wishes to reject back to a Selling Broker a transfer of Non-CS Approved Products which has been completed with transferee detail or validated in Part 2, or both, then prior to return of the transfer the transferee detail and validation section of Part 2 of the transfer must be cancelled by the affixing of a cancellation stamp through Part 2 of the transfer.

3.4 Receipts for deliveries

Upon delivery of Non-CS Approved Products direct to a Buying Broker's office a Selling Broker is entitled to receive an acknowledgement from the Broker bearing the initials of the receiving clerk and the Broker's stamp.

4 SETTLEMENT OF NON-CS APPROVED PRODUCTS QUOTED "EX" OR "CUM" A BENEFIT

4.1 Sale "cum"

When a transfer of Non-CS Approved Products in relation to a sale on a "cum" basis in respect of a Benefit is delivered:

- (a) on or after RD-2:
 - (i) The Selling Broker:
 - A. must (or, in the case of a specific entitlement of non-renounceable rights or a right to participate in a bonus issue not subject to ratification, may) allow a Cash Adjustment to the Buying Broker at settlement (unless otherwise agreed or, in the case of a specific entitlement of non-renounceable rights, the Buying Broker advises the Selling Broker before the final date of closing of acceptances that it does not wish to participate in the issue) in lieu of the Benefit; and
 - B. must endorse the Security description on the transfer "ex".
 - (ii) The Buying Broker:
 - A. must not lodge the transfer for registration until after RD. If the Buying Broker lodges the transfer for registration in breach of this provision it must refund to the Selling Broker the Cash Adjustment under paragraph (a)(i)(A) on the Business Day following the payment Date (notwithstanding any breach by the Selling Broker of its obligations under paragraph (a)(i)(B); and
 - B. except in the case of a Cash Benefit, repay the Cash Adjustment to the Selling Broker upon delivery to the Buying Broker by the Selling Broker of the Benefits (or, in the case of a specific entitlement of non-renounceable rights, the Buying Broker does not wish to participate).
- (b) on or before RD-3:
 - (i) the Selling Broker will not be responsible to the Buying Broker for the Benefit in the event that the transfer is not registered before RD; and

- (ii) the Buying Broker will have no claim against the Selling Broker for the Benefit but may lodge a claim with the Selling Broker against the seller. Claims will be made and dealt with in accordance with the Procedures.

4.2 Sale “ex”

When a transfer of Non-CS Approved Products in relation to a sale on an “ex” basis in respect of a Benefit is delivered on or prior to RD:

- (a) the Selling Broker must:
 - (i) endorse the Security description on the transfer “ex”; and
 - (ii) if the Buying Broker breaches its obligations under paragraph (b)(ii) below, give written notice to the Buying Broker of particulars of the relevant loss in accordance with the Procedures;
- (b) the Buying Broker must:
 - (i) not lodge the transfer with the Issuer for registration on or prior to RD; and
 - (ii) if the Buying Broker lodges the transfer for registration in breach of paragraph (b)(i), be responsible to the Selling Broker for any loss caused (notwithstanding any breach by the Selling Broker of paragraph (a) and must compensate the Selling Broker for that loss in the manner set out in the Procedures.

4.3 Cash Adjustment

A Cash Adjustment, for the purposes of this clause 4:

- (a) where the Benefit is a Cash Market Product:
 - (i) is a value determined by ASX when a Selling Broker has not delivered Non-CS Approved Products sold “cum Bonus”, “cum Entitlement” or “cum Rights” by RD-3 to determine shareholders to participate in an issue of Benefit;
 - (ii) will represent an amount in lieu of the accruing Benefit; and
 - (iii) will be made for all accruing Benefits notwithstanding that some or all of the accruing Benefits may be issued for no cash consideration; or
- (b) where the Benefit is a Cash Benefit, is an amount equal to the relevant Cash Benefit.

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4.4 Special provisions for particular types of Benefit

4.4.1 Bonus Issues subject to ratification

In respect of sales of Non-CS Approved Products “cum bonus” where the bonus issue is subject to ratification, unless otherwise arranged with the Buying Broker, the Selling Broker must not deliver Non-CS Approved Products during the period from RD-2 to the day on which a Bonus issue subject to ratification is ratified by members (both days inclusive).

4.4.2 Renounceable rights

In respect of sales of Non-CS Approved Products which are renounceable rights, the rights must not, other than as determined by ASX or by arrangement with the Buying Broker, be delivered on or after ED-2. If delivery is made on or after that date, rule 4.6 applies.

4.4.3 Rights Issues subject to ratification

In respect of a sale of Non-CS Approved Products “cum rights” where the relevant right issue is subject to ratification by a meeting of holders of relevant securities, the Non-CS Approved Products rights shall not, other than as determined by ASX or by arrangement with the Buying Broker, be delivered on or after the later of RD-5. and the first Business Day after ratification by members.

4.4.4 Specific Entitlements of non-renounceable rights

In respect of a sale on Non-CS Approved Products “cum” a specific entitlement of non-renounceable rights, the Buying Broker shall have the right to request the Selling Broker to pay to the Issuer where appropriate application money in excess of the minimum; such excess amount shall be provided by the Buying Broker on or before ED-5. The Buying Broker may require acknowledgement from the Selling Broker of the receipt of such excess amount.

4.4.5 “Cum” priority

- (a) Non-CS Approved Products sold “cum priority” may be delivered by a Selling Broker on a continuing basis but when not delivered by RD-3, the Buying Broker on or before ED-5, must advise the Selling Broker in writing of the amount of the new issue securities for which application is desired and must place the seller in funds to the extent of the required application money. The Buying Broker may require acknowledgement from the Selling Broker for such payment. Where the priority is to a fixed entitlement not being a pro rata entitlement then the provisions of Listing Rule 7.12 must apply.
- (b) When Non-CS Approved Products are sold “cum priority” and are delivered by the Selling Broker on or before RD-3 but are not transferred to the buyer's name on a “cum priority” basis and the buyer decides to participate in the issue, the Buying Broker on or before the ED-5, must claim on the original Selling Broker in writing for the number of new issue securities for which application is desired, and must place the seller in funds to the extent of the required application money. The Buying Broker may require acknowledgement from the original Selling Broker for such payment. The request for protection must also include details of:
 - (i) the original Selling Broker's code and Transfer Identification Number;
 - (ii) the name of the transferor;
 - (iii) the actual date of purchase by the claimant.

4.5 Elections in respect of Cash Benefits and Sale of Rights, Option Securities or Convertible Securities

If:

- (a)

- (i) Non-CS Approved Products (which are renounceable rights, option Securities or convertible Securities) the subject of a Market Transaction are not delivered to the Buying Broker by ED-3 (or ED-2 in the case of renounceable rights), and the buyer of the Non-CS Approved Products wishes to exercise, to convert or to make an election in respect of the Non-CS Approved Products, or (in the case of renounceable rights) to apply for the relevant securities, or
- (ii) Non-CS Approved Products the subject of a sale “cum” a Cash Benefit in respect of which an election or nomination may be made, the Buyer wishes to make such election or nomination and the ED in respect of that election or nomination is on or after RD in respect of the Cash Benefit:
 - C. (1) in the reasonable opinion of the Buying Broker may remain undelivered to the Buying Broker as at RD-3; or
 - D. (2) are returned to the Selling Broker as unregistrable on or after RD-3, then:
- (b) the Buying Broker shall on or before ED-2 (if paragraph (a)(i) applies), ED-5 (if paragraph (a)(ii)(1) applies) or the day upon which the Non-CS Approved Products or transfer is returned to the Selling Broker (if paragraph (a)(ii)(2) applies) advise the Selling Broker in writing of the buyer’s exercise or conversion instructions and (if necessary place the Selling Broker in funds necessary to effect the instructions).

In the case of renounceable rights, however, the Buying Broker will be taken to have instructed the Selling Broker to apply to the Issuer for the Securities to be issued pursuant to such right such that the amount of application money payable by the seller shall not exceed the minimum required by the Issuer if it has not instructed the Selling Broker by no later than 3.00pm on the last day of delivery of rights that:

- (i) protection is not required; or
- (ii) that protection is required and payment of application money in excess of the minimum is to be made, in which case such excess shall be provided by the Buying Broker at that time) and the Selling Broker shall protect the buyer by applying to the Issuer for such Securities; and
- (c) the Selling Broker must:
 - (i) take immediate action to effect the instructions;
 - (ii) send to the Buying Broker, on request, a written notice acknowledging exercise or conversion;
 - (iii) effect delivery of the products issued to it in respect of the exercise or conversion within five Business Days of issue or dispatch of list of allotments.

4.6 Acceptance of Securities as delivered – Special Markets

4.6.1 General

- (a) Subject to paragraph 4.6.2 and notwithstanding anything to the contrary in any other provision of this Schedule, when in a market established in accordance with Rule 16.7,

a transaction in a Non-CS Approved Product is executed on a 'cum' benefit basis during a period when normal trading in the Security is on the basis of 'ex' the Benefit, then, on demand by the seller:

- (i) delivery of the Non-CS Approved Product must be made on the basis of 'cum' the Benefit on any Business Day following the date of the transaction up to but not including the Record Date; and
 - (ii) the Buying Broker must not refuse delivery and shall also ensure that the settlement documents are lodged with the Issuer for registration prior to the Record Date; or
- (b) If the Non-CS Approved Products are not registered prior to the Record Date, any subsequent claim by the buyer for the Benefit may be satisfied by provision of the Benefit actually distributed to the transferor.

4.6.2 Specific entitlements of renounceable rights

Notwithstanding anything to the contrary in any other provision of this Schedule 8, when in a market established in accordance with Rule 16.7, a transaction in a Non-CS Approved Product is executed on a "cum entitlement" basis with respect to a specific entitlement or non-renounceable rights, during a period when normal trading for the Non-CS Approved Product the subject of the transaction is "ex entitlement" and the Buying Broker requires protection in respect of the entitlement:

- (a) Where the transaction is effected before the ED-5, the Buying Broker must, on or before ED-5, advise the Selling Broker in writing of the number of Securities for which protection is required and attach to the advice sufficient application money for that number of Securities;
- (b) Where the transaction is effected on or after ED-5 the Buying Broker must, no later than the close of business on the Business Day following the date of the transaction, advise the Selling Broker in writing of the number of Securities for which protection is required and attach to the advice sufficient application money for that number of Securities;
- (c) The Selling Broker must acknowledge in writing receipt of the notice referred to in paragraphs (a) or (b) and protect the Buying Broker by lodgement with the Issuer of the relevant entitlement form and application money prior to or on ED;
- (d) Where the transaction is effected on ED, the Selling Broker must in respect of all of the entitlements attaching to the Non-CS Approved Products, protect the Buying Broker by immediate lodgement with the Issuer of the relevant entitlement form and sufficient application money and the Buying Broker must on the following Business Day, provide to the Selling Broker the applicable application money; and
- (e) The Selling Broker must deliver to the Buying Broker the Securities the result of the protection within seven Business Days of the date of despatch of certificates or list of allotments to the security holder's uncertificated account.

4.7 Dividend Withholding Tax

4.7.1 Withholding Tax Commonwealth of Australia

When Non-CS Approved Products owned by a non-resident are sold “cum dividend” or “cum interest” and delivered with an adjustment for dividend or interest the Selling Broker must be responsible to the Buying Broker for the full amount of the dividend or interest. It will be the Selling Broker's responsibility to lodge an application for the refund of withholding tax with the Deputy Commissioner of Taxation.

When Non-CS Approved Products sold cum dividend are delivered by the Selling Broker in the name of a non-resident, on or before the third Business Day prior to and inclusive of the Record Date and a claim for dividend is received, the non-resident seller will be responsible for the amount of the dividend less withholding tax. The Selling Broker must supply the name and address of the seller to the claiming Broker who will be responsible for the lodgement of an application for the refund of withholding tax with the Deputy Commissioner of Taxation.

4.7.2 Withholding Tax - Overseas

When a transfer of Non-CS Approved Products of an Issuer subject to other than Australian income tax or Australian withholding tax is sold “cum dividend” and is delivered during the last two Business Days prior to and inclusive of the Record Date or on any date thereafter, the Selling Broker must allow the Australian currency equivalent of the dividend less the minimum overseas tax payable by an Australian resident.

4.7.3 United Kingdom withhold tax

A Buying Broker must not settle a dividend with its buying client for shares in a United Kingdom company or body corporate, purchased “cum dividend” but not registered before the Record Date until:

- (a) the client has completed the appropriate form of declaration to enable him to qualify for the lower rate of United Kingdom withholding tax and lodged such form with the company or body corporate when the transfer is lodged for registration. When the company or body corporate has approved the form of declaration the Broker must then settle the dividend with its client, after deducting the lower rate of United Kingdom withholding tax, or
- (b) the client has notified the Broker that, having read the conditions contained in the declaration form he is not eligible to complete the declaration or alternatively, the company or body corporate does not approve a form completed by him, the Broker must then settle the dividend with its client less the full rate of United Kingdom withholding tax. The Broker must pay the difference between the full rate and the lower rate of United Kingdom withholding tax to the company or body corporate when the transfer is lodged for registration.

4.7.4 Claims

When Non-CS Approved Products are purchased “cum dividend” and delivered by the seller before the last two Business Days prior to and inclusive of the Record Date but are not transferred to the buyer's name on a “cum” basis, the original seller is only responsible to the buyer for the tax paid amount received by him from the Issuer.

5 MANNER OF SETTLING BONDS AND STOCK

- 5.1 Settlement between Brokers of transactions in Commonwealth and Semi-Government loans will be by way of transfer and acceptance of Inscribed Stock.
- 5.2 Unless otherwise agreed, all deliveries of Commonwealth Inscribed Stock in settlement of a transaction will be on the register maintained in the State of that transaction.
- 5.3 In respect of “cum interest” transactions in Commonwealth Government or Semi-Government loans, where settlement takes place after the closing date of the Inscribed Stock Register, the settlement price will be adjusted by the amount of the interest payment.
- 5.4 Irrespective of whatever denominations of Inscribed Stock are delivered, the amount of interest is to be calculated on the total face value of the Securities involved in the transaction. Where the amount of interest thus determined results in a fraction of a cent, that fraction will be disregarded.

6 BROKERS' STAMPS

- 6.1 Brokers must stamp documents in accordance with the Procedures.
- 6.2 A reference in this schedule or the procedures to a Buying or Selling Broker's certification stamp or “Correction Guaranteed” stamp includes a certification stamp or “Correction Guaranteed” Stamp of a settlement agent acting on behalf of a Broker.

7 DOCUMENTS - MARKED TRANSFERS

- 7.1 A transfer of Non-CS Approved Products for which Official Quotation has been granted or Securities quoted on a Recognised Stock Exchange is valid delivery without the relevant certificate attached provided that such transfer has been Marked by the Issuer or a Marking Body.
- 7.2 Transfer of Commonwealth Government inscribed stock or of inscribed stock of any constituted authority shall be valid delivery when they bear thereon a certification by the appropriate registry that stock to cover the transfer is inscribed in the name of the transferor.
- 7.3 A Marked transfer shall not be good delivery during the last five Business Days currency of the Marking. The currency of a Marked transfer shall not be extended. Any extension of a Marking shall invalidate the transfer for delivery purposes.

8 FACSIMILE TRANSMISSION OF NON-CS APPROVED PRODUCTS

For the purpose of this paragraph 8:

- 8.1 **“Delivering Broker”** means the Broker which transmits by facsimile transmission details of Non-CS Approved Products in fulfilment of a selling obligation.

“Receiving Broker” means the Broker which receives by facsimile transmission details of Securities in fulfilment of a purchase obligation.
- 8.2 Where details of Non-CS Approved Products are transmitted by facsimile transmission in accordance with paragraph 8.3 the Delivering Broker warrants that it holds a split transfer or

renunciation and split transfer referred to in paragraph 8.3 duly completed by the Delivering Broker and to which the Delivering Broker's stamp in ink has been affixed in accordance with Regulation 7.11.05(1) of the Corporations Regulations.

8.3 Delivery details of Non-CS Approved Products may be transmitted by facsimile, by the Selling Broker transmitting to the Buying Broker:

- (a) an interbroker faxing advice duly completed; and
- (b) a true copy of the split transfer or renunciation and split transfer referred to in paragraph 8.2 which must include:
 - (i) A Marking Stamp with certificate details and unique identifier as inserted by the Marking Body;
 - (ii) Validation by the Delivering Broker in Part 1 of the split transfer or renunciation and split transfer;
 - (iii) Cancellation by the Delivering Broker by the affixing of a cancellation stamp through Part 2 of the split transfer or renunciation and split transfer.

8.4 Transmission of delivery details may only be made between Brokers prior to 12.15 pm Eastern Standard/Summer Time as applying in NSW and Victoria.

8.5 The Receiving Broker is obliged to accept a facsimile transmission transmitted in accordance with paragraph 8.3 and must transpose the relevant details contained in the split transfer or renunciation and split transfer referred to in paragraph 8.2 to a new split transfer or renunciation and split transfer and validate in Part 1 prior to on delivery, or registration as the case may be.

8.6 Brokers must ensure the availability of a duly designated facsimile machine for the receipt of transmitted delivery details, which should be operational during normal business hours for the receipt of transmitted deliveries.

9 DOCUMENTS - REGISTRATION

9.1 Transfers - Renunciations

9.1.1 For the purposes of this clause 9:

“transfers” or “renunciations” are in relation to Non-CS Approved Products and shall include **“split transfers”** and **“split renunciations”**.

9.1.2 Except where transfers or renunciations require the transferee's signature:

- (a) The Buying Broker must forward Security or Brokers Transfers to the Issuer for registration within three Business Days of receipt of documents from the Selling Broker, provided that when the books of an Issuer close for any purpose all transfers in its possession must be lodged with the Issuer before the registers close, unless the transfers are in respect of a transaction settled on an “ex entitlement” basis.
- (b) When the Buying Broker is not able to complete the transfers with the buyer's full name and address pursuant to paragraph 9.1.2(a), it shall nominate the Non-CS Approved Products.

- (c) Except where a Broker purchases Securities pursuant to paragraph 9.1.2(d), it must obtain the buyer's details from its principal to enable it to comply with paragraph 9.1.2(a) and must not forward transfers or renunciations to any person who is not an Affiliate or Market Participant unless:
- (i) authorised to do so by ASX and subject to the conditions laid down by ASX; or
 - (ii) the person is the settlement agent of the Broker;
 - (iii) pursuant to the provisions of paragraph 9.1.2(c)(i) ASX has authorised the release of transfers or renunciations to a party which is any one of the following:
 - (A) an ADI;
 - (B) a member of the Trustee Companies Association; or
 - (C) a person acting in a fiduciary capacity who requests transfers or renunciations to be delivered to him,
 and the party has entered into a transfer lodgement performance agreement with ASX, provided that the Buying Broker completes part 2 of such transfers or renunciations with respect to the transferee's details, and attaches the advice of lodgement for registration required by paragraph 9.2;
- (d) When a Broker purchases Securities for or on behalf of a member of The London Stock Exchange for settlement through the TALISMAN system, the Broker may forward the Transfer(s) and/or Renunciation(s) to the local office/agency of The London Stock Exchange, without completion of the buyer's details.

9.1.3 Unless permitted by an Issuer's constitution, a Broker must not in respect of a purchase of Non-CS Approved Products, lodge a transfer of Non-CS Approved Products which, if registered, would result in a buying client holding less than a Marketable Parcel of those Non-CS Approved Products.

9.2 Advice of Lodgements - Issuer

All transfers and renunciations in relation to Non-CS Approved Products forwarded to Issuers for registration must be accompanied by an Advice of Lodgement for Registration. The Advice must be dated and include:

- (a) number of units;
- (b) the names of the transferor;
- (c) the names of the transferee;
- (d) the register in which the Securities are to be registered;
- (e) the certificate or reference number relative to each transfer,

provided that where all transfers and renunciations are micro-filmed before lodgement and are suitably referenced, the advice of lodgement need not contain the details set out in paragraphs (a) to (e) above.

9.3 Advice of Lodgement - Client

The Buying Broker may on the day transfers or renunciations are forwarded to the Issuer in relation to Non-CS Approved Products, advise its clients that Securities have been forwarded to the Issuer for registration. The advice shall be in writing and be dated and shall include:

- (a) the name of the Issuer;
- (b) the number and class of Security;
- (c) the full name and address of the transferee.

A client must be advised if Non-CS Approved Products are not forwarded to the Issuer for registration within six weeks of the date of purchase.

10 DOCUMENTS - RENUNCIATIONS

- 10.1 A security renunciation and transfer or a Broker's renunciation and transfer will be good delivery of Non-CS Approved Products if Marked by the Issuer or a Marking Body.
- 10.2 An unmarked security renunciation and transfer for the exact number of rights sold in a transaction, and to which is attached the relevant letter of entitlement duly cancelled by the Selling Broker will be good delivery.

11 QUOTED SECURITIES - VALID

In the case of an Issuer admitted to the official list only such Securities as have been granted official quotation by ASX will constitute valid delivery.

12 FAILURE TO DELIVER – FAIL FEES

If a Broker fails to deliver Non-CS Approved Products on the required date for settlement (under Section 5 of the Rules), ASX may at its discretion charge the Broker which failed to deliver the Non-CS Approved Products a fee in respect of the failure to deliver.

13 CONTINUED ABILITY TO MARK

- 13.1 In relation to Non-CS Approved Products, Marking Bodies must at all times perform Markings in an efficient and accurate manner and in accordance with the Procedures.
- 13.2 Where ASX has reason to believe that a Marking Body is not performing Markings in an efficient or accurate manner, ASX may at its discretion, advise Brokers that, as from a date specified in the advice and until further notice to the contrary, transfers Marked by the Marking Body will not be valid delivery in terms of this Schedule.

SCHEDULE 9 RULES OF DIVISION 3 COMPENSATION ARRANGEMENT

1. INTRODUCTORY

These are the Compensation Rules of the ASX Compensation Arrangement established pursuant to Division 3 of Part 7.5 of the Corporations Act. These Compensation Rules have effect as a contract under seal between ASX and each Market Participant.

2. ESTABLISHMENT, INVESTMENT AND HOLDING OF THE FUND

- (a) The initial amount of the Fund is \$2,000,000.
- (b) The Authority must, until the Fund is applied for the Purposes of the Fund or disbursed in accordance with these Compensation Rules, invest the Fund in accordance with section 892C of the Corporations Act or kept in accordance with section 892B of the Corporations Act.

3. PURPOSES OF THE FUND

The Purposes of the Fund are:

- (a) to meet Permitted Claims on the Fund in accordance with these Compensation Rules;
- (c) to meet Disbursements of the Fund;
- (d) to make Permitted Returns of the Fund;
- (e) to invest the Fund as provided for under section 892C of the Corporations Act;
- (f) such other purposes as the Authority considers necessary with regard to the other Purposes of the Fund.

4. DISBURSEMENTS OUT OF THE FUND

The Authority may pay out of the Fund in such order as it deems proper:

- (a) all legal and other expenses incurred in investigating or defending claims made under the Compensation Rules or incurred in relation to the Fund or in the exercise by the Authority or its delegates or officers of any rights, powers, authorities or duties vested in or imposed on it under these Compensation Rules or otherwise in relation to the Fund or the Purposes of the Fund;
- (g) all premiums payable in respect of contract of insurance or indemnity entered into by or on behalf of the Authority;

- (h) the expenses incurred in the administration of the Fund, including the salaries and wages of persons employed by or seconded to the Authority, its board or the Claims Review Panel in relation to the fund;
- (i) all other money payable out of the Fund in accordance with these Compensation Rules or law.

5. CLAIMS ON THE FUND

- (a) The Claims Review Panel must consider claims on the Fund by claimants for the compensation of Relevant Entrusted Property Losses, if the claimants:
 - (i) claim to have suffered a Relevant Entrusted Property Loss;
 - (ii) have notified the Claims Review Panel in the Required Form (by delivery to the Authority addressed to “the Secretary, Claims Review Panel”) setting out sufficient details of the claim within 6 months of the claimant became aware of the Relevant Entrusted Property Loss or, if a notice has been published under clause 10, by no later than the date specified in that notice; and
 - (iii) if the claim is in respect of a Relevant ASXF Entrusted Property Loss, the claimant has provided the Authority with a deed of release in a form acceptable to the Authority and ASXF, releasing ASXF from any liability in respect of the claim.
- (b) The Claims Review Panel must consider claims notified in accordance with paragraph (a) in a reasonable time having regard to the information provided in support of the claim and the circumstances of the claim.

6. THE CLAIMS REVIEW PANEL

- (a) The Board must, by resolution, appoint a Claims Review Panel comprising not fewer than 3 and not more than 5 persons, at least one of whom is also a member of the Board.
- (b) The Claims Review Panel may be paid such remuneration as the Authority considers appropriate.
- (c) Decisions of the Claims Review Panel must be determined by a majority vote of the Claims Review Panel.
- (d) The Claims Review Panel must notify the relevant claimant and the Market Participant in relation to a claim of the outcome of the Claims Review Panel’s deliberations in respect of that claim in writing.
- (e) The Board must only appoint such persons to the Claims Review Panel who it believes have appropriate experience in the fields of financial markets, law, accounting or such other field of activity as the Board considers relevant.

7. PAYMENT OF CLAIMS

- (a) If the Claims Review Panel decides, in accordance with clause 6 that a Claim is established, it must determine, subject to this clause 7 and clause 8, what compensation will be paid out of the Fund to meet the claim.
- (b) Subject to these Compensation Rules and the limitations set out in Part 7.5 of the Corporations Act, the amount of compensation to be paid in respect of a Relevant Entrusted Property Loss must be not less than the sum of:
 - (i) The actual pecuniary loss suffered by the claimant, calculated by reference to the market value of any relevant assets or liabilities as at the date on which the loss is suffered; and
 - (ii) The claimant's reasonable costs of, and disbursements incidental to, the making of the claim.
- (c) The amount of compensation payable in respect of a claim may be reduced by reference to:
 - (i) a right of set-off available to the claimant;
 - (ii) the extent to which the claimant was responsible for causing the loss.
- (d) In addition to any compensation that is payable under these Compensation Rules, interest is payable out of the Fund on the amount of the compensation, less any amount attributable to costs and disbursements, at the prescribed rate calculated from and including the day on which the pecuniary loss was suffered until the day on which the claim is satisfied.
- (e) In other provisions of this Division a reference to "Relevant Entrusted Property Loss" includes (unless the contrary intention appears) a reference to interest payable in accordance with section 885E(5)).
- (f) The Authority must, subject to the limitations set out in these Compensation Rules, satisfy claims established in accordance with these Compensation Rules, by making a lump sum payment to the successful claimants.

8. MONETARY LIMITATIONS ON CLAIMS

- (a) The Compensation Payment to any Claimant in respect of any Claim or series of Claims arising out of the same circumstances will not exceed \$100,000. In this regard a Claim will be considered to arise out of the same circumstances if it arises out of property having been given or entrusted to a single Market Participant.

If:

- (i) a person makes or has made another claim against the Fund or against any Division 3 or Division 4 arrangements or under any law or contract, in respect of a loss suffered by the person and that claim has been allowed by the relevant court or body; and
- (ii) the person or another person makes a Claim against the Fund for compensation in respect of the same loss,

the Claim against the Fund must not be allowed unless the Claimant satisfies the Tribunal that the Claimant has not been paid and will not be paid such compensation as has been ordered to the Claimant by the court or body referred to in paragraph (b)(ii).

- (b) The amount or the sum of amounts, paid from the Fund in respect of Claims referable to Relevant Circumstances in respect of a particular Market Participant must not exceed \$1,000,000.
- (c) The amount or the sum of amounts, paid from the Fund in respect of Claims in respect of a single set of circumstances must not exceed \$1,000,000.
- (d) For the purposes of calculating the sum of amounts paid from the Fund for the purposes of this clause 8, an amount paid from the Fund is to be disregarded to the extent to which that amount is repaid to the Fund.
- (e) If the Authority or the Claims Review Panel considers, having regard to the ascertained or contingent liabilities **in respect** of the Fund, that the assets of the fund so permit, it may apply out of the Fund such sums in excess of the amount limited by this clause 9 as it, in its discretion, thinks fit in or towards the compensation of Claimants in respect of a Permitted Claim.
- (f) If the Fund is, at any time, insufficient to meet current Permitted Claims, or if the amount of claims which have been made out but not paid in respect of a particular Market Participant or a single set of circumstances exceeds the limitations set out paragraphs (c) or (d) respectively, the Authority may apportion the available funds amongst claimants on such basis as it considers, on reasonable grounds, to be equitable.
- (g) Notwithstanding paragraphs (a) to (g) above, claims in respect of Relevant ASXF Entrusted Property Losses will not be subject to the limitations set out in those paragraphs.
- (h) Claims in respect of Relevant ASXF Entrusted Property Losses will be subject to the limitations that would have applied had they been brought under Part 8.6 of the Corporations Act as in effect on 15 July 2001 (construed as if references therein to “the fidelity fund” were references to the Fund.

9. TIME LIMITS ON CLAIMS

- (a) The Authority may cause to be published in a daily newspaper circulating generally in each State and Territory, a notice specifying a date, not being earlier than 3 months after the publication of the notice, on or before which claims for

compensation from the Fund, in relation to a person, firm, circumstance or set of circumstances described in the notice, may be made.

- (b) A Claim for compensation from the Fund must be made within 6 months after the claimant became aware of the relevant loss (or, if a notice has been published in accordance with paragraph (f), before the date specified in that notice. Claims not made within those time limits are barred unless the Authority or the Claims Review Panel otherwise determines.

10. CERTAIN CLAIMS PERMITTED

A claim relating to an alleged loss caused by defalcation or fraudulent misuse is not disallowed solely because:

- (a) the person against whom the defalcation or misuse is alleged has not been convicted or prosecuted; and
- (b) the evidence on which the claim is allowed would not be sufficient to establish the guilt of that person on a criminal trial in respect of the defalcation or fraudulent misuse.

11. PERMITTED RETURNS OF THE FUND

If, at any time, the amount in the Fund is greater than the Prescribed Amount, the Authority may return so much of the Fund as is in excess of the Prescribed Amount to Contributors on such basis as the Authority considers appropriate.

12. CONTRIBUTIONS TO THE FUND

- (a) If the amount in the Fund is less than the Prescribed Amount, the Authority may determine in writing that a levy is payable by Relevant Market Participants in an amount which, when added to the amount of the Fund at the time of such determination is not less than the Prescribed Amount
- (b) The provisions of Section 883D of the Corporations Act apply to a levy raised under this Rule 12.
- (c) If the Authority determines that a levy is payable in accordance with paragraph (a) above, the amount of levy payable by each Relevant Market Participant will be the total amount of the levy divided by the number of Relevant Market Participants at the time the Authority determines that the levy is payable.

- (i) all Relevant Market Participants must pay on an equal basis; or
 - (ii) all Relevant Market Participants must pay on a basis related to the amount of claims that have been made in relation to such Market Participant; or
 - (iii) all Relevant Market Participant must pay on a basis related to the size or turnover of the Relevant Market Participants' Relevant Business.; or
 - (iv) on another basis determined by the Authority.
- (d) Relevant Market Participants must pay levies raised under this clause 12 within the period, and in the manner and amounts, specified in writing by the Authority either generally or in relation to particular Relevant Market Participants or particular classes of Relevant Market Participants.

13. INDEMNITY

Each Relevant Market Participant indemnifies and must keep indemnified the Authority against any costs, losses, expenses or payments it pays or incurs pursuant to these Compensation Rules arising out of Relevant Entrusted Property Losses in connection with that Relevant Market Participant.

14. RUN-OFF

- (a) Subject to paragraph (b), if ASX ceases to be required by the Corporations Act to maintain the compensation arrangements provided for in these Compensation Rules, the Authority must:
 - (i) publish an advertisement in a newspaper or newspapers circulating in Canberra and the capital city of each state of Australia notifying that it has so ceased and calling for any claims under these Rules which have arisen on or before the date on which the Authority ceases to be bound by the Corporations Act to be notified to the Authority in accordance with Rule 5 within 3 months of that date;
 - (ii) continue to comply with these Rules to the extent necessary to ensure that any Claims which have arisen on or before the date on which the Authority ceases to be bound by the Corporations Act to maintain the compensation arrangements provided for in these Compensation Rules been notified in accordance with Rule 5 on or before the date which is 3 months after the date on which the Authority ceases to be bound by the Corporations Act Relevant Date are considered and, if successful, compensated in accordance with these Rules.

- (b) The Authority will not be required to comply with clause 14(a) if another compensation arrangement is put in place that, in the opinion of the Australian Securities and Investments Commission, provides adequately for the consideration and compensation of claims of the type described in paragraph (a).

15. DEFINITIONS

In these Compensation Rules, the following terms have the meanings set out below.

“ASX” and **“Authority”** mean ASX Futures Exchange Pty Limited.

“Board” means the Board of directors of ASX.

“Claims” means a claim on the fund made in accordance with clause 4.

“Claims Review Panel” means a panel appointed in accordance with clause 6.

“Compensation Rules” means the rules set out in this Annexure to the Market Rules.

“Contributors” means ASX or any related body corporate of ASX and Contributing Market Participants.

“Contributing Market Participants” means Market Participants who have paid levies to the Fund pursuant to clause 12.

“Disbursements” means a payment in accordance with clause 4.

“Effective Date” means 11 March 2004.

“Fund” means the fund established pursuant to this document, which will be known as the ASX Supplemental Compensation Fund.

“Insolvency Event” means circumstances which include where:

- (a) the company becomes subject to the appointment of an administrator;
- (b) steps are taken by any person towards making the company externally administrated;
- (c) (a controller as defined under the Corporations Act is appointed of any of the property of the defaulting party or any steps are taken in relation to this;
- (d) the company has failed to comply with a statutory demand within the meaning of the Corporations Act; or
- (e) a compromise, arrangement, winding-up, dissolution, deregistration, assignment for the benefit of creditors, scheme, composition or arrangement with creditors, insolvency, bankruptcy, or any similar procedure occurs.

“Market Rules” means the Market Rules, forming part of the operating rules, of Australian Stock Exchange Limited.

“Market Participant” has the meaning given that term in the Market Rules.

“Non-NGF Products” means financial products which are not:

- (a) “securities” as defined in Corporations Regulation 7.5.09;
- (b) warrant products as referred to in Schedule A of ASIC Class Order 02/312 (warrants admitted to trading status under the operating rules of the financial market operated by ASX); or
- (c) option contracts within the meaning of paragraph 92(1)(e) of the old Corporations Act..

“Permitted Claim” means a Claim, which has been permitted by the Claims Review Panel in accordance with these Compensation Rules.

“Permitted Return” means a return of part of the Fund pursuant to Rule 11.

“Prescribed Amount” means \$2,000,000.

“Prescribed Rate” means 10% per annum.

“Purposes of the Fund” means the purposes described in clause 2.

Related Body Corporate has the same meaning as is set out in section 50 of the Corporations Act.

“Relevant Circumstances”, in relation to a claim, means an Insolvency Event having occurred to the Market Participant to which the claim relates since the time that the property giving rise to the claim was given or entrusted to the Market Participant.

“Relevant Date” means the date on which ASX ceases to be bound by the Corporations Act to maintain the compensation arrangements provided for in these Compensation Rules.

“Relevant Entrusted Property Losses” means Relevant ASX Entrusted Property Losses and Relevant ASXF Entrusted Property Losses.

“Relevant ASX Entrusted Property Losses” means losses of a kind described in Section 885C of the Corporations Act, construed subject to section 885D.

“Relevant ASXF Entrusted Property Losses” means, provided that the relevant claim is notified to the Authority by 10 September 2004, losses of a kind described in Section 1239(1) of the Corporations Act as in effect on 15 July 2001, construed as if references in that sub-section to “a futures organisation” were references to ASXF.

“Relevant Market Participant” means a Market Participant with Trading Permission to deal in Non-NGF Products.

“Required Form” means such form as the Authority has determined from time to time and made available by a link on the web-site of Australian Stock Exchange Limited.

16. INTERPRETATION

16.1. General

In these Rules, unless the context otherwise requires:

- (a) a reference to any legislation or legislative provision includes any statutory modification or re-enactment of, or any legislative provision substituted for, and any statutory instruments issued under, that legislation or legislative provision;
- (b) the singular includes the plural and vice-versa;
- (c) a reference to an individual or person includes a corporation, partnership, trust, firm, authority, government and governmental agency and vice-versa;
- (d) a word denoting any gender includes all genders;
- (e) where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning;
- (f) where there is a reference to the power of the Authority to make, demand or impose a requirement on a person there is a corresponding obligation of that person to comply with that demand or requirement in all respects;
- (g) a reference to writing includes typing, printing, lithography, photography, telex, facsimile or any other mode of representing or reproducing words in a visible form;
- (i) a reference to time is to the time in Sydney, Australia; and
- (j) a reference to currency is a reference to Australian currency.

16.2. Headings

Headings are for convenience of reference only and do not affect the interpretation of the Rules.

16.3. Corporations Act interpretation

Unless the contrary intention appears, words that are not specifically defined in the Rules but are given a particular meaning in the Corporations Act, or the Acts Interpretation Act, have the same meaning in these Rules if there is any inconsistency between the Corporations Act and the Acts Interpretation Act, the meaning in the Corporations Act prevails.

16.4. Purpose and object of Rule

In the interpretation of a Rule, a construction that would promote the purpose or object underlying the Rules (whether that purpose or object is expressly stated in the Rules or not) is to be preferred to a construction which would not promote that purpose or object.

16.5. Effect of amendment to Rule

Unless expressly stated otherwise, where a Rule is:

- (a) amended;
- (b) deleted; or
- (c) lapses or otherwise ceases to have effect,

that circumstance does not:

- (d) revive anything not in force or existing at the time at which that circumstance takes effect;
- (e) affect the previous operations of that Rule or Procedure or anything done under that Rule;
- (f) affect any right, privilege, obligation or liability acquired, accrued or incurred under that Rule;
- (g) affect any penalty, forfeiture, suspension, expulsion or disciplinary action taken or incurred in respect of any breach of that Rule; or
- (h) affect any investigation, disciplinary proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture, suspension, expulsion or disciplinary action,

and any such investigation, disciplinary proceeding or remedy may be instituted, continued or enforced, and any such penalty, forfeiture, suspension, expulsion or disciplinary action may be imposed as if the circumstance had not taken effect.

SCHEDULE 10 MARKET BID AGREEMENT - MINIMUM TERMS

The following are the terms prescribed for the purposes of Rule 20.1.

1. MARKET BID

The Trading Participant and the Market Bidder agree to comply at all times with the applicable ASX Market Rules, Listing Rules, ACH Rules and the Corporations Act and with the customs and the usages of ASX's market in relation to the acquisition and disposal of Financial Products in the Bid Class in the Target by the Trading Participant on behalf of the Bidder.

2. ACKNOWLEDGEMENTS

The Bidder acknowledges that the Indemnity granted by this Deed shall enure to the benefit of all servants and agents of the Trading Participant as if they were parties to this Deed.

3. INDEMNITY

In consideration of the Trading Participant acting on behalf of the Bidder, the Bidder covenants with the Trading Participant that it will at all times hereafter indemnify and keep indemnified the Trading Participant for all its costs, and also against all sums of money whether for damages, costs, charges, expenses or otherwise for which the Trading Participant may become liable or be required to pay in connection with or arising out of the withdrawal of the Offer before its expiration for any reason whatsoever on a full indemnity basis.

4. SET OFF

The Bidder shall have no right of set off against any monies payable under this Deed of Indemnity.

5. MONIES ON ACCOUNT

The Bidder shall within 24 hours of any request by the Trading Participant being made deposit with it such sum (in cleared funds) as in the sole discretion of the Trading Participant shall be sufficient as moneys on account of the Bidder's liability to indemnify the Trading Participant pursuant to this Deed of Indemnity including the Bidder's liability to indemnify the Trading Participant in respect of Costs, such sum or sums to be held and applied by the Trading Participant in a manner or manners contemplated by this Deed.

6. STAMP DUTY

The Bidder agrees that it shall be liable for any stamp duty payable in respect of or in connection with this Deed of Indemnity.



Australian Stock Exchange

**ASX MARKET RULE
PROCEDURES**

Australian Stock Exchange Limited
ABN 98 008 624 691
Exchange Centre
20 Bridge Street
Sydney NSW 2000 Australia

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SECTION 1 INTRODUCTION AND GENERAL RULES

PROCEDURE 1.6.2 METHODS OF GIVING NOTICE IN WRITING

Unless otherwise specified in correspondence with a Market Participant, documents addressed to ASX should be addressed to:

General Manager, Market Services
Australian Stock Exchange Limited
The Exchange Centre
SYDNEY NSW 2000

Telephone: 02 9227 0000
Fax: 02 9227 0667

Notice to ASX:

Notice to ASX may be given by:

1. Delivering it personally to the person specified above or otherwise specified in correspondence with the Market Participant;
2. Leaving it at or by sending it by courier or post to the address specified above or otherwise specified in correspondence with the Market Participant;
3. Sending it by facsimile to the facsimile number specified above or otherwise specified in correspondence with the Market Participant;

Updating the Market Participant's corporate details on asxonline if applicable.

Notice by ASX:

ASX may give notice to any person, firm or corporation by:

1. Delivering it to the recipient personally;
2. Leaving it at or by sending it by courier or post to the address of the recipient last notified to ASX;
3. Sending it by facsimile to the recipient's facsimile number last notified to ASX;
4. A circular or bulletin addressed to a class of persons and delivered or communicated by any means permitted under this Procedure;
5. Specific email by any method which identifies a person or person's title as addressee and no notice of non-delivery has been received; or
6. Broadcast email by any method which identifies the addressee and which, having regard to all the relevant circumstances at the time, was as reliable as appropriate for the purposes for which the information was communicated.

Amended 28/11/05

PROCEDURE 1.6.3 DELIVERY OF NOTICE

Notice by:

1. Post is taken to be given on the second Business Day after the document is put in the post, in a stamped envelope or other covering addressed to the address referred to in Procedure 1.6.2;
2. Courier is taken to be given at the time of delivery to the address referred to in Procedure 1.6.2;
3. Facsimile is taken to be given when the sender's facsimile machine indicates a successful transmission to the facsimile number referred to in Procedure 1.6.2;
4. Email, under Procedure 1.6.2 is taken to be given 2 hours after the time the email enters the recipient's information system, unless a response to the contrary is received (e.g. an out of office notification).

For the purposes of the Rules, a notice given in accordance with Procedure 1.6.2 to a person is received by that person at the time it is taken to be given to that person under this Procedure 1.6.3.

SECTION 2 DEFINITIONS AND INTERPRETATIONS

PROCEDURE 2.10 DEFINITIONS

Approved Index

The following indices have been approved by ASX as an Approved Index:

- All Ordinaries Index
- S&P / ASX 200 Index
- S&P / ASX 50 Leaders Index
- S&P / ASX 200 Property Trusts Index

Approved Clearing Facility

The following are Approved Clearing Facilities:

- Australian Clearing House Pty Ltd (ABN 49 001 314 503)

Approved Settlement Facility

The following are Approved Settlement Facilities:

- ASX Settlement and Transfer Corporation Pty Ltd (ABN 49 008 504 532)

Marketable Parcel

Marketable Parcel means, in relation to:

1. Equity Securities (but not rights to subscribe for Equity Securities or options over Equity Securities) a parcel of securities of not less than \$500 based on:
 - (a) the closing price on a Trading Platform, if the Equity Securities are quoted; or
 - (b) the price paid on issue if the Equity Securities are unquoted.
2. Rights to subscribe for Equity Securities, a parcel of rights which, if taken up in full, would result in a parcel of Equity securities which would be not less than \$500 based on:
 - (a) the closing price on a Trading Platform of the Equity Securities at the time of purchase of the rights, if the Equity Securities are quoted; or
 - (b) the total application moneys payable in relation to the exercise of the rights, if the Equity Securities are unquoted.
3. Options over unissued Equity Securities, a parcel of options which, if exercised in full, would result in a parcel of Equity Securities which would be not less than \$500 based on:

- (a) the closing price on a Trading Platform of the Equity Securities at the time of purchase of the options, if the Equity Securities are quoted; or
 - (b) the total moneys payable on the exercise of the options, if the Equity Securities are unquoted;
4. Loan Securities other than redeemable preference shares with a fixed and certain date for redemption, 1 security with a face value of not less than \$100; and
 5. Warrants, a parcel of Warrants where the value of the Underlying Instruments equals or exceeds \$500.

Introduced 11/03/04 Amended 28/11/05

On Market

The period prescribed is during an official meeting.

Price Step

The Price Step tables are as follows:

1. (a) For Equity Securities, Warrants and redeemable preference shares which are Loan Securities in accordance with paragraph (c) of the definition of Loan Securities:

<u>Market Price of Product</u>	<u>Price Step</u>
Up to 9.9 c	0.1c
10c up to \$1.995	0.5c
\$2.00 up to \$998.99	1c

- (b) For Cash Only Combination orders consisting of Equity Securities, and/or redeemable preference shares which are Loan Securities in accordance with paragraph (c) of the definition of Loan Securities:

<u>Net Market Price</u>	<u>Price Step</u>
All	1.0c

- (c) For Cash Only Combinations orders consisting of Warrants or Warrants and Equity Securities:

<u>Net Market Price</u>	<u>Price Step</u>
All	0.5c

2. Loan Securities (excludes redeemable preference shares which are Loan Securities in accordance with paragraph (c) of the definition of Loan Securities) and such other Securities determined by ASX as being appropriate for the following Price Step to apply:

<u>Market Price of Product</u>	<u>Price Step</u>
0.1c up to \$998.999	0.1c

3. (a) For Derivatives Market Contracts over Underlying Equity Securities:

<u>Market Price of Product</u>	<u>Price Step</u>
Up to 0.9 cents	0.1 cent
> 1 cent	0.5 cent

- (b) For Derivatives Combination orders consisting of Derivative Market Contracts over an Underlying Equity Security or Derivatives Contracts over an Underlying Equity Security together with a transaction in the Underlying Equity security:

<u>Net Market Price</u>	<u>Price Step</u>
All	0.5 cent

4. (a) For Derivatives Market Contracts over an Underlying Index:

<u>Market Price of Product</u>	<u>Price Step</u>
All	1.0 point

- (b) For Derivatives Combination orders consisting of Derivative Market Contracts over an Underlying Index:

<u>Net Market Price</u>	<u>Price Step</u>
All	1.0 point

5. (a) For Derivatives Market Contracts over an Underlying Commodity – Electricity in accordance with Part 2.A of Schedule 3:

<u>Market Price of Product</u>	<u>Price Step</u>
All	5.0 cents

- (b) For Derivatives Combination orders consisting of Derivative Market Contracts over an Underlying Commodity – Electricity in accordance with Part 2.A of Schedule 3:

<u>Net Market Price</u>	<u>Price Step</u>
All	5.0 cents

6. (a) For Derivatives Market Contracts over an Underlying Commodity – Grain in accordance with Part 2.B of Schedule 3:

<u>Market Price of Product</u>	<u>Price Step</u>
All	10.0 cents

- (b) For Derivatives Combination orders consisting of Derivative Market Contracts over an Underlying Commodity – Grain in accordance with Part 2.B of Schedule 3:

<u>Net Market Price</u>	<u>Price Step</u>
All	10.0 cents

7. (a) For Derivatives Market Contracts over an Underlying Commodity – Wool in accordance with Part 2.C of Schedule 3:

<u>Market Price of Product</u>	<u>Price Step</u>
All	1.0 cents

- (b) For Derivatives Combination order consisting of Derivative Market Contracts over an Underlying Commodity – Wool in accordance with Part 2.C of Schedule 3:

<u>Net Market Price</u>	<u>Price Step</u>
All	1.0 cents

ASX may, in its discretion, vary the size of the minimum bid referred to in paragraph (1) to (7) above.

Introduced 11/03/04 Amended 28/11/05

Recognised Stock Exchange

The following are Recognised Stock Exchanges:

ARGENTINA

Buenos Aires Stock Exchange (Bolsa de Comercio de Buenos Aires)

AUSTRALIA

Ballarat Stock Exchange

BSX

Newcastle Stock Exchange

AUSTRIA

Wiener Borse AG

BANGLADESH

Dhaka Stock Exchange (DSE)

BELGIUM

Euronext Brussels (Euronext)

BRAZIL

Rio de Janeiro Stock Exchange (Bolsa de Valores do Rio de Janeiro)

CANADA

TSX Venture Exchange

Montreal Exchange (Bourse de Montreal)

Toronto Stock Exchange (TSX)

CHILE

Santiago Stock Exchange (Bolsa de Comercio de Santiago)

DENMARK

Copenhagen Stock Exchange (Kobenhavns Fondsbors)

FRANCE

Bordeaux Stock Exchange

Lille Stock Exchange Lyon Stock Exchange

Marseilles Stock Exchange

Nancy Stock Exchange

Nantes Stock Exchange

Euronext Paris (Euronext)

GERMANY

Berlin-Bremen Stock Exchange (Borse Berlin-Bremen)

Dusseldorf Stock Exchange

Deutsche Borse AG

Hamburg Stock Exchange (Parent company is BOAG Borsen AG)

Hanover Stock Exchange (Parent company is BOAG Borsen AG)

Munich Stock Exchange (Borse Munchen)

Stuttgart Stock Exchange (Baden-Wurttembergische Wertpapierborse)

GREAT BRITAIN AND IRELAND

London Stock Exchange

Irish Stock Exchange

Channel Islands Stock Exchange

HONG KONG

HKEx

INDIA

Ahmedabad Stock Exchange

Mumbai Stock Exchange (BSE)

Calcutta Stock Exchange

Hyderabad Stock Exchange

Delhi Stock Exchange

ITALY

Bologna Stock Exchange

Florence Stock Exchange

Genoa Stock Exchange

Italian Exchange (Borsa Italiana)

Naples Stock Exchange

Palermo Stock Exchange

Rome Stock Exchange

Trieste

Turin Stock Exchange

Venice Stock Exchange

JAPAN

Fukuoka Stock Exchange

Nagoya Stock Exchange

Osaka Securities Exchange (OSE)

Sapporo Securities Exchange

Tokyo Stock Exchange (TSE)

KENYA

Nairobi Stock Exchange

LEBANON

Beirut Stock Exchange (BSE)

Luxembourg

Luxembourg Stock Exchange

MALAYSIA

Kuala Lumpur Stock Exchange (KLSE)

MEXICO

Mexican Stock Exchange (Bolsa Mexicana de Valores)

NETHERLANDS

Euronext Amsterdam (Euronext)

Rotterdam Stock Exchange

NEW ZEALAND

New Zealand Exchange (NZX)

PAKISTAN

Karachi Stock Exchange

PERU

Lima Stock Exchange (La Bolsa de Valores de Lima)

PHILIPPINES

Philippine Stock Exchange (PSE)

SINGAPORE

Singapore Exchange (SGX)

SOUTH AFRICA

JSE Securities Exchange South Africa

SRI LANKA

Colombo Stock Exchange

SWEDEN

Stockholmsborsen

SWITZERLAND

SWX Swiss Exchange

Berne Stock Exchange (Berne Borse)

Geneva Stock Exchange

SWX Swiss Exchange

TAIWAN

Taiwan Stock Exchange

THAILAND

Stock Exchange of Thailand (SET)

UNITED STATES

Amex

Boston Stock Exchange (BSE)

National Stock Exchange

Chicago Stock Exchange (CHX)

NASDAQ

New York Stock Exchange (NYSE)

Pacific Exchange (PCX)

Philadelphia Stock Exchange (PHLX)

Pittsburgh Stock Exchange

Richmond Stock Exchange

URUGUAY

Montevideo Stock Exchange (Bolsa de Valores de Montevideo)

VENEZUELA

Caracas Stock Exchange (Bolsa de Valores de Caracas)

Renewal Date

Every two years on 30 March, or such other date determined by ASX.

Introduced 11/03/04 Amended 28/11/05

Special Size

The Special Size for Futures (other than Electricity, Agricultural or S&P/ASX 200 Property Trusts Index Futures) is:

1,000 contracts x the traded price for the Contract Series x the contract multiplier.

- For Electricity Futures the Special Size is:

15 contracts x the traded price for the Contract Series x the contract multiplier.

- For Agricultural Futures the Special Size is:

100 contracts x the traded price for the Contract Series x the contract multiplier.

- For Agricultural Futures Options the Special Size is:

100 contracts x the traded price for the Contract Series x the contract multiplier

- For S&P/ASX 200 Property Trusts Index Futures the Special Size is:

50 contracts x the traded price for the Contract Series x the contract multiplier.

- For Equity Securities, the Special Size is \$1,000,000.

- For Warrants, the Special Size is \$500,000.

- “Special Size” means in respect of Options Transactions \$1,000,000 where the underlying securities fall within Category 1 (as set out below), \$500,000 where the underlying securities fall within Category 2 (as set out below) or, if the Option Transaction is for LEPOs, \$1,000,000.

Introduced 11/03/04 Amended 28/11/05

Category 1 Class:

AMC	CBA	MAY	OSH	WBC
AMP	CML	NAB	QAN	WOW
ANZ	FGL	NCM	RIO	WPL
BHP	FXJ	NWS	SGB	XJO
BIL	LHG	NWSLV (NC1)	STO	
BSL	LLC		TLS	

Category 2 Class:

ABS*	CGF	JBM	PBL	TCL*
AGL	COH	JHX	PMN	TEL*
ALL*	CPU	LEI	PPX	TEN
ALN*	CSL	MAP	PRK	TOL

ANN	CSR	MBL	PTD*	TTS
ASX	DJS	MIG	QBE	UTB
APN*	DVC*	MGR*	RCD	UGL*
AWC	FCL	MCG*	RIN	VBA
AXA	FOA*	MGQ*	SEV	WAN*
BBG*	GNS*	MXG*	SFE	WDC
BC1*	GPT	NEM	SGT	WES
BOQ*	GTP*	NUF*	SGP	WOR*
BBI	HDR*	ORG	SHL*	XFL
BNB	HVN	ORI	SSX	XPJ
BLD	HGI	OST	SUN	ZFX
BPC	ILU	OXR*	SMS*	
CCL	IAG	PBG	TAH	

* Denotes flex class.

NOTE: flex classes have no Market Maker obligations.

Amended 28/11/05

SECTION 3 PARTICIPANTS AND REPRESENTATIVES

PROCEDURE 3.1.1 APPLICATION PROCESS

The application form which must be completed by an applicant to be a Market Participant is that form determined by ASX from time to time. An applicant should request that form from ASX.

PROCEDURE 3.3.1 REQUIREMENTS (FOR ADMISSION FOR NATURAL PERSONS)

No specific qualifications or training are prescribed at this time. However, the individual Market Participant must satisfy ASX that he or she has achieved appropriate qualifications and experience.

PROCEDURE 3.6.3 SUPERVISORY PROCEDURES

ASX prescribes the following standards for the purpose of the Rule:

1. Australian Standard on Compliance (AS 3806 1998);
2. Australian Standard on Risk Management (AS NZ 4360 1999);
3. Australian Standard on Complaints Handling (AS 4269 1995);
4. Australian Securities & Investments Commission Policy Statement 164; and
5. Securities & Derivatives Industry Association and Securities Institute Best Practice Guidelines for Research Integrity.

PROCEDURE 3.6.5 RESPONSIBLE EXECUTIVE REQUIREMENTS

Qualifications/Training for Responsible Executives

ASX Initial Qualification Requirements for Responsible Executives

The initial qualification requirements for Responsible Executives are:

1. Satisfaction of the ASIC standards for skills and knowledge of a Responsible Officer as set out in ASIC Policy Statement 164; and
2.
 - (a) Attaining a mark of at least 65% in the ASX Markets Responsible Executive Exam or ASX and ACH Responsible Executives Exam (or their predecessors) in the 12 months preceding the date the Market Participant appoints them as a Responsible Executives, or
 - (b) Attaining a mark of at least 65% in the ASX Market Responsible Executive Exam or ASX and ACH Responsible Executives Exam (or their predecessors) at any time since 1 July 2001 and being able to demonstrate they have satisfied the CE requirements of Rule 4.8.1 for each subsequent Year since the date of passing the exam (whether in the employ of a Participant or not and whether in the role of a Responsible Executive or not for all or any part of that time) up to the date the Market Participant appoints them as a Responsible Executive.

“Year” means the period 1 July to 30 June.

Introduced 11/03/04 Amended 01/11/04 01/10/04 12/07/05

SECTION 4 RIGHTS AND OBLIGATIONS OF MARKET PARTICIPANTS AND RESPONSIBLE EXECUTIVES

PROCEDURE 4.1.3 RESPONSIBILITIES OF RESPONSIBLE EXECUTIVE

Annual representation to Market Participant

Each Responsible Executive as at 30 June each year must provide a representative in the form set out in Appendix 4.1.3 to its Market Participant prior to 10 July each year. The Market Participant must retain copies of the representations for 7 years.

Introduced 11/03/04 Amended 01/11/04 12/07/05

PROCEDURE 4.8.1 RESPONSIBLE EXECUTIVE COMPLIANCE

The continuing education requirements for Responsible Executives from 1 July 2004 are the successful completion of at least 8 hours (or 8 hours equivalent) Compliance Education every Year determined:

- (a) if the Responsible Executive is a member of:
- Australian Compliance Institute (ACI);
 - Australian Financial Market Association (AFMA);
 - Financial Planning Association (FPA);
 - Securities and Derivatives Industry Association (SDIA);
 - An Accountant Professional Standards Scheme recognised pursuant to Australian State or Federal Professional Standards legislation;
 - A Solicitors Professional Standards Scheme recognised pursuant to Australian State or Federal Professional Standards legislation;
 - Another professional association recognised by ASX as providing equivalent quality and measurement standards of relevant continuing education as those above, or
- by reference to the quality and measurement standards of continuing education or continuing professional development established by that professional body; or
- (b) otherwise, by reference to the quality and measurement standards of continuing education or continuing professional development established for their members by one of the professional bodies set out below:
- Australian Compliance Institute; or
 - Securities and Derivatives Industry Association.

For the purpose of the Procedure:

- “Compliance Education” means education or professional development directly related to compliance obligations, policies, procedures and ethics with specific relevance to the market participant’s and Responsible Executives obligations under the ASX Market Rules, the ACH Clearing Rules and the ASTC Settlement Rules.

- “Year” means the period 1 July to 30 June.

When a Market Participant appoints a person to the role of Responsible Executive during a year, the market participant must be able to demonstrate to ASX that the Responsible Executive has undertaken Compliance Education since the date of appointment as an Responsible Executive with that Market Participant which satisfies the continuing education requirement pro-rata to the number of full months that the Responsible Executive held that role during that Year.

Demonstrating compliance with Continuing Education requirements

It is the responsibility of the Market Participant to be able to demonstrate to ASX that every Responsible Executive satisfies the continuing education requirements.

Each Market Participant will be required to provide a ‘Responsible Executive Continuing Education Self Assessment Return’ by close of business on 31 July. These must be calculated on an annual basis for each preceding Year. The format of that return is set out in Appendix 4.8-2. These returns should be signed by a Director of the Market Participant and be submitted to your ASX Compliance Adviser. The Market Participant will be required to retain copies of the records of the continuing education upon which is has based its return to demonstrate compliance with the ASX Market Rules and produce them for the ASX on request for a period of seven years from the end of the Year under review.

Introduced 11/03/04 Amended 01/11/04

PROCEDURE 4.9.2. RECORDS

A Market Participant must maintain accurate records in English in sufficient detail to show particulars of:

1. All money received or paid by the Market Participant, including trust account receipts and payments in a manner usual for a business of the kind being carried on by a Market Participant;
2. All transactions by the Market Participant with or for the account of:
 - (a) a person of a type described in Market Rule 7.8 or a Related Party;
 - (b) other Market Participants; and
 - (c) members of any overseas stock exchange.
3. All income from commissions, interest and other sources and all expenses, commissions and interest paid;
4. All assets and liabilities, including contingent liabilities of the Market Participant;
5. All Cash Market Products and Derivatives Market Contracts which are the property of the Market Participant, showing by whom they, or the documents of title to them, are held and if held otherwise than by the Market Participant, whether they are held as security for loans or advances;
6. All Cash Market Products and Derivatives Market Contracts which are not the property of the Market Participant but for which the Market Participant or any nominee controlled by it is accountable, showing by whom and for whom such Financial Products and Derivatives Market Contracts are held and:
 - (a) in respect of those which are held for safe custody details sufficient to identify such Cash Market Products and Derivatives Market Contracts. All Cash Market Products and Derivatives Market Contracts held for safe custody or whose certificates are held for safe

custody must either be registered in the name of the client or the Market Participant's nominee;

- (b) in respect of those which are held for any person or firm or corporation as security for loans or advances made by the Market Participant details sufficient to identify such Cash Market Products and Derivatives Market Contracts . The holding of such Cash Market Products and Derivatives Market Contracts for security must be authorised in writing by the owner thereof or some other person lawfully authorised to do so. Such authority must specify the period for which such Cash Market Products and Derivatives Market Contracts or documents of title may be held;

- 7. All dealings in Derivatives Market Contracts by the Market Participant and all fees (option moneys) arising there-from and any related covering transactions;
- 8. All confirmations issued by the Market Participant and details of any statements and specifications which are required by the Rules and the Corporations Act to appear on confirmations; and
- 9. All underwriting transactions entered into by the Market Participant.

Introduced 11/03/04 Amended 01/11/04, 28/11/05

PROCEDURE 4.9.5 FINANCIAL STATEMENTS

Time for delivery of financial statements and audit reports

If the Market Participant is a partnership, within 2 months following the end of the partnership's financial year. Otherwise, within 3 months following the end of the Market Participant's financial year.

If the Market Participant is a Clearing Participant of an Approved Clearing Facility, lodgement of financial statements and an audit report on financial information with the Approved Clearing Facility will be accepted as satisfying Rule 4.9.5.

Form of financial statements acceptable to ASX

The form of these documents is the form determined by ASX from time to time. A Market Participant should request the form of these documents from ASX Prudential Risk Management.

Form of audit report acceptable to ASX

The form of the audit report on financial information is set out in Appendix 4.9.5-1. Market Participants subject to the Other Capital Regime are not required to lodge the audit report on financial information.

For convenience, a copy of the Key Risks and Internal Systems Statement, as prescribed under Rule S1A3.1 or Rule S1B.6.2 or Rule 6.3.3, is provided in Appendix 4.9.5-2.

Introduced 11/03/04 Amended 30/06/05

PROCEDURE 4.9.7 AUDIT OF INTERNAL CONTROL PROCEDURES

Form of audit report acceptable to ASX

The form of the audit report on internal control procedures is set out in Appendix 4.9.7.

If the Market Participant is a Clearing Participant of an Approved Clearing Facility, lodgement of an audit report on internal control procedures with the Approved Clearing Facility will be accepted as satisfying Rule 4.9.7.

Introduced 11/03/04 Amended 30/06/05

PROCEDURE 4.10.6 RECORDS TO BE MAINTAINED FOR PRESCRIBED PERIOD

A Market Participant must retain the records referred to in Rules 4.10.1 and 4.10.2 (and if applicable Rules 4.10.9 and 4.10.10) for 7 years or any longer period required by the Corporations Act.

Amended 03/01/06

PROCEDURE 4.10.8 RELIANCE ON ASX RECORDS

Rule	Record automatically maintained by ASX
MR 4.10.1(g)	The DTR identifier, where the identifier is contained in the Trading Message and recorded by the Trading Platform (the DTR who entered the Trading Message being taken to be the DTR whose identifier is so recorded)
MR 4.10.1(h)	The time the Trading Platform records the Trading Message was entered into the Trading Platform
MR 4.10.1(i)	The date and time the Trading Platform records the effecting of the Market Transaction
MR 4.10.2(a)(i) (in relation to a decision only)	The DTR identifier, where the identifier is contained in the Trading Message and recorded by the Trading Platform (the person who made the decision being taken to be the DTR whose identifier is so recorded)
MR 4.10.2(a)(ii)	The financial products entered into the Trading Platform for the particular Trading Message (which are taken to be the financial products decided or instructed to be bought or sold)
MR 4.10.2(a)(iii)	The number of Financial Products entered into the Trading Platform for the particular Trading Message (which is taken to be the number of Financial Products decided or instructed to be bought or sold)
MR 4.10.2(a)(iv) – in relation to price-related decisions only	The price entered into the Trading Platform for the particular Trading Message (which is taken to be the price at which the Financial Products are decided or instructed to be bought or sold)
MR 4.10.2(b) – in	The particulars of the Trading Message entered into the Trading

relation to amendment of a decision relating to a Trading Message only	Platform
MR 4.10.2(c)	The DTR identifier, where the identifier is contained in the Trading Message and recorded by the Trading Platform (the DTR who entered the Trading Message being taken to be the DTR whose identifier is so recorded)
MR 4.10.2(e)	The time the Trading Platform records the Trading Message was entered into the Trading Platform
MR4.10.2(f)	The time the Trading Platform records the effecting of the Market Transaction

Introduced 03/01/06

PROCEDURE 4.12.1 MARKET PARTICIPANT MUST REPORT THESE DETAILS (OPEN DERIVATIVES MARKET CONTRACT POSITIONS)

Time and manner for reporting open positions

By 8:00 AM Sydney time on each Trading Day and at any other time notified by ASX to the Market Participant.

Open positions must be notified either in writing or electronically to the General Manager, Market Operations by the Market Participant (Trading Participant or nominated Clearing Participant).

Each report should contain the name and address of the holder of the position and the number of bought and sold Open Contracts in each Contract Series.

Market Participants dealing in Futures on an omnibus basis must notify ASX when the number of Open Contracts in a client or participant house account exceeds ONE.

Other information required pursuant to Market Rule 4.12.1(c)

None currently prescribed.

Introduced 11/03/04 Amended 28/11/05

PROCEDURE 4.16.1 MARKET PARTICIPANT TO SUBMIT LIST OF SIGNATORIES

A market Participant must promptly notify ASX in writing if any of the persons whose names are submitted cease to be authorised by the Market Participant to sign the relevant documentation or if any new persons are given that authority.

ASX is entitled to rely on the list as updated from time to time as evidence that the persons whose names are on the list at any given time are authorised to sign on behalf of the Market Participant documentation presented to ASX.

SECTION 5 CLEARING AND SETTLEMENT ARRANGEMENTS

PROCEDURE 5.1.1 GENERAL OBLIGATIONS

For the purposes of Section 5 of the Rules the prescribed relevant classes of Product are:

- (a) Cash Market Products;
- (b) Options; and
- (c) Futures.

Introduced 11/03/04 Amended 23/09/05, 28/11/05

PROCEDURE 5.2.3 ALLOCATION OF ORDERS THROUGH OPEN INTERFACE DEVICE

An Open Interface Device is maintained by a Trading Participant for the purpose of Rule 5.2.3 where the Trading Participant has:

- (a) advised ASX in writing of the name of each Relevant Clearing Participant it intends to use for each class of Product; and
- (b) obtained from ASX:
 - (i) a separate Clearing Participant identifier from ASX for each Relevant Clearing Participant it intends to use to clear Market Transactions for Cash Market Products; and/or
 - (ii) a unique Trading Participant identification for each Relevant Clearing Participant it intends to use to clear Market Transactions for Derivatives Market Contracts.

Introduced 11/03/04 Amended 28/11/05

PROCEDURE 5.2.4 ALLOCATION OF CLIENT ORDERS

For the purpose of Rule 5.2.4(c) the Procedure is that a Crossing in a Derivatives Market Contract is to be transacted under a Trading Participant identifier assigned under 5.2.3 (b) (ii) and directed to a Relevant Clearing Participant that is responsible for clearing the transaction of at least one of the clients involved in the Crossing.

Introduced 11/03/04 Amended 28/11/05

SECTION 6 CAPITAL REQUIREMENTS

There are no procedures in this section.

SECTION 7 RELATIONSHIP WITH CLIENTS AND DEALING FOR EMPLOYEES AND RELATED PERSONS

PROCEDURE 7.1.1 DOCUMENTS TO BE GIVEN TO A CLIENT

For the purposes of Rule 7.1.1(a), the documents or information that must be given to a client are:

Option transactions

Before a Market Participant accepts an Order to enter into an Options Market Transaction, the Market Participant must give the person a copy of the current explanatory booklet in respect of Options published by ASX (together with any updates published by ASX) if it is the first time an Order to enter into an Options Market Transaction is accepted from the person.

A Market Participant is not required to give the person a copy of the current explanatory booklet if the person from whom the Order is accepted is a Wholesale Client, unless the person expressly requested it.

LEPOs

Before a Market Participant accepts an order to enter into an Options Market Transaction in respect of LEPOs (Low Exercise Price Options), the Market Participant must give the person a copy of the current explanatory booklet in respect of LEPOs published by ASX (together with any updates published by ASX) if it is the first time an Order in respect of LEPOs is accepted from the person.

A Market Participant is not required to give the person a copy of the current explanatory booklet if the person from whom the Order is accepted is a Wholesale Client, unless the person expressly requested it.

Warrants

Before a Market Participant accepts an Order to purchase or sell a Warrant, the Market Participant must give the person a copy of the current explanatory booklet in respect of Warrants published by ASX (together with any update published by ASX) if it is the first time an Order in respect of Warrants is accepted from the person.

A Market Participant is not required to give the person a copy of the current explanatory booklet if the person from whom the Order is accepted is a Wholesale Client, unless the person expressly requests it.

For the purpose of Rule 7.1.1(b), the information that must be given to a client is:

Before accepting an Order from a client, a Market Participant to which Rule 7.1.1(b) applies must have given a written disclosure statement to the client which must include the following:

1. The name, principal telephone number and principal business address of the Trading Participant which executes the Market Transactions of the Market Participant; and
2. The extent of any NGF coverage of the Market Transaction.

For the purpose of Rule 7.1.1(c), the information that must be provided to a client is:

Before accepting an order from a client, a Market Participant to which Rule 7.1.1(c) applies must have given a written disclosure statement to the client which must include the following:

1. The name, principal telephone number and principal business address of the Clearing Participant which clears the Market Transactions of the Market Participants;
2. A statement that the Clearing Participant carries the Clearing Obligations and any settlement obligations for all Market Transactions of the Trading Participant (including those of the client) and must settle as principal with ACH or the relevant counter-party, even though the Market Transaction may have been entered into on the client's behalf. The Clearing Obligations and any settlement obligations of the client are therefore owed directly to the Clearing Participant.
3. A statement that if:
 - (a) the client fails to pay the amounts due in respect of a Market Transaction; or
 - (b) the client fails to fulfil its settlement obligations in respect of a Market Transaction,

The Clearing Participant has direct rights against the client, including rights of sale under the Market Rules.

For the purpose of Rule 7.1.1(d), the information that must be provided to a client is:

Before accepting an order from a client, a Market Participant to which Rule 7.1.1(d) applies must have given a written disclosure statement to the client which must include the following:

1. The name, principal telephone number and principle business address of the Clearing Participant which clears the Market Transactions of the Market Participant.

Introduced 11/03/04 Amended 01/08/05, 28/11/05

PROCEDURE 7.1.2 CLIENT AGREEMENT REQUIRED FOR OPTIONS, FUTURES AND WARRANTS

- Futures Client Agreement minimum terms – Refer to Appendix 7.1.2 – 1.
- Options Client Agreement minimum terms – Refer to Appendix 7.1.2 – 2.
- Warrant Client Agreement – Refer to Appendix 7.1.2 – 3.

Introduced 11/03/04 Amended 01/08/05

PROCEDURE 7.1.3 MARKET PARTICIPANT TO KEEP COPY OF CLIENT AGREEMENT AND DISCLOSURES

The Market Participant must retain a copy of each agreement which it enters into with the client under Rule 7.1.2 and any disclosure documents under Procedure 7.1.1 for at least 7 years following the date on which the agreement is terminated or any longer period required by the Corporations Act.

PROCEDURE 7.1.4(d) CLIENT AGREEMENT WHERE MARKET PARTICIPANT IS NOT THE CLEARING PARTICIPANT (OPTIONS ONLY)

Wholesale Client Agreement – Options Only – minimum terms – Refer to Appendix 7.1.4.

Introduced 11/03/04 Amended 01/08/05

PROCEDURE 7.1.5(b) CLIENT AGREEMENT WHERE MARKET PARTICIPANT IS THE CLEARING PARTICIPANT (OPTIONS ONLY)

Wholesale Client Agreement – Options Only – minimum terms – Refer to Appendix 7.1.4.

Introduced 11/03/04 Amended 01/08/05

PROCEDURE 7.6 MARKET FACILITATION FOR LARGE ORDERS – FUTURES

For Futures which are index futures (other than S&P/ASX 200 Property Trust Index Futures), an order is “large” if it is greater than or equal to 750 contracts.

For Futures which are S&P/ASX 200 Property Trust Index Futures, an order is “large” if it is greater than or equal to 50 contracts.

For Futures which are electricity Futures, an order is “large” if it is greater than or equal to 15 contracts.

For Futures which are wool Futures, an order is “large” if it is greater than or equal to 100 contracts.

For Futures which are grain Futures, an order is “large” if it is greater than or equal to 100 contracts.

Introduced 11/03/04 Amended 28/11/05

PROCEDURE 7.9.1 CONFIRMATIONS – FORM AND TIMING

A confirmation in respect of:

- (a) a Conditional Sale of a Cash Market Product referred to in Rule 16.9.2 and the corresponding confirmation in respect of the conditional purchase of the relevant Cash Market Product; or
- (b) the entry into of an Options Market Contract over a Cash Market Product which is, at the time, traded on a conditional basis

must be endorsed as conditional and state the condition and the effect of non-fulfilment of the condition.

Introduced 11/03/04 Amended 28/11/05

PROCEDURE 7.10.6 RECORD OF MARKET TRANSACTIONS – [Deleted]

Introduced 11/03/04 Deleted 12/11/04

PROCEDURE 7.11.5 APPROVED FOREIGN BANKS

Not yet prescribed.

PROCEDURE 7.11.8 TOP UP REQUIREMENT – CLIENTS’ SEGREGATED ACCOUNTS – FUTURES

The time in which a Market Participant must top up the clients’ segregated account where a client has failed to meet a call for payment is 48 hours following the call for payment.

PROCEDURE 7.12.4 CIRCUMSTANCES WHERE CALL NEED NOT BE MADE

The amount below which a Clearing Participant is not required to call funds from its client is \$1,000. Note: This amount only relates to settlement amounts generated as a result of close outs, contract settlement or daily settlement of Open Contracts. A client must pay all Initial Margins in full when called by their Clearing Participant.

PROCEDURE 7.16.2 RECORDS TO BE KEPT (CLIENT COMPLAINTS)

The Market Participant must keep in the register the information referred to in Rule 7.16.1 in respect of a complaint for at least 5 years from the date of the last correspondence in respect of that complaint.

PROCEDURE 7.16.4 REPORTING REQUIREMENT

No requirement yet prescribed.

PROCEDURE 7.17.2 MONTHLY STATEMENTS TO CLIENTS (DTP PRODUCTS)

No requirements yet prescribed.

SECTION 8 DESIGNATED TRADING REPRESENTATIVES AND ACCREDITATION OF ADVISERS

PROCEDURE 8.2.1 REGISTRATION BY ASX (DTR'S)

- Application to be a DTR in respect of Derivatives Market Contracts - refer to Appendix 8.2.1-1
- Application to be a trainee DTR in respect of Cash Market Products – refer to Appendix 8.2.1-2
- Application to be a DTR in respect of Cash Market Products – refer to Appendix 8.2.1-3

If when the application to be a DTR is made, the Trading Participant wants to establish a special liability limit for the nominated person, the Trading Participant must at the same time complete the application form set out in Appendix 8.2.1-4.

Introduced 11/03/04 Amended 28/11/05

PROCEDURE 8.2.13 CONTINUING PROFESSIONAL EDUCATION REQUIREMENTS

None currently prescribed.

PROCEDURE 8.2.14 TRADING PARTICIPANT MUST ENSURE DTR COMPLIANCE

Cash Traded Products

For the purpose of Rule 8.2.14(d) it is a requirement that a DTR who is registered in respect of Cash Market Products on SEATS successfully complete the Trading Platform (ITS CLICK XT) DTR training session for Cash Market Products conducted by ASX before entering Trading Messages for Cash Market Products into the integrated Trading Platform (CLICK).

Derivatives Market Contracts

No procedures currently prescribed.

Introduced 11/03/04 Amended 28/11/05

PROCEDURE 8.3.1 ACCREDITATION REQUIRED (RETAIL CLIENT ADVISERS)

For the purpose of Rule 8.3.1 the following Warrants and Derivatives Market Contracts (other than Options and Futures) are specified:

- (a) all Warrants, except those which ASX determines (and publishes):
 - (i) are not classified as a Derivative under the Corporations Act; and
 - (ii) do not involve any leverage in the structure of the Warrant; and
 - (iii) do not have any 'optionality' characteristics.
- (b) no other Derivatives Market Contracts are currently specified.

A list of Warrants and other Derivatives Market Contracts exempted from accreditation will be notified to the market and be published on www.asx.com.au/accreditation_exemption.htm

PROCEDURE 8.4.1 TYPES OF ACCREDITED ADVISERS

Extent of advice to clients – level one accredited derivatives adviser

A person who has been accredited as a level one accredited derivatives adviser may advise and make recommendations only in relation to:

1. Taking Options (other than Futures Options);
2. Writing Options (other than Futures Options), but only for the purpose of closing out a position or writing covered call options under paragraph (5);
3. Subscribing for and buying and selling Warrants;
4. Exercising Warrants and Options (other than Futures Options); and
5. Covered call Option writing strategies as described below.

A person accredited as a level one accredited derivatives adviser must not advise or make recommendations in relation to LEPOs.

Covered Call Option Strategy

For the purposes of this Procedure “a covered call Option” strategy entails either:

1. A client who already owns Underlying Financial Products in a particular Class writing call Options over those Underlying Financial Products up to the number of Underlying Financial Products which the client owns and either prior to, or simultaneously with writing the call Options, providing to ACH those Underlying Financial Products as cover for the written call Option obligations; or
2. A client buying a particular Class of Underlying Financial Products and simultaneously writing call Options over those Underlying Financial Products on the understanding that the client will provide (on T+3) to ACH the simultaneously purchased Underlying Financial Products as cover for the written call Option obligations (commonly referred to as a “buy-write” strategy*).

Note: Where a “buy-write” strategy is entered, the Underlying Financial Products purchased **must** be provided to ACH within 3 trading days of entering into the strategy.

Example of strategy one:

Mr Smith owns 1,000 BHP shares which he purchased 2 years ago. Mr Jones, a level one adviser, can advise Mr Smith on undertaking covered call Option writing strategy which will involve Mr Smith:

- signing the appropriate ASTC sponsorship agreements if Mr Smith is currently Issuer Sponsored;
- signing the appropriate client agreement;
- being provided with the appropriate explanatory booklet on Understanding Options Trading; and

- (if required) signing the appropriate documents prescribed by ACH including the Notice of Lodgement/Withdrawal of Financial Products as Collateral form and complying with all other requirements of ACH.

Mr Smith then instructs Mr Jones to enter into one written BHP Call Option (with a price quotation factor/contract size =1000) at the agreed Exercise Price and Expiry Date and for the required Premium and Mr Smith authorises Mr Jones to lodge the 1,000 BHP shares with ACH.

Example of strategy two (buy-write):

Mr Smith does not currently own any NAB shares but would like to buy 2,000 NAB shares and enter a “buy-write” strategy (perhaps as a result of entering into a margin lending arrangement or just because Mr Smith wishes to leverage his future outright acquisition of NAB shares). Mr Jones, a level one accredited derivatives adviser, can advise Mr Smith on undertaking a buywrite strategy for 2 written call Options (with a price quotation factor/contract size =1000) provided the above bullet points in strategy one above are undertaken as well as the following.

Under this strategy two, Mr Smith does not currently hold any NAB shares when he executes the buy-write strategy. Mr Jones can only advise Mr Smith on this strategy provided Mr Smith instructs Mr Jones to provide the 2,000 NAB shares to ACH as cover for the “buy-write” strategy.

Margin Lending arrangements

If this buy-write strategy is being undertaken under a margin lending arrangement, Mr Jones must also ensure that:

- Mr Smith himself signs an Acknowledgement in relation to the priority between the Margin Lender and ACH; and
- Any other matters prescribed by ACH in relation to Margin Lending and Collateral lodgement are completed.

Note that level one accredited derivatives advisers are not permitted to advise on strategies which are not covered calls writing and are not buy-write strategies such as buying one Class of Underlying Financial Products (eg. BHP) and writing call Options over a different Class of Underlying Financial Products (eg. NAB) or buying a lesser number of Underlying Financial Products than are required to meet the written call Option obligations (eg. Buying 500 BHP and writing one BHP call Option (with a price quotation factor/contract size =1000)).

Extent of advice to clients – Level Two Accredited Derivatives Adviser

A person who has been accredited as a Level Two Accredited Derivatives Adviser may advise and make recommendations in relation to:

1. Taking, writing and exercising all Derivatives Market Contracts (other than Futures and Futures Options);
2. Subscribing for, buying, selling and exercising Warrants;
3. All trading strategies relating to Derivatives Market Contracts (other than Futures and Futures Options); and
4. All trading strategies relating to Warrants.

For the avoidance of doubt, a person accredited as a level two accredited derivatives adviser may advise and make recommendations in relation to the Products and strategies applicable to level one accredited derivatives adviser.

Extent of advice to clients – Accredited Futures Adviser

A person who has been accredited as an Accredited Futures Adviser may advise and make recommendations in relation to:

1. Taking, writing and exercising Futures;
2. Taking, writing and exercising Futures Options;
3. All trading strategies relating to Futures; and
4. All trading strategies relating to Futures Options.

Introduced 11/03/04 Amended 28/11/05

PROCEDURE 8.5.1 INITIAL APPLICATION (ACCREDITED ADVISER)

For the purpose of Rule 8.5.1(a):

- Futures – refer to Appendix 8.5.1(a) – 1.
- Options Level One – refer to Appendix 8.5.1(a) – 2
- Options Level Two – refer to Appendix 8.5.1(a) – 3.

For the purpose of Rule 8.5.1(c)

- Futures – N/A
- Options Level One Accredited Derivatives Adviser – 80%
- Options Level Two Accredited Derivatives Adviser – 80%

For the purpose of Rule 8.5.1(d)

- Futures – refer to Appendix 8.5.1(d)
- Options – refer to Appendix 8.5.1(a) – 3

For the purpose of Rule 8.5.1(f)

- Futures - N/A
- Options - Renewal Fee \$100 GST Exclusive
 - ADA1 exam first attempt onsite - \$400 / offsite - \$480 GST Exclusive
 - ADA2 exam first attempt onsite - \$350 / offsite - \$430 GST Exclusive
 - ADA1 & ADA2 subsequent attempt onsite - \$100 / offsite \$160 GST Exclusive

- Extension on time allowed to sit an exam - \$150 GST Exclusive
- Late Cancellation fee - \$75.00 GST Exclusive

Introduced 11/03/04 Amended 28/11/05

PROCEDURE 8.7.2 PERMISSION TO SIT ADDITIONAL EXAMINATIONS

Refer to Appendix 8.7.2.

For the application form the period described is 3 months since the person last sat the relevant examination.

PROCEDURE 8.8.1 RENEWAL OF ACCREDITATION

For the purpose of Rule 8.8.1(a)

- 55 days prior to the Renewal Date, and the list to be as at 60 days before the Renewal Date.

For the purpose of Rule 8.8.1(c)

- 7 days prior to the Renewal Date.
- Refer to Appendix 8.8.1(c) for the Renewal Form.

For the purpose of Rule 8.8.1(d)(ii)

- \$100.00 GST Exclusive

Introduced 11/03/04 Amended 02/11/05, 28/11/05

PROCEDURE 8.8.3 EFFECT OF NON-RENEWAL

1 calendar month after each Renewal Date.

PROCEDURE 8.9.2 NOTICE OF EVENTS RESULTING IN AUTOMATIC WITHDRAWAL

5 Business Days.

The notification will be given on the form set out in Appendix 8.9.2, by email stating the name and date of birth of the adviser, or Market Participants may notify ASX by “resigning” the adviser’s role as an Accredited Derivatives Adviser using the Participant website facility at ASX Online.

Amended 16/11/05

PROCEDURE 8.9.4 NOTICE OF VOLUNTARY WITHDRAWAL

The notification will be given on the form set out in Appendix 8.9.2.

PROCEDURE 8.10.1 RE-ACCREDITATION

For the purpose of Rule 8.10.1(a)

- Refer to Appendix 8.10.1(a).

For the purpose of Rule 8.10.1(c)

- The period during which the person may become an employee or be otherwise engaged is 2 years from the date their accreditation was withdrawn or expired.
- The periods during which the person will re-commence providing Financial Products advice is 2 months.

For the purpose of Rule 8.10.1(d)

ASX ADA Continuing Professional Education Notes – 2004

Amended 02/11/05

PROCEDURE 8.11 CONTINUING PROFESSIONAL EDUCATION REQUIREMENTS

Options- ASX ADA Continuing Professional Education Notes - 2004

Futures - No continuing professional education requirements currently prescribed.

SECTION 9 LEGAL DESCRIPTION OF CLASSES OF FINANCIAL PRODUCTS

There are no procedures in this section.

SECTION 10 WARRANTS

PROCEDURE 10.3.3 REQUIREMENTS FOR ADMISSION TO TRADING STATUS

Refer to Appendix 10.3.3

PROCEDURE 10.3.5(c) AMENDMENT OF TERMS OF ISSUE BY APPROVAL

For the purpose of Rule 10.3.5(c), the time is 15 Business Days prior to the meeting.

Introduced 20/10/05

PROCEDURE 10.6.2 NUMBER OF WARRANTS IN A WARRANT SERIES

For the purpose of Rule 10.6.2, the time is 2 Business Days from the day on which the request was made, or such other period notified by ASX.

Amended 20/10/05

PROCEDURE 10.6.4 QUARTERLY WARRANT INFORMATION – [Deleted]

Deleted 20/10/05

PROCEDURE 10.6.5 ANNUAL REPORT

For the purpose of Rule 10.6.5, the time is within 3 months of the close of its accounting period, or such other period notified by ASX.

Amended 20/10/05

PROCEDURE 10.6.6 STATEMENT OF ASSETS, LIABILITIES AND EQUITY

For the purpose of Rule 10.6.6, the time is within 75 days of the end of the first half-yearly period of its financial year.

Amended 20/10/05

PROCEDURE 10.7.7 TRANSFER BETWEEN AUSTRALIAN REGISTER AND REGISTER MAINTAINED OUTSIDE AUSTRALIA

For the purpose of Rule 10.7.7, the time is within 5 Business Days of receiving the transfer.

Amended 20/10/05

PROCEDURE 10.8.2 DELIVERABLE WARRANTS – [Deleted]

Deleted 20/10/05

PROCEDURE 10.10.4 DESPATCH OF INTRINSIC VALUE PAYMENT

For the purpose of Rule 10.10.4, the time is within 10 Business Days of calculating the intrinsic value payment.

Introduced 20/10/05

PROCEDURE 10.11.7 CALCULATION OF ASSESSED VALUE PAYMENT WHERE NOT PRESCRIBED IN THE TERMS OF ISSUE

For the purposes of Rules 10.11.7(b), intrinsic value must be calculated in accordance with the following formulae:

For call Warrants: $I = S - E$

For put Warrants: $I = E - S$

Where:

I is the intrinsic value of the Warrant;

S is the volume weighted average price of the Underlying Instrument during the last two hours of Normal Trading or such other period determined by ASX excluding special sales and overseas sales on the expiry date; and

E is the exercise price of the Warrant.

For the purposes of Rule 10.11.7, the assessed value payment must at least be equal to the amount calculated in accordance with the following formulae:

For call Warrants: $P = 0.9 (V - E)$

For put Warrants: $P = 0.9 (E - V)$

Where:

P is the amount of the assessed value payment;

V is the arithmetic average of the daily volume weighted average prices of the Underlying Instrument on the 5 Trading Days following the expiry date excluding special, late and overseas sales; and

E is the exercise price of the Warrant.

Introduced 20/10/05

PROCEDURE 10.11.8 DESPATCH OF ASSESSED VALUE PAYMENT

For the purpose of Rule 10.11.8, the time is within 10 Business Days of calculating the assessed value payment.

Introduced 20/10/05

SECTION 11 DERIVATIVES MARKET CONTRACTS

PROCEDURE 11.3.1 POWER TO MAKE ADJUSTMENTS

For the purpose of Rule 11.3.1, the adjustments that will generally apply in certain circumstances are set out in Appendix 11.3.1.

Amended 28/11/05

SECTION 12 TRADING PERMISSION

PROCEDURE 12.1.1 APPLICATION FOR TRADING PERMISSION

The application form for Trading Permission is that form determined by ASX from time to time. An applicant should request the form from ASX.

PROCEDURE 12.3.1 TRADING PARTICIPANT ENTITLED TO MAXIMUM THROUGHPUT CAPACITY

Throughput Capacity and Open Interface Devices

Trading Participants

For the purpose of Rule 12.3, the maximum Throughput Capacity to which a Trading Participant is entitled for each of the Open Interface Devices is 10 transactions per second. Unless otherwise determined and notified by ASX, there is currently no limit prescribed for the maximum number of Open Interface Devices and the maximum aggregate Throughput Capacity of those Open Interface Devices operated by a Trading Participant.

Market Makers

For the purpose of Rule 12.3, the maximum Throughput Capacity to which a Trading Participant trading in their capacity as a Market Maker is entitled for each of the Open Interface Devices is 10 transactions per second. If the Trading Participant uses a server system to operate multiple Open Interface Devices in a parallel, the maximum number of Open Interface Devices and the maximum aggregate Throughput Capacity is prescribed separately under Procedure 23.2.2.

Introduced 11/03/04 Amended 28/11/05

SECTION 13 TRADING OBLIGATIONS OF TRADING PARTICIPANTS

PROCEDURE 13.1.10 RECORDS – IDENTIFICATION OF ORDER SOURCE

A Trading Participant must maintain the records referred to in Rule 13.1.10 for a period of seven years.

PROCEDURE 13.3.3 RECORDS REGARDING AUTHORISED PERSONS

A Trading Participant must maintain the records referred to in Rule 13.3.3 for a period of seven years.

PROCEDURE 13.3.4 CERTIFICATION PRIOR TO CONDUCTING AUTOMATED CLIENT ORDER PROCESSING

The form of certification required is as set out in Appendix 13.3.4.

Market Participants should also refer to the Guidance Notes which provides further guidance relating to certification, operational requirements and Authorised Persons.

SECTION 14 MARKET SUSPENSIONS, TECHNICAL FAILURE AND OTHER ORDERLY MARKET POWERS

PROCEDURE 14.1.3 DTR MUST BE AVAILABLE

For the purpose of Rule 14.1.3, unless otherwise determined and notified by ASX the DTR of the Trading Participant must be contactable during the following times on a Trading Day:

1. For Cash Market Products – from 10 AM to the end of the CSPA;
2. For Options and Futures – from 10 AM to 4:30 PM.

Introduced 11/03/04 Amended 28/11/05

PROCEDURE 14.2.2 CONSEQUENCES OF SUSPENSION OF TRADING FOR TECHNICAL FAILURE

For Cash Market Products and Derivatives Market Contracts, the Trading Platform will be placed in the Pre-Open Session State prior to the re-commencement of normal trading (in Open, or other appropriate, Session State).

ASX will:

1. If possible, restore the Central Orderbook and the Bulletin Board as they appeared prior to the suspension taking effect; and
2. notify Trading Participants of the times that the Pre-Open Session State will begin, when normal trading will resume and if applicable whether the Central Orderbook and the Bulletin Board has been restored.

Introduced 11/03/04 Amended 28/11/05

PROCEDURE 14.2.4 NOTIFICATION OF TRADING PARTICIPANT CONNECTION FAILURE

In notifying ASX of an inability to transmit or receive Trading Messages because of a systems or connection failure a Trading Participant may request ASX Market Control on a best endeavours basis to:

1. trade on their behalf by providing verifiable instructions regarding cancellation or amendment of their existing orders and/or for the placement of new buy/sell orders; and/or
2. provide their DTR with access to a Trader Workstation located in the local ASX Office emergency trading room.

Note: to the extent permitted by law no liability whatsoever, will be accepted by ASX, its subsidiaries or employees for an incorrectly executed order or amendment and/or delay, or failure to execute any order or amendment. The Trading Participants acknowledges that by requesting ASX Market Control to trade on its instructions it will be bound by this disclaimer.

ASX Emergency trading facilities are provided for use during emergency situations only and Trading Participants must make all efforts to relocate to their standby facility as quickly as possible.

Introduced 11/03/04 Amended 28/11/05

PROCEDURE 14.2.6 CONSEQUENCES OF TRADING PARTICIPANT CONNECTION FAILURE

For the purpose of Rule 14.2.6, the period for:

1. Market Maker Orders is 10 minutes from the registration or notification of a systems or communications failure under Rule 14.2.4, whichever occurs earlier;
2. non Market Maker Orders is 10 minutes from the receipt by Market Control of cancellation instructions from the Trading Participant's DTR.

Introduced 11/03/04 Amended 28/11/05

PROCEDURE 14.2.7 EMERGENCY FACILITIES

Market Participants must check with Market Control to confirm whether this level of service is available given the circumstances generating the need for emergency trading.

Emergency trading through Market Control is predominantly available to facilitate the reduction of trading risk for a Market Participant immediately following an interruption to trading access. Under certain circumstances trade entry via Market Control is available for continuity of trading access.

Emergency trading facilities are constrained to Trader Workstation and telephone line access only. No other trading applications should be expected. Access to these facilities is strictly controlled through Market Control.

Introduced 11/03/04 Amended 28/11/05

SECTION 15 TRADE ERRORS, CANCELLATIONS AND DEALING DISPUTES

PROCEDURE 15.2.1 OBLIGATIONS TO NOTIFY EXCHANGE OF ERROR

The Trading Participant must notify the Manager, Market Control of the alleged Error within 15 minutes following the execution of the relevant Market Transaction.

Introduced 11/03/04 Amended 28/11/05

PROCEDURE 15.2.2 ASX MAY NOTIFY MARKET PARTICIPANTS OF AN ERROR

The time limit prescribed under Rule 15.2.2 is within 3 hours of ASX asking for submission.

PROCEDURE 15.2.4 ERRORS RESOLVED BY AGREEMENT

If a Trading Participant becomes aware of any error then they must, unless Rule 15.2.8 applies, contact the Trading Participant with whom the error was made and request the agreement of the Trading Participant to cancel the transaction.

Market Participants may effect cancellation through the Trading Platform provided it is effected by the end of the Trading Day, or (for Cash Market Products) by the end of T+1 at the absolute latest. The cause and agreed outcome must be provided to Market Control in writing within 2 Business Days of cancellation or amendment via the system.

Introduced 11/03/04 Amended 28/11/05

PROCEDURE 15.2.6 ERRORS NOT RESOLVED BY AGREEMENT

A formal Error Dispute referral must be lodged by one or more Trading Participants with Market Control through a recorded phone call or email message immediately upon a decision that agreement cannot be reached between Trading Participants. This request must be followed by provision of a written statement to Market Control presenting the details of the disputed transaction and the efforts used to try and achieve agreement (including, where appropriate, any actions taken under Rule 15.2.8). This statement must be delivered within 15 minutes of lodgement of the Error Dispute referral.

Introduced 11/03/04 Amended 28/11/05

PROCEDURE 15.2.8 REQUEST BY TRADING PARTICIPANTS WHERE COUNTERPARTY NOT KNOWN

A request under Rule 15.2.8 must be made within 15 minutes following the execution of the relevant Market Transaction.

Introduced 28/11/05

PROCEDURE 15.4.13 FEE FOR ERROR DISPUTE OR DEALING DISPUTE

The fee prescribed under Rule 15.4.13 is \$250 GST Exclusive.

Amended 28/11/05

PROCEDURE 15.5.1 APPEAL TO APPEAL TRIBUNAL

The notice of appeal under Rule 15.5.1 must be given within 2 Business Days of the Market Participant being informed by ASX that it will be taking action or will not be taking action under Rule 15.2.7, Rule 15.4.4 or Rule 15.6, as applicable.

SECTION 16 CASH MARKET PRODUCTS AND CASH ONLY COMBINATIONS

PROCEDURE 16.1.3 DEALINGS IN SECURITIES FOR WHICH OFFICIAL QUOTATION WILL BE NOT SOUGHT

For the purpose of Rule 16.1.3 the period is 24 hours after the entity has advised ASX of the details of the issue.

Introduced 11/03/2004

PROCEDURE 16.3.6 CLOSING SINGLE PRICE AUCTION – [Deleted]

Introduced 11/03/04 Amended 02/07/04 Deleted 28/11/05

PROCEDURE 16.3.7 CLOSING PHASE – [Deleted]

Introduced 11/03/04 Amended 02/07/04 Deleted 28/11/05

PROCEDURE 16.3.8 AFTER HOURS ADJUST PHASE – [Deleted]

Introduced 11/03/04 Amended 02/07/04 Deleted 28/11/05

PROCEDURE 16.3.10 OVERNIGHT TRADING

For the purposes of Rule 16.3.10, unless otherwise determined and notified by ASX the period set out is:

1. 4:16 PM to 5 PM in the following permitted circumstances or otherwise those notified by ASX from time to time:
 - (a) Genuine book squaring – a trade that completes an order received prior to 4:15 PM on the Trading Day;
 - (b) Hedging trades – trades comprising a bona fide hedge including those involving the hedging of a Derivatives Market Contract transacted under Section 21.6;
 - (c) Completion of an order that narrowly missed execution in the CSPA Session State;
 - (d) Error rectification; and
 - (e) Put Throughs-A Crossing that results in the Cash Market Products the subject of the transaction being sold by a nominee that holds those Cash Market Products on behalf of a Funds Manager to another nominee that holds those Cash Market Products on behalf of the same Funds Manager.
- and
2. 5 PM on a Trading Day until 7 AM the next Trading Day

Notes:

- (i) Procedures for Reporting of Overnight Transactions are covered under Rule 16.12.3.

- (ii) A transaction in paragraph (e) is included for the purpose of incorporation into Procedure 17.7(a).

Introduced 28/11/05 Amended 03/01/06

PROCEDURE 16.5.2 NOTIFICATION TO ASX

Where a Trading Participant effects an ETF Special Trade in accordance with Rule 16.5, the Trading Participant must:

1. Immediately advise Market Control via email, or if that is unavailable, by facsimile, of the following details:
 - (a) the identity of the Trading Participant;
 - (b) the Cash Market Product the subject of each trade;
 - (c) the number of Cash Market Products traded;
 - (d) the price of each trade;
 - (e) the consideration of each trade;
 - (f) the total ETF Special Trade consideration; and
2. Report the ETF Special trade to the Trading Platform in accordance with Procedure 16.5.2(2)(a) or 16.5.2(2)(b) below:
 - (a) if the Trading Participant acts as agent for both buyer and seller in the ETF Special Trade, the Trading Participant must immediately report the ETF Special Trade in conjunction with the Condition Code - ET;
 - (b) if the Trading Participant acts as principal, the Trading Participant must report the ETF Special Trade in conjunction with the Condition Code - ET:
 - (i) not later than 15 minutes prior to the scheduled commencement of Open Session State on the next Trading Day if the trade is effected before 1:00 PM on the previous Trading Day or
 - (ii) not later than 1:00 PM on the next Trading Day if the trade is effected after 1:00PM on the previous Trading Day.

Introduced 11/03/04 Amended 02/07/04, 28/11/05

PROCEDURE 16.6 QUOTATION – CORPORATE ACTIONS

ASX will adjust the basis of quotation for Cash Market Products to reflect corporate actions upon the instruments and advise the market of such changes on the morning of the day that the corporate action takes effect or as soon as relevant information is available thereafter. These adjustments will be made visible to the market through the system.

Introduced 11/03/04 Amended 28/11/05

PROCEDURE 16.7.2 EXCEPTION IF MARKET FOR DEALING IS ESTABLISHED

For the purposes of Rule 16.7.2(a), the announcement must be made in the Trading Platform and over the National Voiceline System.

For the purposes of Rule 16.7.2(b), the period is at least 15 minutes after the announcement in paragraph (a) has been made.

Introduced 11/03/04 Amended 28/11/05

PROCEDURE 16.8.2 UNDISCLOSED QUANTITY – [Deleted]

Introduced 11/03/04 Deleted 28/11/05

PROCEDURE 16.8.3 PROHIBITIONS – [Deleted]

Introduced 11/03/04 Amended 02/07/04 Deleted 28/11/05

PROCEDURE 16.9.2 WHEN ASX MAY DECLARE A CONDITIONAL MARKET

For the purposes of Rule 16.9.2(b)(i) the value prescribed is \$100,000,000.

For the purposes of Rule 16.9.2(e), the announcement is to be made on a Trading Platform and over the National Voiceline System.

Introduced 11/03/04 Amended 28/11/05

PROCEDURE 16.9.8 FULFILMENT OF CONDITION

The Settlement Day will usually be the fourth Business Day after the Dispatch Date stipulated by ASX under Rule 16.9.2(d).

Introduced 11/03/04 Amended 02/07/04

PROCEDURE 16.11.2 TRADING IN CASH ONLY COMBINATIONS IN THE CENTRAL ORDERBOOK

For the purpose of Rule 16.11.2, in transacting a Cash Only Combination in the Central Orderbook a Trading Participant must comply with the Procedures for Rule 31.2 .

Introduced 28/11/05

PROCEDURE 16.11.3 TRADING IN CASH ONLY COMBINATIONS IN THE BULLETIN BOARD

For the purpose of Rule 16.11.3, in transacting a Cash Only Combination in the Bulletin Board entered under Rule 31.3.3 (Note: unless otherwise notified by Market Control only those Combinations involving components with different contract size/price quotation factors may be entered and transacted in the Bulletin Board) a Trading Participant must:

1. Identify the order(s) for the Cash Only Combination which are to be transacted, having ranked them In Price/Time Priority.
2. Specify the price at which each component is to be transacted. The price of each of the component Cash Market Products must be at or within the best current bid and the best current offer for the

Cash Market Product in the Central Orderbook. The net price must be equal (rounded to 1 decimal point) to the net price specified in the Combination order to be transacted.

3. Specify the quantity, meaning the number of times the Combination in 1 above is to be traded at the net price as specified in 2 above.

When the Cash Only Combination is executed, the Trading Platform will generate a Market Transaction for each of the component Cash Market Products at the price specified in step 2 above and for the quantity specified by the Trading Participant in step 3 above.

Note: Cash Only Combination Orders entered in the Bulletin Board can be partially filled (Minimum quantity =1. Where a proportion of an order is transacted, the ratio relationship between the components of the Combination must be maintained.

Introduced 11/03/04 Amended 28/11/05

PROCEDURE 16.12.1 GENERAL OBLIGATIONS TO REPORT

For the purposes of Rule 16.12.1 the transactions prescribed are:

- (a) Exercise of OTC Options and Warrants; and
- (b) Booking Purposes trades (Condition Code BP).

Introduced 11/03/04 Amended 02/07/04

PROCEDURE 16.12.2 INFORMATION GENERATED AUTOMATICALLY

Under Rule 16.12.2 a Trading Participant is taken to have lodged the information referred to in Rule 16.12.1 if that information is generated automatically and supplied to ASX through facilities provided by ASX in accordance with these Procedures.

A report is generated by a Trading Platform for the following transactions and a Trading Participant need take no further action to report them:

1. Orders matched in a Trading Platform;
2. Crossings executed in accordance with Rule 17.2;
3. Orders matched in a Trading Platform with a market stabilisation order in a Cash Market Product the subject of market stabilisation arrangements;
4. Transactions in Cash Market Products arising from Combinations on the Bulletin Board or Central Orderbook of a Trading Platform;

Note that in respect of Combinations transacted directly against other Combination Orders for the same strategy, the Trading Platform automatically registers the component transactions as off-market trades on behalf of both parties involved. In respect of Derivatives/Cash Combinations and Cash Only Combinations consisting of underlying Equity Securities, or redeemable preference shares which are Loan Securities in accordance with paragraph (c) of the definition of Loan Securities together with one or more Warrant Series, the Trading Platform automatically registers the component transactions in conjunction with the Condition Code – EQ;

5. Transactions in Cash Market Products arising from the exercise of a Derivatives Market Contract;

Note that in respect of exercises of Derivatives Market Contracts, ACH automatically reports an off-market trade to the Trading Platform on behalf of the relevant parties in conjunction with Condition Code - EC (Calls) or EP (Puts); and

6. Transactions in Foreign Depository Interests arising from trades executed via ASX World Link in Participating ASX Cash Market Products. Note that in respect of transactions in Foreign Depository Interests, ASX automatically reports an off-market trade to the Trading Platform on behalf of the relevant parties in conjunction with Condition Code - FM.

Note: where the individual component prices of a Combination do not reflect current market prices/values ASX may rebook each component transaction so as to achieve more realistic individual prices equating to the traded net price for the Combination.

Introduced 11/03/04 Amended 02/07/04, 28/11/05

PROCEDURE 16.12.3 PROCEDURES FOR REPORTING

The lodgement of information required under Rule 16.12.3 must be performed via the off-market trade reporting functionality on a Trading Platform unless otherwise reported automatically under Rule 16.12.2.

Introduced 11/03/04 Amended 28/11/05

Trades reported via Trading Platform

The following transactions must be reported to ASX through a Trading Platform by Trading Participants using the off-market Trade Report function in conjunction with the relevant Condition Code in accordance with the directions set out below:

Reporting of market stabilisation transactions – Condition Code “ST” and “STLT”

Where a Trading Participant matches a market stabilisation order as part of an off-market transaction, the transaction must be reported to the Trading Platform in accordance with the Rules and Procedures governing that off-market transaction.

For example:

where a Trading Participant matches a market stabilisation order during normal trading the transaction must be immediately reported to the Trading Platform in conjunction with the relevant Condition Code - ST.

Where a Trading Participant matches a market stabilisation order as part of an overnight trade under Rule 16.3.10 the Trading Participant must report the transaction by the times specified under Rule 16.3.10 and in conjunction with the Condition Code - STLT.

Reporting of directed reporting transactions - Condition Code “DR”

Where a Trading Participant is directed by ASX to report a directed reporting transaction the trade must be immediately reported to a Trading Platform in conjunction with the Condition Code – DR

Note: Condition Code - DR should not be used unless directed by ASX.

Reporting of Forward Delivery Transactions – Condition Code “FD”

Where a Trading Participant effects a Forward Delivery Transaction in accordance with Rule 16.10, the Trading Participant must immediately report the transaction to the Trading Platform in conjunction with the Condition Code -FD.

Reporting of Index Replicating Special Crossing – Condition Code “IB”

Where a Trading Participant effects an Index Replicating Special Crossing in accordance with Rule 18.4 the Trading Participant must:

1. Immediately advise Market Control via email, or if that is unavailable, by facsimile, of the following details:
 - (a) the identity of the Trading Participant;
 - (b) the Cash Market Product the subject of each trade;
 - (c) the number of Cash Market Products traded;
 - (a) the price of each trade;
 - (e) the consideration of each trade;
 - (f) the total Index Replicating Special Crossing consideration; and.
- (2) Report the Index Replicating Special Crossing to the Trading Platform in conjunction with the Condition Code - IB:
 - (a) not later than 15 minutes prior to the scheduled commencement of Open Session State on the next Trading Day if the trade is effected before 1:00 PM on the previous Trading Day; or
 - (b) not later than 1:00 PM on the next Trading Day if the trade is effected after 1:00 PM on the previous Trading Day.

Reporting of “Put Through” transactions - Condition Code “PT”

Where a Trading Participant effects a Block Special Crossing in accordance with Rule 18.2 during all trading Session States other than the Close Session State and where the Block Special Crossing results in the Cash Market Products the subject of the transaction being sold by a nominee that holds those Cash Market Products on behalf of a Funds Manager to another nominee that holds those Cash Market Products on behalf of the same Funds Manager (a **“Put Through”** for the purposes of this Procedure 16.12.3), the Trading Participant must immediately report the “Put Through” transaction to the Trading Platform in conjunction with the Condition Code - PT.

Where a Trading Participant effects a Block Special Crossing in accordance with Rule 18.2 during the Close Session State and where the Block Special Crossing results in the Cash Market Products the subject of the transaction being sold by a nominee that holds those Cash Market Products on behalf of a Funds Manager to another nominee that holds those Cash Market Products on behalf of the same Funds Manager (a **“Put Through”** for the purposes of this Procedure 16.12.3), the Trading Participant must report the “Put Through” transaction to the Trading Platform not later than 15 minutes prior to the scheduled commencement of the Open Session State on the next Trading Day (or on the same Trading Day, if the transaction is effected between Midnight and the commencement of Open Session State on the Trading Day) in conjunction with the Condition Code - PT.

Reporting of overnight transactions - Condition Code “LT”

Where a Trading Participant effects an overnight transaction in accordance with Rule 16.3.10, the Trading Participant must report the transaction to the Trading Platform in the following manner:

1. Overnight Transactions in Cash Market Products transacted between 4:16 PM and 5 PM (Sydney time) must be reported immediately on the Trading Day on which they are transacted, in conjunction with the condition code LT. A summary email from each of the Trading Participants involved in the transaction detailing the purpose of the trade must be forwarded to Market Control at "seatsmarketcontrol@asx.com.au" by 6 PM on the Trading Day, with the following information included:

Time	Cash Market Product	Quantity	Price	Buyer PID	Seller PID	Reason ref 16.3.10

2. Overnight Transactions in Cash Market Products transacted between 5 PM and 7 PM (Sydney time) must be reported immediately on the Trading Day on which they are transacted, in conjunction with the condition code LT.
3. Overnight Transactions in Cash Market Products transacted between 7 PM on a Trading Day and 7 AM the next Trading Day (Sydney time) must be reported by no later than 15 minutes prior to the scheduled commencement of Open Session State on the next Trading Day (or on the same Trading Day, if the transaction is effected between Midnight and 7 AM) and in conjunction with the condition code LT.

Reporting of overseas transactions - Condition Code "OS"

Where a Trading Participant purchases or sells Securities on the New Zealand Stock Exchange in accordance with Rule 16.2.2, the Trading Participant must immediately report the transaction to the Trading Platform in conjunction with the Condition Code OS.

Where a Trading Participant effects a transaction in accordance with Rule 17.6, the Trading Participant must report the transaction to the Trading Platform in conjunction with the Condition Code OS no later than 15 minutes prior to the scheduled commencement of the Open Session State on the next Trading Day (or on the same Trading Day, if the transaction is effected between Midnight and the commencement of Open Session State on a Trading Day).

Where a Trading Participant acts in a buying or selling transaction with a member of a Recognised Overseas Stock Exchange during the Close Session State on a Trading Day, or at any time on a day other than a Trading Day, the Trading Participant must report the transaction to the Trading Platform in conjunction with the Condition Code OS not later than 15 minutes prior to the scheduled commencement of the Open Session State on the next Trading Day (or on the same Trading Day, if the transaction is effected between Midnight and the commencement of Open Session State on the Trading Day).

Where a Trading Participant effects a Crossing during the Close Session State on any Trading Day where one of the orders is on account of an overseas resident, the Trading Participant must report the Crossing to the Trading Platform in conjunction with the Condition Code OS not later than 15 minutes prior to the scheduled commencement of the Open Session State on the next Trading Day (or on the same Trading Day, if the transaction is effected between Midnight and the commencement of Open Session State on the Trading Day).

Reporting of Block Special Crossings - Condition Code "SP"

Where a Trading Participant effects a Block Special Crossing in accordance with Rule 18.2.1 during all Session States other than the Close Session State, the Trading Participant must immediately report the transaction to the Trading Platform in conjunction with the Condition Code SP.

Where a Trading Participant effects a Block Special Crossing in accordance with Rule 18.2.1 during the Close Session State, the Trading Participant must report the transaction to the Trading Platform in conjunction with the Condition Code SP no later than 15 minutes prior to the scheduled commencement of Open Session State on the next Trading Day (or on the same Trading Day, if the transaction is effected between Midnight and the commencement of Open Session State on the Trading Day) using parameter P.

Reporting of facilitated specified size Block Special Crossings - Condition Code “SP”

Where a Trading Participant effects a Block Special Crossing which meets the requirements in Rule 18.2.2, the Trading Participant must:

1. Immediately advise Market Control via the Trading Platform of the following details:
 - (a) the identity of the Trading Participant;
 - (b) the Cash Market Product the subject of the trade;
 - (c) the number of Cash Market Products;
 - (d) the price of the trade; and
2. Report the Block Special Crossing to the Trading Platform in conjunction with the Condition Code SP:
 - (a) not later than 15 minutes prior to the scheduled commencement of Open Session State on the next Trading Day if the trade is effected before 1:00 PM on the previous Trading Day; or
 - (b) not later than 1:00 PM on the next Trading Day if the trade is effected after 1:00 PM on the previous Trading Day.

Reporting of Short Sold transactions - Condition Code “SH”

Where a Trading Participant matches a short sale order as part of an off-market transaction, the transaction must be reported to the Trading Platform in accordance with the Rules and Procedures governing that off-market transaction.

The transaction is reported to the Trading Platform in conjunction with the relevant off-market trade report Condition Code and short sale order Condition Code SH”.

For example, where a Trading Participant matches a short sale order as part of an overnight trade, the Trading Participant must report the transaction to the Trading Platform in conjunction with both Condition Codes LT and SH.

Reporting of foreign to foreign transactions - Condition Code “OR”

The purpose of foreign to foreign transactions is to ensure trades can occur in a security with foreign ownership limits, eg Telstra, without these limits being breached.

A foreign to foreign transaction is:

1. A transaction between two Foreign Persons on the basis that settlement of the transaction will be effected pursuant to the ASTC Rules applicable to Confirmed FOR Securities, i.e. the trade will be excluded from settlement netting so that ownership is guaranteed to pass from one foreign owner to another; and
2. In Confirmed FOR Securities being ASX listed securities which:
 - (a) are subject to aggregate foreign ownership restrictions;
 - (b) have been included in Schedule 1 of the ASTC Rules as FOR Securities; and
 - (c) are held and recorded in a CHESS holding with a residency indicator F.

Trades subject to the condition Foreign to Foreign do not increase the volume of securities held by foreign investors in the FOR Issuer, i.e. they do not breach any of the aggregate foreign ownership rules.

For settlement purposes, such trades must be reported in conjunction with Condition Code OR, so that ownership passes from Foreign Person seller directly to the Foreign Person buyer. Incorrect reporting may cause the trade to be rejected by CHESS, resulting in fail fees for the seller.

Foreign to Foreign transactions (which are in Confirmed FOR Securities) are not the same as transactions in foreign securities.

Where a Trading Participant wishes to effect a Foreign to Foreign transaction during Open Session State, for Confirmed FOR Securities, the Trading Participant must:

1. Perform a Priority Crossing in accordance with 17.2.4;
2. Cancel the Crossing; and
3. Report the trade immediately in conjunction with the Condition Code OR.

Where a Trading Participant wishes to effect a Foreign to Foreign transaction as part of an off-market transaction, the transaction must be reported to the Trading Platform in accordance with the Rules and Procedures governing that off-market transaction.

The transaction is reported to the Trading Platform in conjunction with both the relevant off-market trade Condition Code and the Condition Code OR.

For example, where a Trading Participant effect a Foreign to Foreign transaction as part of an overnight trade the Trading Participant must report the transaction to the Trading Platform by the times specified for reporting overnight transaction under Rule 16.3.10 and in conjunction with the Condition Codes LT and OR.

Reporting of ETF Special Trades - Condition Code "ET"

Refer to Procedure 16.5 for ETF Special Trade reporting requirements.

Reporting of Portfolio Special Crossings - Condition Code "SX"

Where a Trading Participant effects a Portfolio Special Crossing in accordance with Rule 18.3, the Trading Participant must:

1. Immediately advise Market Control via email, or if that is unavailable, by facsimile, of the following details:

- (a) the identity of the Trading Participant;
- (b) the Cash Market Product the subject of each trade;
- (c) the number of Cash Market Products traded;
- (d) the price of each trade;
- (e) the consideration of each trade;
- (f) the total portfolio consideration; and

2. Report the Portfolio Special Crossing in accordance with paragraph (a), (b) or (c) below:

- (a) if the Trading Participant acts as a agent for both the buyer and seller in the Portfolio Special Crossing and the Portfolio Special Crossing is effected during all Session States other than the Enquire Session State, the Trading Participant must immediately report the Portfolio Special Crossing to the Trading Platform in conjunction with the Condition Code SX;
- (b) if the Trading Participant acts as a agent for both the buyer and seller in the Portfolio Special Crossing and the Portfolio Special Crossing is effected during the Close Session State, the Trading Participant must report the Portfolio Special Crossing to the Trading Platform not later than 15 minutes prior to the scheduled commencement of Open Session State on the next Trading Day (or on the same Trading Day, if the transaction is effected between Midnight and the commencement of Open Session State on the Trading Day) in conjunction with the Condition Code SX;
- (c) if the Trading Participant acts as Principal, the Trading Participant must report the Portfolio Special Crossing in conjunction with the Condition Code SX:
 - (i) not later than 15 minutes prior to the commencement of the Open Session State on the next Trading Day if the trade is effected before 1:00 PM on the previous Trading Day; or
 - (ii) not later than 1.00 PM on the next Trading Day if the trade is effected after 1:00PM on the previous Trading Day.

Reporting of shortfall in underwriting and other special sales - Condition Code "SO"

Where a Trading Participant effects a shortfall in underwriting or other Special Crossing in accordance with Rules 18.5 and 18.6 during all Session States other than the Close Session State, the Trading Participant must immediately report the transaction to the Trading Platform in conjunction with the Condition Code SO.

Where a Trading Participant effects a shortfall in underwriting or other Special Crossing in accordance with Rules 18.5 and 18.6 during the Close Session State, the Trading Participant must report the transaction to the Trading Platform not later than 15 minutes prior to the commencement of the Open Session State on the next Trading Day (or on the same Trading Day, if the transaction is effected between Midnight and the commencement of Open Session State on the Trading Day) in conjunction with the Condition Code SO.

Introduced 11/03/04 Amended 02/07/04, 28/11/05

PROCEDURE 16.13 MINIMUM BIDS AND OFFERS – [Deleted]

Introduced 11/03/04 Deleted 28/11/05

SECTION 17 CROSSING – CASH MARKET PRODUCTS

PROCEDURE 17.2.4 PRIORITY CROSSINGS

For the purpose of Rule 17.2.4, the Crossing is effected by using the specific Priority Crossing function and reported in conjunction with the Condition Code XT.

Introduced 11/03/04 Amended 28/11/05

PROCEDURE 17.3.1 CROSSINGS PERMITTED DURING THE CLOSING PHASE – [Deleted]

Introduced 11/03/04 Deleted 28/11/05

PROCEDURE 17.6 CROSSINGS PRIOR TO COMMENCEMENT OF THE OPEN SESSION STATE

For the purposes of Rule 17.6, the Crossing may be effected up to 15 minutes prior to the commencement of the Open Session State.

The manner in which a Crossing may be executed in accordance with Rule 17.6.1(d) is as follows:

A Crossing may be effected up to 15 minutes prior to the commencement of the Open Session State at the beginning of any Trading Day when:

1. Overseas resident clients are involved in both sides of the transaction; or
2. An overseas resident client is involved on one side and the Trading Participant is acting as Principal on the other side of the transaction; and
3. A stock market maintained by a Recognised Stock Exchange:
 - (a) in the overseas client's country of residence; or
 - (b) if both sides of the transaction involve overseas resident clients, in the country of residence of one of those clients, is open for trading at that time.

Amended 28/11/05

PROCEDURE 17.7 CROSSING DURING OVERNIGHT TRADING

For the purposes of Rule 17.7, the period set out is:

- (a) 4:16 PM to 5 PM in circumstances permitted by ASX under Procedure 16.3.10 – Overnight Trading; and
- (b) 5 PM on a Trading Day until 7 AM the next Trading Day

Introduced 28/11/05

SECTION 18 SPECIAL CROSSING – CASH MARKET PRODUCTS

PROCEDURE 18.2.1 WHAT CONSTITUTES A BLOCK SPECIAL CROSSING

For the purposes of Rule 18.2.1, the amounts set out are amounts of not less than:

- (i) for transactions in respect of Equity Securities, \$1,000,000 (calculated on the basis that Equity Securities issued by a single issuer in the same class, or the classes of which differ only as to the amount of dividend payable, and with the same paid up value will be aggregated);
- (ii) for transactions in respect of Loan Securities, \$1,000,000; and
- (iii) for transactions in respect of Warrants, \$500,000.

Introduced 28/11/05

PROCEDURE 18.2.2 FACILITATED SPECIFIED SIZE BLOCK SPECIAL CROSSINGS

For the purposes of Rule 18.2.2, the amounts set out are:

the consideration for the transaction is at least

- (i) for transactions in respect of Equity Securities for the time being categorised by ASX as Category A Securities, \$15,000,000;
- (ii) for transactions in respect of Equity Securities for the time being categorised by ASX as Category B Securities, \$10,000,000;
- (iii) for transactions in respect of Equity Securities for the time being categorised by ASX as Category C Securities, \$5,000,000; and
- (iv) for transactions in respect of other Equity Securities, \$2,000,000;

Note: If, as a result of more than one trade, the value of Facilitated Specified Size Block Special Crossings approached or exceed 20% of the value of all Block Special Crossings (calculated over a period of one week), either overall or for individual Equity Securities, ASX will generally re-categorise the relevant Equity Securities into a higher category.

Introduced 28/11/05

PROCEDURE 18.3.1 WHAT CONSTITUTES A PORTFOLIO SPECIAL CROSSING

For the purpose of Rule 18.3.1(c), there must be a least 10 purchase and/or sales and the consideration for each must not be less than \$200,000.

For the purpose of Rule 18.3.1(d), the total consideration must not be less than \$5,000,000.

PROCEDURE 18.3.2 SPECIAL CROSSING OF CASH ONLY COMBINATIONS

For the purposes of Rule 18.3.2 each Cash Market Product component of the Cash Only Combination must be greater than or equal to the Block Special Size amounts prescribed under Rule 18.2.1.

Introduced 28/11/05

PROCEDURE 18.4.1 APPROVED INDEX

For the purpose of Rule 18.4.1(a), the percentage is 20%.

PROCEDURE 18.4.2 WHAT CONSTITUTES AN INDEX REPLICATING SPECIAL CROSSING

For the purpose of Rule 18.4.2(a), the percentage is 90%.

For the purpose of Rule 18.4.2(b), the percentage is 90% and the method of valuation is for each tenth of a point of the Approved Index the value will be \$100.00.

SECTION 19 SHORT SELLING – TRADED PRODUCTS

PROCEDURE 19.2.1 BONA FIDE ARBITRAGE TRANSACTION

For the purpose of Rule 19.2.1(b), the time prescribed is close of business on the second Business Day after the sale.

PROCEDURE 19.3.6 SHORT SALE DURING OVERNIGHT TRADING

For the purposes of Rule 19.3.6, the time set out is:

- (a) 4:16 PM to 5 PM in circumstances permitted by ASX under Procedure 16.3.10 – Overnight Trading; and
- (b) 5 PM on a Trading Day until 7 AM the next Trading Day.

Introduced 28/11/05

PROCEDURE 19.5.1 LIMIT ON SHORT SALE VOLUME

A Trading Participant shall not Short Sell an Approved Security of an Issuer if as a result of the Short Sale, Approved Securities of that Issuer comprising more than 10% of the total number of all Approved Securities of that Issuer would be the subject of subsisting Short Sales contracts.

PROCEDURE 19.5.2 SETTLEMENT DATE FOR SHORT SALE OF PUBLIC SECURITIES

The settlement date must not be more than 10 Business Days after the date of the sale.

Amended 28/11/05

PROCEDURE 19.6.1 NET SHORT SALE POSITION OF APPROVED SHORT SALE PRODUCT

No other types of position have yet been prescribed.

SECTION 20 TAKEOVER BIDS, SCHEMES AND ON - MARKET BUY-BACKS

PROCEDURE 20.3.1 ACQUISITION OF TRADED PRODUCTS BY BIDDER

For the purpose of Rule 20.3.1, announcement in writing, by facsimile or electronic delivery to ASX is prescribed.

PROCEDURE 20.3.2 ACQUISITION OF TRADE PRODUCTS BY ANOTHER BIDDER

For the purpose of Rule 20.3.2, announcement in writing, by facsimile or electronic delivery to ASX is prescribed.

PROCEDURE 20.4.1 ACTION ASX WILL TAKE IN RESPECT OF TAKEOVER BIDS AND SCHEMES

Refer to Appendix 20.4.

SECTION 21 DERIVATIVES MARKET CONTRACTS

PROCEDURE 21.2.7 MARKET TRANSACTIONS AND NON-ASX CONTRACTS COMPRISING A CROSS-MARKET COMBINATION

No Procedures yet prescribed.

PROCEDURE 21.3.1 ORDERS – [Deleted]

Deleted 28/11/05

PROCEDURE 21.3.2 STANDARD COMBINATION SPECIFICATIONS – [Deleted]

Deleted 28/11/05

PROCEDURE 21.3.4 TAILOR-MADE COMBINATION SPECIFICATIONS – [Deleted]

Deleted 28/11/05

PROCEDURE 21.3.5 CREATION OF TAILOR-MADE COMBINATIONS – [Deleted]

Deleted 28/11/05

PROCEDURE 21.3.6 CHANGES TO TAILOR-MADE COMBINATIONS – [Deleted]

Deleted 28/11/05

PROCEDURE 21.4.1 ADVERTISING INTEREST – [Deleted]

Deleted 28/11/05

PROCEDURE 21.4.2 ORDERS IN THE BULLETIN BOARD – [Deleted]

Deleted 28/11/05

PROCEDURE 21.4.3 COMBINATIONS IN THE BULLETIN BOARD – [Deleted]

Deleted 28/11/05

PROCEDURE 21.4.4 NET PRICE FOR DIFFERENT CONTRACT SIZES – [Deleted]

Deleted 28/11/05

PROCEDURE 21.4.8 TRANSACTION OF DERIVATIVES ONLY COMBINATIONS IN THE BULLETIN BOARD

For the purposes of Rule 21.4.8, in transacting a Derivatives Only Combination in the Bulletin Board entered under 31.3.3 a Trading Participant must:

1. Identify the order(s) for the Derivatives Only Combination which are to be transacted, having ranked them In Price/Time Priority.

2. Specify the price at which each component is to be transacted. The price of each of the component Contract Series must be at or within the best current bid and the best current offer in the Contract Series. The net price must be equal (rounded to 1 decimal point) to the net price specified in the Combination order to be transacted.
3. Specify the quantity, meaning the number of times the Combination in 1 above is to be traded at the net price as specified in 2 above.

When the Derivatives Only Combination is executed, the Trading Platform will generate a Market Transaction for each of the component Contract Series at the price specified in step 2 above and for the quantity specified by the Trading Participant in step 3 above.

Note: Where a proportion of an order is transacted (i.e. partially traded, minimum quantity =1), the ratio relationship between the components of the Combination must be maintained.

Amended 28/11/05

PROCEDURE 21.4.9 TRANSACTION OF DERIVATIVE/CASH COMBINATIONS IN THE BULLETIN BOARD

For the purpose of Rule 21.4.9, in transacting a Derivative/Cash Combination in the Bulletin Board entered under Rule 31.3.3 a Trading Participant must:

1. Be appropriately authorised to trade each of the component Financial Products the subject of the Derivative/Cash Combination.
2. Identify the order(s) for the Derivative/Cash Combination which are to be transacted, having ranked them In Price/Time Priority.
3. Specify the price at which each component is to be transacted. The price of each of the Derivatives Market Contract components must be at or within the best current bid and the best current offer in the Contract Series. The price of the Cash Market Product component must be at or within the then current bid and offer for those Cash Market Products as displayed in the Trading Platform. The net price must be equal (rounded to 1 decimal point) to the net price specified in the Combination order to be transacted.
4. Specify the quantity, meaning the number of times the Combination in 2 above is to be traded at the net price as specified in 3 above.

When the Derivative/Cash Combination is executed, the Trading Platform will generate a Market Transaction for each of the component Contract Series at the price specified in step 3 above and for the quantity specified by the Trading Participant in step 4 above.

Note: Where a proportion of an order is transacted (i.e. partially traded, minimum quantity =1), the ratio relationship between the components of the Combination must be maintained.

Amended 28/11/05

PROCEDURE 21.4.10 TRANSACTION OF CROSS-MARKET COMBINATIONS IN THE BULLETIN BOARD

No Procedure prescribed at this stage.

PROCEDURE 21.5.1 OBLIGATION TO REPORT DERIVATIVES MARKET TRANSACTIONS

Under Rule 21.5.1, a Trading Participant must promptly report each Derivatives Market Transaction (including those entered into as components of a Combination) entered into by the Trading Participant by lodging details of the transaction with ASX in the following form and manner.

Form of Reporting

1. Date of the transaction;
2. Identity of the Trading Participants to the transaction;
3. The underlying asset (e.g.; Underlying Financial Product or the Underlying Index);
4. Exercise Price or the Exercise Level (for an Option);
5. Maturity/Expiry Date;
6. Number of Derivatives Market Contracts the subject of the Derivatives Market Transaction;
7. Premium/Price, expressed in the same manner as that in which bids/offers are required to be made being:
 - (a) in the case of an Option over Underlying Financial Products, the amount of money per unit of the Underlying Financial Products;
 - (b) in the case of an Option over an Underlying Index, the number of points of the Index; and
 - (c) in the case of the Cash Market Product component of a Derivatives/Cash Combination, the amount of money per unit of the Underlying Financial Products;
 - (i) Condition Code*, if any; and
 - (ii) any other information required by ASX to be lodged with ASX.

*Condition Codes

The following Condition Codes must be entered manually by a Trading Participant or by Market on behalf of a Trading Participant when conducting a transaction of this type:

Type of trade	Rule	Condition Code
Late Trade	21.6	LT
Overseas Trade	21.7	OS
Special Crossing	22.3	SP
Combination Crossing (Bulletin Board and Standard Combinations)	22.2.4; 22.2.5; 22.2.6	XTCT
Contingent Special Crossing	22.3	SPCT
Crossing	22.2	XT
Tailor-Made Combination Crossing	22.2.5; 22.2.6	XTTM
Exchange for Physical (Futures Only)	24	EQ

The following Condition Codes are generated by the Trading Platform or by Market Control on behalf of a Trading Participant and are provided for information purposes only:

Type of trade	Rule	Condition Code
Combinations traded on the Bulletin Board	21.4.8	BB
Derivatives/Cash Combination traded on the Bulletin Board	21.4.9	BBEQ
Derivatives/Cash Combination traded as a Tailor Made Combination	31.2	EQ
Tailor-Made Combination	31.2	TM
Crossings	22.2	XT

Manner of Reporting

Under Rule 21.5.2 a Trading Participant is taken to have lodged the information referred to in Rule 21.5.1 if that information is generated automatically and supplied to ASX through facilities provided by ASX in accordance with the Procedures. A report is generated by the Trading Platform for the following transactions and a Trading Participant need take no further action to report them:

1. Orders matched in the Central Orderbook.

2. Orders transacted on the Bulletin Board. Note that in respect of Derivative/Cash Combinations matched against other Combination Orders, the Trading Platform automatically registers a sale for each of the components as an off market transaction to the Trading Platform on behalf of both parties involved in the Derivative/Cash Combination transaction with the condition Code – EQ.
3. Any transactions arising from the offering of 50% of orders crossed under Rule 22.

Note: where the individual component prices of a Combination do not reflect current market prices/values ASX may rebook each component transaction so as to achieve more realistic individual prices equating to the traded net price for the Combination.

A Trading Participant is required to lodge the information required by Rule 21.5.1 using the Report Trade function of the Trading Platform in respect of the following Derivatives Market Transactions:

1. The crossed quantity of orders crossed under Rule 22.
2. Dealings on behalf of overseas clients under Rule 21.7. In relation to overseas trades in Options over an Underlying Index or Futures over an Underlying Index, trades must be reported on the next Trading Day between 5:30 AM and 5:55 AM. For stock Options and all other Futures, overseas trades must be reported on the next Trading Day between 9:00 AM and 9:45 AM.
3. Special Crossings under Rule 22.3. Special Crossings in Options over an Underlying Index or Futures over an Underlying Index must be reported on the Trading Day on which they are transacted between 5:30 AM and 8:00 PM (Sydney time). Special Crossings in stock Options and all other Futures must be reported on the Trading Day on which they are transacted between 9:00 AM and 6:00 PM (Sydney time).
4. Late trades in stock Options under Rule 21.7 must be reported on the Trading Day on which they are transacted between 4:25 PM and 5:00 PM (Sydney time). Late trades in all Futures other than Futures over an Underlying Index must be reported on the Trading Day on which they are transacted between 4:30 PM and 5:00 PM (Sydney time).

Note: There is no Late Trading for Options over an Underlying Index or Futures over an Underlying Index as these are subject to extended trading hours.

Amended 28/11/05

PROCEDURE 21.5.2 INFORMATION GENERATED AUTOMATICALLY

Refer to Procedure 21.5.1

PROCEDURE 21.6.1 LATE TRADING

For the purposes of Rule 21.6.1, late trading in stock Options is permitted between 4:25 PM (Trading Close) and 5:00 PM (Sydney time).

For the purposes of Rule 21.6.1, late trading is permitted in Contract Series over an Underlying Commodity (e.g. Electricity) between 4:30 PM (Trading Close) and 5:00 PM (Sydney time).

Note: There is no late trading for Contract Series over an Underlying Index as these contracts are subject to extended trading hours.

Amended 28/11/05

PROCEDURE 21.7.1 INSTRUCTIONS RECEIVED BY TRADING PARTICIPANT OUTSIDE TRADING HOURS

For the purposes of Rule 21.7.1, the time prescribed during which trades for overseas clients may occur for stock Options or Contract Series over an Underlying Commodity (e.g. Electricity) is between 5:01 PM and 7:00 AM (Sydney time).

For the purposes of Rule 21.7.1, the time prescribed during which trades for overseas clients may occur for Contract Series over an Underlying Index is between 8:01 PM and 4:00 AM (Sydney time).

PROCEDURE 21.8.1 TRADING PARTICIPANT NOT TO SUBMIT EXCESSIVE ORDERS – [Deleted]

Deleted 28/11/05

SECTION 22

CROSSING - DERIVATIVES MARKET CONTRACTS

PROCEDURE 22.2.2 CROSS SINGLE SERIES FUNCTION

For the purposes of Rule 22.2.2 the Cross Single Series Function, which is used to effect a crossing of orders in a single Contract Series, operates as follows:

1. The Trading Participant enters a Crossing Quote Request specifying the Contract Series code.
2. A Quote Request for the total quantity sought to be crossed is automatically sent to Market Makers in the Contract Series or, if there is no obligated Market Maker, to all Trading Participants. The Trading Participant may proceed with the Crossing once there is an Established Market (i.e. bid and offer from a Market Maker meeting the minimum quantity and maximum spread requirements) in the Contract Series or 30 seconds from making the Crossing Quote Request, whichever is the earlier. The price entered must be at or within the Established Market and the best current bid and offer for the Series.
3. The Trading Participant enters a bid (or offer) into the Central Orderbook for one half of the quantity for a minimum period of 15 seconds immediately followed by a offer (or bid) for one half of the quantity for a minimum period of 15 seconds.
4. The Trading Participant may remove from the Central Orderbook any untraded balance of the bid or offers not matched during the 15 seconds provided for each in turn.
5. The Trading Participant may then effect a Crossing at the price specified under 2 above of any part of the original quantity that has not traded under 3 above within 20 seconds of 4 above.
6. The Trading Participant must report the Crossing within 20 seconds of 5 above.

Amended 28/11/05

PROCEDURE 22.2.3 CROSS WITH CENTRAL ORDERBOOK FUNCTION

It is expected that the Cross with Central Orderbook Function will be used in circumstances where a Trading Participant has orders for a single Contract Series in the Central Orderbook and wishes to cross a subsequent order for the same Contract Series against the Central Orderbook without losing priority for the balance of the initial orders.

For the purposes of Rule 22.2.3 the Cross with Central Orderbook Function operates as follows:

1. A Trading Participant is not permitted to use the Cross with Central Orderbook Function unless the order with which the Trading Participant wishes to cross has been in the Central Orderbook for at least 60 seconds.

An order in a Futures Series over a commodity in Schedule 6 Part 2 that has been prescribed by ASX may be crossed as an effective Crossing at any time after the Order has been in the Central Orderbook for 60 seconds. Steps 2 to 5 below do not apply to such a Crossing. On entering the Crossing Order the Trading Participant must specify the quantity, the price and the intention to buy or sell.

2. The Trading Participant enters a "Cross with Book" Quote Request specifying the Contract Series code.

3. A Quote Request for the total quantity sought to be crossed is automatically sent to Market Makers in the Contract Series or, if there is no obligated Market Maker, to all Trading Participants. The Trading Participant may proceed with the Crossing once there is an Established Market (i.e. bid and offer from a Market Maker meeting the minimum quantity and maximum spread requirements) in the Contract Series or 30 seconds from making the Crossing Quote Request, whichever is the earlier.
4. The Trading Participant enters the “Cross with Book” command specifying the quantity, the price and the intention to buy or sell.
5. The Trading Platform will transact the Cross with Book order against other orders in the Central Orderbook In Price/Time Priority:

Example 1: Cross with Central Orderbook (Futures over a commodity)

The Central Orderbook is:

Bid			Ask		
Par	Qty	Prc	Prc	Qty	Par
999	20	16	18	100	111 order 1
			18	100	222 order 2
			18	100	444 order 3

Trading Participant 111 enters a “Cross with Book” command to buy 100 @ 18.

The following trades result:-

trade-1, 100 @ 18 from order 1 (Crossed)

Example 2: Cross with Central Orderbook (Orders Ahead of Crossing) (Futures over a commodity)

The Central Orderbook is:

Bid			Ask		
Par	Qty	Prc	Prc	Qty	Par
999	20	16	18	20	222 order 1
			18	100	111 order 2
			18	100	999 order 3

Trading Participant 111 enters a “Cross with Book” command to buy 100 @ 18.

The following trades result:-

trade-1, 20 @ 18 from order 1, Broker 222.

trade-2, 80 @ 18 from order 2, (Crossed) leaving balance of 20 @ 18 to sell.

Example 3: Cross with Central Orderbook (Multiple orders) (Futures over a commodity)

The Central Orderbook is:

Bid			Ask		
Par	Qty	Prc	Prc	Qty	Par
999	20	16	18	120	111 order 1
			18	10	222 order 2
			18	40	111 order 3
			18	20	999 order 4

Trading Participant 111 enters a “Cross with Book” command to buy 100 @ 18.

The following trades result:-

trade-1, 100 @ 18 from order 1 (Crossed) leaving balance of 20 @18 to sell

Example 4A: Cross with Central Orderbook (multiple price levels) (Futures over a commodity)

The Central Orderbook is:

Bid			Ask		
Par	Qty	Prc	Prc	Qty	Par
999	20	16	17	10	555 order 1
			18	100	111 order 2
			18	100	222 order 3
			18	100	444 order 4

Broker 111 enters a Cross with Book command to buy 100 @ 18.

The following trades result:-

trade-1, 10 @ 17 from order 1

new price level, remaining quantity 90,

trade-1, 90 @ 18 from order 2 (Crossed)

Introduced 11/03/04 Amended 11/10/04, 28/11/05

PROCEDURE 22.2.4 CROSSING OF STANDARD COMBINATIONS IN THE CENTRAL ORDERBOOK

For the purposes of Rule 22.2.4, a Crossing of orders for Standard Combinations is effected as follows:

1. The Trading Participant issues a Quote Request for the total quantity sought to be crossed for the Standard Combination.
2. The Trading Participant may proceed with the Crossing 30 seconds after making the Quote Request, whether or not the Central Orderbook contains a bid and an offer meeting the minimum quantity and maximum spread requirements for the Standard Combination. If after this period the Central Orderbook does contain a bid and an offer meeting the minimum quantity and maximum spread requirements, the price entered must be at or within this market and at or within the best current bid and offer for the component Contract Series.
3. The Trading Participant must enter a bid (or offer) into the Central Orderbook for one half of the quantity for a minimum period of 15 seconds immediately followed by a offer (or bid) for one half of the quantity for a minimum period of 15 seconds.
4. The Trading Participant may remove from the Central Orderbook any untraded balance of the bids or offers not matched during the 15 seconds provided for each in turn after the relevant 15 second period.
5. The Trading Participant may then effect a Crossing at the price specified under 2 above of any part of the original quantity that has not traded under 4 above within 20 seconds of removing any untraded balance under 4 above.
6. The Trading Participant must report the Crossing immediately following 5 above.

PROCEDURE 22.2.5 CROSSING OF OTHER DERIVATIVES ONLY COMBINATIONS

For the purpose of Rule 22.2.5, a Crossing of Orders for a Derivatives Only Combination, which is not a Standard Combination, in the Central Orderbook or Bulletin Board (as applicable) is effected as follows:

1. The Trading Participant issues Quote Requests for the total quantity sought to be crossed for each single Contract Series of which the Derivatives Only Combination is comprised.
2. The Trading Participant may proceed with the Crossing in the Central Orderbook or Bulletin Board (as applicable) 30 seconds from making the relevant Quote Requests, whether or not the Central Orderbook contains a bid and an offer meeting the minimum quantity and maximum spread requirements for each single Contract Series in the Derivatives Only Combination. The net price for the Derivatives Only Combination must be at or within the market in the Derivatives Only Combination, and at or within the market for the Derivatives Only Combination, as calculated by reference to the best current bid and offer (if any) for each single Contract Series of which the Derivatives Only Combination is comprised.
3. The Trading Participant must enter a bid (or offer) into the Central Orderbook or into the Bulletin Board (as applicable) for one half of the quantity for a minimum period of 15 seconds immediately followed by an opposing order (with single Contract Series bids and offers reversed and the net price credit/debit reversed) for one half of the quantity for a minimum period of 15 seconds.
4. Any untraded balance of the Derivatives Only Combination not matched during the 15 seconds provided for each in turn, may be removed from the Central Orderbook or the Bulletin Board (as applicable) after the relevant 15 second period.
5. The Trading Participant may then effect a Crossing at the price specified under 2 above of any part of the original quantity that has not traded under 3 above within 20 seconds of removing the untraded balance under 4 above.
6. The Trading Participant must report the Crossings of each single Contract Series of which the non-standard Derivatives Only Combination is comprised immediately following 5 above.

PROCEDURE 22.2.6 CROSSING OF DERIVATIVE/CASH COMBINATIONS

For the purposes of Rule 22.2.6 a Crossing of Orders for a Derivative/Cash Combination in the Central Orderbook or Bulletin Board (as applicable) may be effected as follows:

1. The Trading Participant issues Quote Requests for the total quantity sought to be crossed for each single Contract Series in the Derivative/Cash Combination.
2. The Trading Participant may proceed with the Crossing in the Central Orderbook or Bulletin Board (as applicable) 30 seconds from making the relevant Quote Requests, whether or not the Central Orderbook contains a bid or an offer meeting the minimum quantity and maximum spread requirements for each single Contract Series in the Derivative/Cash Combination. The net price of the Derivative/Cash Combination must be at or within the market for the Derivative/Cash Combination, and at or within the market for the Derivative/Cash Combination as calculated by reference to the highest bid and lowest offer in the market (if any) for the Contract Series and the then current bid and offer for the transaction in the Cash Market Product as displayed in the Trading Platform.
3. The Trading Participant must enter a bid (or offer) in the Central Orderbook or in the Bulletin Board (as applicable) for one half of the quantity for a minimum period of 15 seconds immediately followed by a offer (or bid) for one half of the quantity for a minimum period of 15 seconds.
4. Any untraded balance of the Derivative/Cash Combination not matched during the 15 seconds provided for each in turn, may be removed from the Central Orderbook or the Bulletin Board (as applicable) after the relevant 15 second period.
5. The Trading Participant may then effect a Crossing at the price specified under 2 and 3 above, of any part of the original quantity that has not traded under 4 above within 20 seconds of removing the untraded balance under 4 above.
6. The Trading Participant must report the Crossing of the Derivative/Cash Combination's Contract Series and Cash Market Product component immediately following (5) above.

Amended 28/11/05

PROCEDURE 22.2.7 CROSSING OF CROSS-MARKET COMBINATIONS

No Procedure prescribed at this point.

PROCEDURE 22.3.3 SPECIAL CROSSING OF DERIVATIVES ONLY COMBINATION

1. For the purposes of Rule 22.3.3, the number of components of the Derivatives Only Combination which must be greater than or equal to the Special Size is as follows:
 - (a) Where there are two Contract Series components, one of the components must be greater than or equal to the Special Size (unless one of the components is a LEPO, in which case both components must be greater than or equal to the Special Size);
 - (b) Where there are three Contract Series components, two of the components must be greater than or equal to the Special Size;
 - (c) Where there are four Contract Series components, two of each of the components must be greater than or equal to the Special Size.

2. For the purpose of Rule 22.3.3(d), a Special Crossing of a Derivatives Only Combination is effected as follows:
 - (a) The Trading Participant issues Quote Requests for the total quantity sought to be crossed for the component single Contract Series of the Derivatives Only Combination being crossed that is (or are) not the Special Size;
 - (b) The Trading Participant may proceed with the Crossing 30 seconds from making the Quote Requests, whether or not there is a market for each single Contract Series. The price at which the Crossing of the components which are not a Special Size is to occur must be at or within the best current bid and offer for the relevant Contract Series.
3. The Trading Participant must report the Special Crossing to ASX immediately following 2(b) above.

Amended 28/11/05

PROCEDURE 22.3.4 SPECIAL CROSSING OF DERIVATIVE/CASH COMBINATIONS

1. For the purposes of Rule 22.3.4, the number of Contract Series components of the Derivative/Cash Combination which must be greater than or equal to the Special Size is as follows:
 - (a) Where there is only one Contract Series component, it must be equal to or greater than the Special Size.
 - (b) Where there are two Contract Series components, one of the Contract Series components must be equal to or greater than the Special Size.
 - (c) Where there are three Contract Series, one of the Contract Series components must be equal to or greater than the Special Size.

Note: The transactions in the Underlying Financial Products must meet the "block" Special Crossing requirements.

2. For the purposes of Rule 22.3.4(e), a Special Crossing of a Derivative/Cash Combination is effected as follows:
 - (a) The Trading Participant issues Quote Requests for the total quantity sought to be crossed for the component single Contract Series of the Derivative/Cash Combination being crossed that is (or are) not the Special Size.
 - (b) The Trading Participant may proceed with the Crossing 30 seconds from making the Quote Requests, whether or not there is a market for each single Contract Series. The price at which the Crossing of any components which are not a Special Size is to occur must be at or within the best current bid and offer for the relevant Contract Series.
3. The Trading Participant must report the Special Crossing to ASX immediately following 2(b) above.

Amended 28/11/05

PROCEDURE 22.3.5 SPECIAL CROSSING OF CROSS-MARKET COMBINATIONS

No Procedures currently prescribed.

SECTION 23 MARKET MAKERS – DERIVATIVE MARKET CONTRACTS

PROCEDURE 23.1.1 REGISTRATION BY ASX

Please refer to Appendix 23.1.1

PROCEDURE 23.2.2 THROUGHPUT CAPACITY

Unless otherwise determined and notified by ASX, there are currently no Procedures prescribed for Rule 23.2.2.

Amended 28/11/05

PROCEDURE 23.2.3 ORDERS IN CLASSES WITH OBLIGATIONS

Unless otherwise determined and notified by ASX, there are currently no Procedures prescribed for Rule 23.2.3.

Amended 28/11/05

PROCEDURE 23.3.1 MARKET MAKER OBLIGATIONS

1. The Relevant Period for stock Option obligations is between 10.20am to 1.00pm and between 2.00pm and 4.00pm.
2. The Relevant Period for Index Option obligations is between 9.50am and 4.30pm.

The Series in a Class in which a Market Maker has obligations on a continuous basis and Quote Request obligations are prescribed as follows:

Market Makers with both obligations on a continuous basis and Quote Request basis

Option Series with obligations on a continuous basis

For the purposes of Rule 23.3.1(a), the Option Series in which markets must be made on a continuous basis are any 12 Series per Class comprising 3 calls and 3 puts in any 2 of the first 6 Expiry Months which is based on the previous Trading Day's closing price of the Underlying Securities or Underlying Index and selected from:

1. Those Series at-the-money;
2. The next three Series in-the-money;
3. The next three Series out-of-the-money.

Option Series with Quote Request obligations

For the purposes of Rule 23.3.1(b), the Option Series in a Class in which markets must be made upon receipt of a Quote Request are those with a length to maturity that does not exceed 9 months.

Futures Series with obligations on a continuous basis

For the purposes of Rule 23.3.1(a), the Futures Series in which markets must be made on a continuous basis are the first 2 Expiry Months.

Futures Series with Quote Request obligations

For the purposes of Rule 23.3.1(b), the Futures Series in a Class in which markets must be made upon receipt of a Quote Request are the first 3 Expiry Months.

Market Makers with only obligations on a continuous basis

Option Series with obligations on a continuous basis

For the purposes of Rule 23.3.1(a), the Option Series in which markets must be made on a continuous basis are any 18 Series per Class comprising 3 calls and 3 puts in any 3 of the first 6 Expiry Months which is based on the previous Trading Day's closing price of the Underlying Securities or Underlying Index and selected from:

1. Those Series at-the-money;
2. The next three Series in-the-money;
3. The next three Series out-of-the-money.

Option Series with Quote Request obligations

For the purposes of Rule 23.3.1(b), the Option Series in a Class in which markets must be made upon receipt of a Quote Request are nil.

Futures Series with obligations on a continuous basis

For the purposes of Rule 23.3.1(a), the Futures Series in which markets must be made on a continuous basis are the first 2 Expiry Months.

Futures Series with Quote Request obligations

For the purposes of Rule 23.3.1(b), the Futures Series in a Class in which markets must be made upon receipt of a Quote Request are nil.

Market Makers with only Quote Request obligations

Option Series with obligations on a continuous basis

For the purposes of Rule 23.3.1(a), the Series in which markets must be made on a continuous basis are nil.

Option Series with Quote Request obligations

For the purposes of Rule 23.3.1(b), the Option Series in a Class in which markets must be made upon receipt of a Quote Request are those with a length to maturity that does not exceed 9 months.

Futures Series with obligations on a continuous basis

For the purposes of Rule 23.3.1(a), the Futures Series in which markets must be made on a continuous basis are nil.

Futures Series with Quote Request obligations

For the purposes of Rule 23.3.1(b), the Futures Series in a Class in which markets must be made upon receipt of a Quote Request are the first 3 Expiry Months.

PROCEDURE 23.3.2 MINIMUM QUANTITY

Options Series

For the purposes of Rule 23.3.2, the minimum quantity of Options in a Contract Series within a Class for which a Market Maker must make a market is as specified:

Category 1 10 contracts

Category 2 5 contracts

The Class of Options Series contained in each Category is set out under the definition for Special Size in the Procedures relating to Section 2 Definitions and Interpretations.

Futures Series

For the purposes of Rule 23.3.2, the minimum quantity of Futures in a Contract Series within a Class for which a Market Maker must make a market is 30 contracts

Amended 28/11/05

PROCEDURE 23.3.3 MAXIMUM SPREADS

Option Series

For the purpose of Rule 23.3.3, the maximum spread for markets made by a Market Maker in an Options Contract Series are:

1. Category 1 Classes: the Premium for the Option Series in accordance with the table set out below for both obligations on a continuous basis and Quote Request, a continuous basis only or Quote Request only.
2. Category 2 Classes: the Premium for the Option Series in accordance with the table set out below for Quote Request only. In relation to obligations on a continuous basis, to the satisfaction of ASX on a best endeavours basis.

	Category - 1	Category - 2
Premium Range	Maximum Spread	Maximum Spread
0 to 9.5 cents/pts	5	6
10 to 19.5 cents/pts	6	7
20 to 34.5 cents/pts	8	9
35 to 60 cents/pts	10	12
60.5 to 120 cents/pts	12	14
120.5 to 180 cents/pts	14	16
180.5 to 266 cents/pts	16	18
> 266 cents/pts	18	20

Futures Series

For the purposes of Rule 23.3.3, the maximum spread for markets made by a Market Maker in a Futures Contract Series is 10 points.

Amended 28/11/05

PROCEDURE 23.4.1 OBLIGATIONS

Refer to Procedure 23.3.1 for details of the relevant Contract Series in which a Market Maker must make markets on a continuous basis.

Amended 28/11/05

PROCEDURE 23.4.2 MAKING A MARKET ON A CONTINUOUS BASIS

Options Series

For the purposes of Rule 23.4.2, the prescribed percentage of the Relevant Period for obligations during which markets in Options Contract Series must be made on a continuous basis for:

Market Marker with Quote Request obligations greater than zero: 50%*; and

Market Marker with Quote Request obligations set at zero: 60%*.

Futures Series

For the purposes of Rule 23.4.2, the prescribed percentage of the Relevant Period for obligations during which markets in Futures Contract Series must be made on a continuous basis is 60%, calculated by reference to each class as follows:

Number of alerts (an indication that a Market Maker is not meeting their obligations in a Class) X
100/number of *alert periods in the trading day.

*An alert period is presently 30 seconds. After 30 seconds without a valid quote a Market Maker will receive an alert. During a normal Trading Day (6 hours, 40 minutes, 9:50 AM till 4:30 PM), there are 800 alert periods multiplied by the number of Series within the Class in which a Market Maker has continuous obligations.

* The above prescribed percentages are calculated in relation to each of the assigned Classes by reference to the amount of time in the Period for obligations that a continuous market has been made after taking into account the period prescribed under Rule 23.4.3. The above prescribed percentages will also not include any days (up to 25 days) where:

1. The Market Maker advises Derivatives Market Control by emailing to **deriv.control@asx.com.au** before commencement of trading on that particular Trading Day that the Market Maker will be unable to make markets due to the absence of staff or operators; and
2. ASX accepts the Market Maker's notification.

Amended 28/11/05

PROCEDURE 23.4.3 MARKET MAKER'S BID OR OFFER MATCHES WITH ANOTHER ORDER

For the purposes of Rule 23.4.3, the prescribed period after which a Market Maker must make a market again following the matching of the Market Maker's bid or offer, is 30 seconds from the matching of the bid or offer.

PROCEDURE 23.5.2 OBLIGATIONS

Refer to Procedure 23.3.1 for details of the relevant Contract Series in which a Market Maker must make markets on a quote request basis.

Amended 28/11/05

PROCEDURE 23.5.3 RESPONSE TO QUOTE REQUESTS

For the purposes of Rule 23.5.3(a) the prescribed period within which to respond to a Quote Request by making a market for the relevant Contract Series in the Central Orderbook is 30 seconds from receipt of the Quote Request.

For the purposes of Rule 23.5.3(b) the prescribed period to maintain a bid and offer in the Central Orderbook is 30 seconds from the entry of the bid and offer in response to the Quote Request.

PROCEDURE 23.5.5 MARKET MAKER'S BID OR OFFER MATCHES WITH ANOTHER ORDER

For the purpose of Rule 23.5.5, the period prescribed is 30 seconds from the matching of the bid offer.

PROCEDURE 23.5.6 RESPONSE FREQUENCY

Options Series

For the purposes of Rule 23.5.6, the prescribed percentages a Market Maker is required to respond to Quote Requests in Options Contract Series are:

1. Market Maker with obligations in respect of a class of Options Contract Series on a continuous basis greater than zero: 50%*; and
2. Market Maker with obligations in respect of a class of Options Contract Series on a continuous basis set at zero: 60%.*

This is calculated by reference to the requirements under Rule 23.5.3. For example, a response which is not made within the prescribed period (i.e. 30 seconds) does not count as a response in determining whether the performance threshold is met.

*Note that at ASX's discretion, the percentage calculations set out above will not include up to 25 days credit provided the Market Maker advises Derivatives Market Control by emailing to **deriv.control@asx.com.au** before commencement of trading on that particular Trading Day due to the absence of staff or operators and ASX accepts the notification.

Futures Series

For the purposes of Rule 23.5.6, the prescribed percentage a Market Maker is required to respond to Quote Requests in Futures Contract Series is 60%.

Amended 28/11/05

SECTION 24 EXCHANGE FOR PHYSICAL (EFP) TRANSACTIONS – FUTURES

PROCEDURE 24.2.1 CONDITIONS (PERMITTED EFPS)

The Procedures are as set out in Appendix 24.2.

PROCEDURE 24.3.1 CONDITIONS (ENTRY INTO EFP)

The Procedures are as set out in Appendix 24.2.

PROCEDURE 24.5.1 TRANSACTION EFFECTIVE ONLY WHEN FUTURES TRANSACTION CONFIRMED BY ASX

The Procedures are as set out in Appendix 24.2.

SECTION 25 TRADING RESTRICTIONS AND LIMITS

PROCEDURE 25.1.1 ASX MAY PRESCRIBE POSITION LIMITS

For the purposes of Rule 25.1.1 no position limits have been set for Futures.

For the purposes of Rule 25.1.1 the following position limits apply to Options:

Market Limit

The maximum limit on the number of call Options in a Class which may be registered with ACH as Open Contracts at any time ("the Market Limit") is that number of Options which, after performing the calculations under paragraphs 2 and 3, gives a net market position of 10% of the total issued capital of the relevant Underlying Financial Product.

Calculation of net account position

ACH will calculate the net position in a class of Options for each individual Account, applying the following formula: $WC - TC$, Where WC means the number of call Options in the Class registered in the Account as writer but only those call Options which are not covered by Underlying Financial Products lodged as specific cover in respect of that Account with ACH; and TC means the number of call Options in the Class registered in the Account as taker.

Calculation of net market position

The net market position at any time is then calculated by aggregating the net account position in a Class of all individual Accounts for which the net account position calculation under paragraph 2 is positive. The net market position must not exceed the Market Limit.

European style Options

European style Options are excluded from the calculation until the first Business Day of the Expiry Month.

Long term Options

Long term Options (being Options with an Expiry Date beyond 12 months) are excluded from the calculation until 12 months prior to the Expiry Date.

Put Options

There is no position limit on the number of put Options which may be registered with ACH as Open Contracts at any time.

PROCEDURE 25.2.1 ASX MAY PRESCRIBE EXERCISE LIMITS

No exercise limits for Contract Series have been set for the purpose of Rule 25.2.1.

SECTION 26 WHOLESALE LOAN SECURITIES

PROCEDURE 26.2.5 REMAINING OFFER LESS THAN CERTAIN VALUE

For the purpose of Rule 26.2.5, in respect of both references in that Rule to an amount set out in the Procedures, the minimum value amount is \$500,000.

PROCEDURE 26.2.10 WHEN TRANSACTION SETTLED

The transaction shall be settled three Business Days after the date that the parties agree on the terms of the transaction.

PROCEDURE 26.4.2 TRADING PARTICIPANT MUST NOTIFY EXCHANGE OF A CROSSING

No Procedure yet prescribed.

SECTION 27 OVERSEAS MARKET LINKAGES

PROCEDURE 27.3.6 OUTGOING TRADES

The period prescribed is 7 years.

SECTION 28 SUPERVISION, DISCIPLINARY MATTERS, TRIBUNAL PROCEEDINGS AND APPEALS

There are no procedures prescribed for this section.

SECTION 29 TRANSITIONAL ARRANGEMENTS FOR EXISTING ASX PARTICIPANTS AND ASXF PARTICIPANTS

There are no procedures prescribed for this section.

SECTION 30 TRANSITIONAL ARRANGEMENTS FOR EXISTING ASX PARTICIPANTS ORGANISATIONS RELYING ON AFFILIATE BASIS OF RECOGNITION

There are no procedures prescribed for this section.

SECTION 31 TRADING PLATFORM

PROCEDURE 31.2.1 ORDERS

Orders for a single Contract Series (Options and Futures)

For the purpose of Rule 31.2.1, in entering an order into the Central Orderbook for a single Contract Series a Trading Participant must specify:

1. Contract Series;
2. Quantity (refer Rule 31.9 – Iceberg Orders);
3. (a) **Limit Price:** meaning the maximum price for bids and the minimum price for offers for which the order is to be transacted; or

 (b) **Market to Limit:** meaning the assigned Limit Price as determined by taking the best bid or offer on the opposite side of the market; or

 (c) **Best Price:** meaning the assigned Limit Price as determined by taking the best bid or offer on the same side of the market. (note: fill and kill or fill or kill parameters may not be applied); or

 (d) **Market Price:** meaning the order is to be transacted at market. (note: only fill and kill or fill or kill parameters may be applied).
4. One of the following parameters:
 - (a) **good for day:** any untraded balance of the order will remain in the Central Orderbook until the end of the Trading Day.
 - (b) **fill and kill:** seek to transact the entire quantity immediately and delete any untraded balance.
 - (c) **fill or kill:** seek to transact the entire quantity immediately or do not transact at all.

Orders for a Cash Market Product other than a Warrant

For the purpose of Rule 31.2.1, in entering an order into the Central Orderbook for a Cash Market Product a Trading Participant must specify:

1. Cash Market Product;
2. Quantity (refer Rule 31.9 – Iceberg Orders);
3. (a) **Limit Price:** meaning the maximum price for bids and the minimum price for offers for which the order is to be transacted; or

 (b) **Market to Limit:** meaning the assigned Limit Price as determined by taking the best bid or offer on the opposite side of the market; or

 (c) **Best Price:** meaning the assigned Limit Price as determined by taking the best bid or offer on the same side of the market. (note: fill and kill or fill or kill parameters may not be applied); or

- (d) **Market Price:** meaning the order is to be transacted at market. (note: only fill and kill or fill or kill parameters may be applied).
4. One of the following parameters:
- (a) **good for day:** any untraded balance of the order will remain in the Central Orderbook until the end of the Trading Day.
 - (b) **good for date:** any untraded balance of the order will remain in the Central Orderbook until the end of the Trading Day on the date specified or until purged by the central system.
 - (c) **fill and kill:** seek to transact the entire quantity immediately and delete any untraded balance.
 - (d) **fill or kill:** seek to transact the entire quantity immediately or do not transact at all.
5. One of the following conditions if applicable:
- (a) **Short Sale:** applied to sell orders to indicate a Short Sale as defined under Section 2 Definitions and Interpretations. (note: must be an Approved Security for Short Sale);
 - (b) **Market Bid:** applied to buy orders entered on behalf of a Bidder to indicate a Market Bid under Section 20. (note: fill and kill or fill or kill parameters may not be applied).

Orders for a Warrant

For the purpose of Rule 31.2.1, in entering an order into the Central Orderbook for a Warrant a Trading Participant must specify:

- 1. Warrant Series;
- 2. Quantity (refer Rule 31.9 – Iceberg Orders);
- 3.
 - (a) **Limit Price:** meaning the maximum price for bids and the minimum price for offers for which the order is to be transacted; or
 - (a) **Market to Limit:** meaning the assigned Limit Price as determined by taking the best bid or offer on the opposite side of the market; or
 - (b) **Best Price:** meaning the assigned Limit Price as determined by taking the best bid or offer on the same side of the market. (note: fill and kill or fill or kill parameters may not be applied); or
 - (c) **Market Price:** meaning the order is to be transacted at market. (note: only fill and kill or fill or kill parameters may be applied).
- 4. One of the following parameters:
 - (a) **good for day:** any untraded balance of the order will remain in the Central Orderbook until the end of the Trading Day.
 - (b) **fill and kill:** seek to transact the entire quantity immediately and delete any untraded balance.
 - (c) **fill or kill:** seek to transact the entire quantity immediately or do not transact at all.

Orders for Standard Combinations

For the purposes of Rule 31.2.1, in entering an order into the Central Orderbook for a Standard Combination a Trading Participant must specify:

1. Standard Combination;
2. Quantity (meaning the number of times the Standard Combination as specified in (1) above is to be traded at the net price as specified in (3) below note: minimum quantity = 1 and must be fully disclosed);
 - (a) **Limit Price:** meaning the maximum net price for bids and the minimum net price for offers for which the Standard Combination is to be transacted (i.e. the sum specified in the Standard Combination of any resulting Market Transactions must not exceed the Limit Price). [Note that for electricity Standard Combinations (i.e. strip orders), the *net price* means the weighted average net price as detailed under Procedure 31.3.5 example 2, rather than the total net price applicable to other Combinations]; or
 - (b) **Market to Limit:** meaning the assigned Limit Price as determined by taking the best bid or offer on the opposite side of the market; or
 - (c) **Best Price:** meaning the assigned Limit Price as determined by taking the best bid or offer on the same side of the market. (note: fill and kill or fill or kill parameters may not be applied); or
 - (d) **Market Price:** meaning the Standard Combination is to be transacted at market (note: only fill and kill or fill or kill parameters may be applied).
3. One of the following parameters:
 - (a) **good for day:** any untraded balance of the order will remain in the Central Orderbook until the end of the Trading Day;
 - (b) **fill and kill:** seek to transact the entire quantity immediately and delete any untraded balance; or
 - (c) **fill or kill:** seek to transact the entire quantity immediately or do not transact at all.

Orders for Tailor-Made Combinations

For the purposes of Rule 31.2.1, in entering an order into the Central Orderbook for a Tailor-Made Combination a Trading Participant must specify:

1. Tailor-Made Combination;
2. Quantity (meaning the number of times the Tailor-Made Combination as specified in 1 above is to be traded at the net price as specified in 3 below; note: minimum quantity =1 and must be fully disclosed);
3.
 - (a) **Limit Price:** meaning the maximum net price for bids and the minimum net price for offers for which the Tailor-Made Combination is to be transacted; (i.e. the sum specified in the Tailor-Made Combination of any resulting Market Transactions (including a Market Transaction in the Underlying Financial Product) must not exceed the Limit Price); or

- (b) **Market to Limit:** meaning the assigned Limit Price as determined by taking the best bid or offer on the opposite side of the market; or
- (c) **Best Price:** meaning the assigned Limit Price as determined by taking the best bid or offer on the same side of the market. (note: fill and kill or fill or kill parameters may not be applied); or
- (d) **Market Price:** meaning the Tailor-Made Combination is to be transacted at market. (note: only fill and kill or fill or kill parameters may be applied).

Note: Zero and negative Limit Prices are possible for Tailor-Made and Standard Combination orders.

Specifying a negative buy/bid Limit Price will result in a net price received/credited and specifying a negative sell/ask Limit Price will result in a net price paid/debited for the Tailor-Made or Standard Combination.

Conversely specifying a positive buy/bid Limit Price will result in a net price paid/debited and specifying a positive sell/ask Limit Price will result in a net price received/credited for the Tailor-Made or Standard Combination.

4. One of the following parameters:

- (a) **Good for day:** any untraded balance of the order will remain in the Central Orderbook until the end of the Trading Day;
- (b) **Fill and kill:** seek to transact the entire quantity immediately and delete any untraded balance; or
- (c) **Fill or kill:** seek to transact the entire quantity immediately or do not transact at all.

Introduced 28/11/05

PROCEDURE 31.2.2 STANDARD COMBINATION SPECIFICATIONS

For the purpose of Rule 31.2.2, Standard Combinations must:

1. Consist of two component Contract Series or two component Cash Market Products of which the buy component(s) and/or the sell component(s) will be stipulated by ASX in prescribing the Standard Combination;
2. Be one of the prescribed strategies listed in the procedure for Rule 31.3.4 that consists of two components; and
3. Be in a ratio of 1:1 calculated by using the integer in the ratio field against each component of the combination, dividing the smallest number into the largest number.

Introduced 28/11/05

PROCEDURE 31.2.4 TAILOR-MADE COMBINATION SPECIFICATIONS

For the purpose of Rule 31.2.4 a Tailor-Made Combination must:

1. Meet the requirements for either a Derivatives Only Combination, a Derivatives/Cash Combination or a Cash Only Combination listed in the Procedure for Rule 31.3.4; and

2. Each component of a Tailor-Made Combination must have the same contract size/price quotation factor. Note: In respect of a Derivatives/Cash Combination the contract size/price quotation factor of the Cash Market Product component must be scaled up to be the same number as the contract size/price quotation factor of the Derivative Contract components.

Note: only those Trading Participants appropriately authorised to trade each of the component Financial Products of a Tailor-Made Combination may specify and trade the Derivative/Cash Combination.

Introduced 28/11/05

PROCEDURE 31.2.5 CREATION OF TAILOR-MADE COMBINATIONS

For the purposes of Rule 31.2.5, in creating a Tailor-Made Combination, a Trading Participant must:

1. Specify for **each** component of the Combination:
 - (a) Contract Series and/or Cash Market Product;
 - (b) intention to buy or sell and whether this will be the result of buy/bid or sell/ask for the Combination; and
 - (c) ratio (i.e. the quantity to be entered into the ratio field for each component reduced to the lowest common factor. Note: In respect of a Derivatives/Cash Combination the contract size/price quotation factor of the Cash Market Product component must be scaled up to be the same number as the contract size/price quotation factor of the Derivative Contract components);
2. Apply the following convention to define whether the intention to buy or sell for each component specified in 1(b) will be the result when entering a buy/bid or sell/ask order for the Combination:
 - (a) where the net price of a Tailor-Made Combination being created, involves a net debit/paying specify the intention to buy or sell each component as the result when buying/bidding the Tailor-Made Combination;
 - (b) where the net price of a Tailor-Made Combination being created involves a net credit/receiving specify the intention to buy or sell each component as the result when selling/asking the Tailor-Made Combination.

Note: the CLICK XT Trader Workstation will apply the above convention automatically based on the specified net Limit Price to be paid or received.

Example A: Contract Series XXX 1500 Call Market Price = 55.0

Contract Series YYY 1600 Call Market Price = 20.0

- Derivatives Only TMC to Buy 1 Contract Series XXX 1500 Call and Sell 1 Contract Series YYY 1600 Call would involve a net debit price (Buy 1 @ 55.0 + Sell 1 @ 20.0 = 35.0 net debit/paying) and therefore when creating the Tailor-Made Combination the intention to Buy 1 Contract Series XXX 1500 Call and Sell 1 Contract Series YYY 1600 Call must be specified as the result when entering a buy/bid order for the TMC, conversely the inverse (Sell 1 Contract Series XXX 1500 Call and Buy 1 Contract Series YYY 1600 Call) would be the result when entering a sell/ask order for the TMC.
- Derivatives Only TMC to Sell 1 Contract Series XXX 1500 Call and Buy 1 Contract Series YYY 1600 Call would involve a net credit price (Sell 1 @ 55.0 + Buy 1 @ 20.0 = 35.0 net credit/receiving) and therefore when creating the Tailor-Made Combination the intention to Sell 1

Contract Series XXX 1500 Call and Buy 1 Contract Series YYY 1600 Call must be specified as the result when entering a sell/ask order for the TMC, conversely the inverse (Buy 1 Contract Series XXX 1500 Call and Sell 1 Contract Series YYY 1600 Call) would be the result when entering a buy/bid order the TMC.

Example B:	Cash Market Product XXX	Market Price = 3455.0
	Cash Market Product YYY	Market Price = 3420.0

- Cash Only TMC to Buy 1 Cash Market Product XXX and Sell 1 Cash Market Product YYY would involve a net debit price (Buy 1 @ 3455.0+ Sell 1 @ 3420.0 = 35.0 net debit/paying) and therefore when creating the Tailor-Made Combination the intention to Buy 1 Cash Market Product XXX and Sell 1 Cash Market Product YYY must be specified as the result when entering a buy/bid order for the TMC, conversely the inverse (Sell 1 Cash Market Product XXX and Buy 1 Cash Market Product YYY) would be the result when entering a sell/ask order for the TMC.
- Cash Only TMC to Sell 1 Cash Market Product XXX and Buy 1 Cash Market Product YYY would involve a net credit price (Sell 1 @ 3455.0 + Buy 1 @ 3420.0 = 35.0 net credit/receiving) and therefore when creating the Tailor-Made Combination the intention to Sell 1 Cash Market Product XXX and Buy 1 Cash Market Product YYY must be specified as the result when entering a sell/ask order for the TMC, conversely the inverse (Buy 1 Cash Market Product XXX and Sell 1 Cash Market Product YYY) would be the result when entering a buy/bid order the TMC.

For the purpose of Rule 31.2.5(e), the guidelines concerning an excessive number of Tailor-Made Combinations are designed to minimise adverse impact on the system and to spread the Tailor-Made Combination finite capacity across all users (avoiding one or a few Trading Participants taking up all the capacity at the expense of the other Trading Participants). Market Control will apply the following guidelines when assessing whether the number of Tailor-Made Combinations specified by a Trading Participant or in aggregate by all Trading Participants is excessive.

Aggregate by Trading Participants

The aggregate number of Tailor-Made Combinations specified by all Trading Participants exceeds 80% of the system limit for the maximum aggregate number of Tailor Made Combinations possible at any one time (note: default setting 4000 or otherwise as notified by Market Control market message prior to commencement of trading on any given trading day).

When the aggregate number of derived orders in any 30 second interval exceeds 4000 (or otherwise the number as notified by Market Control market message prior to commencement of trading on any given day) and dissemination of derived order information has been automatically restricted to best bid / ask prices only.

Individual Trading Participants

The ratio of Tailor-Made Combinations created by a Trading Participant to the number of these Tailor-Made Combinations traded by the Trading Participant exceeds 20/1.

The number of Tailor-Made Combinations created by a Trading Participant in any 10 second interval exceeds 4.

Where a Trading Participant has created a Tailor-Made Combination without immediately proceeding to enter an order for the Tailor-Made Combination.

The number of Tailor-Made Combinations created by a Trading Participant exceeds the system limit for the maximum aggregate number of Tailor-Made Combinations allowed at any one time divided by the number of active Trading Participants.

ASX may also remove previously specified Tailor-Made Combinations throughout a Trading day as determined by:

1. The aggregate number of Tailor-Made Combinations without existing orders and/or;
2. The aggregate number of Tailor-Made Combinations with orders and the extent to which the orders are away from the prevailing market as determined by comparing the net price limit to the net price calculated by applying the applicable market maker maximum spread to the mid point of the best bid ask prices in each component Contract Series and/or Cash Market Product.

Introduced 28/11/05

PROCEDURE 31.2.6 CHANGES TO TAILOR-MADE COMBINATIONS

For the purpose of Rule 31.2.6 the guidelines are the same as those set out in Procedure 31.2.5.

Introduced 28/11/05

PROCEDURE 31.3.1 ADVERTISING INTEREST

For the purposes of Rule 31.3.1, a Trading Participant must advertise interest in trading on the Bulletin Board in the following manner: (Note:- 'MANDATORY' means the information must be provided, 'OPTIONAL' means the information may be provided):

1. Advertising interest in trading single Contract Series, Cash Market Products, Standard Combinations and/or Tailor-Made Combinations in the Bulletin Board:

(a) Contract Series or Cash Market Product or Standard Combination or Tailor-Made Combination	MANDATORY
(b) intention to buy or sell;	MANDATORY
(c) contact phone number;	MANDATORY
(d) quantity;	MANDATORY
(e) Price (net price in respect of a Combination).	OPTIONAL
2. Advertising interest in trading Combinations not designated as either Standard or Tailor Made Combinations in the Bulletin Board

(a) for each component Contract Series and/or Cash Market Product in the Combination, the ratio and intention to buy or sell;	MANDATORY
(b) Contact phone number;	MANDATORY
(c) quantity;	MANDATORY
(d) net price.	OPTIONAL

Introduced 28/11/05

PROCEDURE 31.3.3 ORDERS IN THE BULLETIN BOARD

For the purposes of Rule 31.3.3, (which provides that only Combinations that cannot be traded in the Central Orderbook may be entered and transacted in the Bulletin Board – unless otherwise notified by Market Control only those Combinations involving components with different contract size/price quotation factors

may be entered and transacted in the Bulletin Board) the following orders may be entered in the Bulletin Board:

Derivatives Only Combination orders

In entering a Derivatives Only Combination order on the Bulletin Board a Trading Participant must:

1. Specify for each component of the Derivatives Only Combination:
 - (a) Contract Series;
 - (b) intention to buy or sell;
 - (c) ratio (i.e. the quantity to be entered into the ratio field for each component reduced to the lowest common factor).
2. Specify the Limit Price, meaning the net price for the Derivatives Only Combination as specified in 1 above.
3. Specify the quantity, meaning the number of times the Derivatives Only Combination as specified in 1 above is to be traded at the net price as specified in 2 above.

Note: Derivatives Only Combination orders entered in the Bulletin Board can be partially filled (Minimum quantity =1).

Derivative/Cash Combination orders

In entering a Derivative/Cash Combination order on the Bulletin Board a Trading Participant must:

1. Specify for the Derivatives Market Contract component(s):
 - (a) Contract Series;
 - (b) intention to buy or sell;
 - (c) ratio (i.e. the quantity to be entered into the ratio field for the Derivatives Market Contract component(s)).
2. Specify for the Cash Market Product component:
 - (a) Cash Market Product (including Underlying Financial Products);
 - (b) intention to buy or sell;
 - (c) ratio (i.e. the quantity to be entered into the ratio field for the Cash Market Product component reduced to the lowest common factor.
note: the contract size/price quotation factor of the Cash Market Product component of a Derivative/Cash Combination must be scaled up to be the same number as the contract size/price quotation factor of the highest contract size/price quotation factor of the Derivative Market Contract components of the Combination.
3. Specify the Limit Price, meaning the net price for the Combination.
4. Specify the Quantity, meaning the number of times the Combination as specified in 1 and 2 above is to be traded at the net price as specified in 3 above.

Note: Derivative/Cash Combination orders entered in the Bulletin Board can be partially filled. (i.e. minimum quantity = 1).

Cash Only Combination orders

In entering a Cash Only Combination order in the Bulletin Board a Trading Participant must:

1. Specify for each component of the Combination:
 - (a) Cash Market Product;
 - (b) intention to buy or sell;
 - (c) Ratio (i.e. the quantity to be entered into the ratio field for each component reduced to the lowest common factor).
2. Specify the Limit Price, meaning the net price for the component Cash Market Products of the Combination as specified in 1 above.
3. Specify the Quantity, meaning the number of times the Combination as specified in 1 above is to be traded at the net price as specified in 2 above.

Note: Cash Only Combination Orders entered in the Bulletin Board can be partially filled (Minimum quantity =1).

Introduced 28/11/05

PROCEDURE 31.3.4 COMBINATIONS IN THE BULLETIN BOARD

Derivatives Only Combinations

For the purpose of Rule 31.3.4 a Derivatives Only Combination must:

1. Where a prescribed strategy permits, consist of at least two and up to four component Series;
2. Be one of the prescribed strategies listed in the table below;
3. Where a prescribed strategy permits, be in a ratio of up to 4:1 i.e. calculated by using the integer in the ratio field against each component of the Combination dividing the smallest number into the largest number; and
4. Not have the number of Futures Series transacted exceed the number of Option Contracts transacted.

PRESCRIBED STRATEGIES - DERIVATIVES ONLY COMBINATIONS (OPTIONS)	
Name of Strategy	Description of Strategy
Spread	Market Transactions for the Taking and Writing of Options (either all Calls or all Puts), in the same Class with a ratio between the components of 1 to 1. Each Option must be over the same number of Underlying Financial Products.

PRESCRIBED STRATEGIES - DERIVATIVES ONLY COMBINATIONS (OPTIONS)	
Name of Strategy	Description of Strategy
Straddle	Market Transactions for the Taking of a Put Option and a Call Option, or the Writing of a Put and a Call Option, in the same Class. Each Option must have the same Exercise Price and Expiry Date and be over the same number of Underlying Financial Products.
Strangle	Market Transactions for the Taking of a Put Option and a Call Option, or the Writing of a Put and a Call Option, in the same Class. Each Option must have different Exercise Prices, the same Expiry Date and be over the same number of Underlying Financial Products.
Synthetic stock transaction	Market Transactions for the Taking of a Call Option and Writing of a Put Option, or the Writing of a Call Option and Taking of a Put Option, in the same Class. Each Option must have the same Exercise Price and Expiry Date and be over the same number of Underlying Financial Products.
Butterfly	Market Transactions for the Writing (Taking) of two identical Options, together with the Taking (Writing) of one other Option with a higher Exercise Price and one other Option with a lower exercise price of which the strike intervals from the Exercise Price of the two identical Options written (taken) is the same. All of the Options must be of the same type (Call or Put), be in the same Class and have the same Expiry Date and each Option must be over the same number of Underlying Financial Products.
Box Spread	Market Transactions for the Taking of a Call Option and the Writing of a Put Option at one Exercise Price and the Writing of a Call Option and the Taking of a Put Option at a different Exercise Price. All four Options must be in the same Class, have the same Expiry Date and each Option must be over the same number of Underlying Financial Products.
Collar	Market Transactions for the Taking of a Put Option and the Writing of a Call Option or the Writing of a Put Option and the Taking of a Call Option, both being out-of-the money Options in the same Class. Each Option must be over the same number of Underlying Financial Products.
Ratio Spreads	Market Transactions for the Taking and Writing of Options, being either all Calls or all Puts in two different Series in the same Class, with a ratio between the component Contract Series that does not exceed 4:1.
Delta Neutral Combination	Market Transactions consisting of no more than four different Option Series in the same Class where the total delta (equivalent stock position) on the long (i.e. positive) side and the total delta on the short (i.e. negative) side of the transactions are neutral (i.e. the net delta of the transactions must be within 10% of the value determined by ASX, $(\text{delta long}) + (\text{delta short}) \text{ equals } 0 \pm 0.1$) and the ratio between the component Series does not exceed 4:1.

PRESCRIBED STRATEGIES - DERIVATIVES ONLY COMBINATIONS (OPTIONS)	
Name of Strategy	Description of Strategy
Roll	<p>Market Transactions in Option Series for the simultaneous:</p> <ul style="list-style-type: none"> (a) closing of an existing open position executed as a 1 : 1 spread, straddle, strangle, collar or two-legged ratio spread; and (b) the opening of a new position for the same account in the same strategy (or similar strategy in the case of straddles and strangles), ratio and with the same number of component Option Series.
Call spread/put	<p>Market Transactions for the:</p> <ul style="list-style-type: none"> (a) Taking of a Call Option and Writing of a Call Option (the first at the lower Exercise Price and the second at a higher Exercise Price) and Writing of a Put Option; or (b) Writing of a Call Option and Taking of a Call Option (the first at the lower Exercise Price and the second at a higher Exercise Price) and Taking of a Put Option. (c) Each Option must be over the same number of Underlying Financial Products (i.e. on a 1:1 ratio) and must have the same Expiry Date.

PRESCRIBED STRATEGIES - DERIVATIVES ONLY COMBINATIONS (FUTURES)	
Name of Strategy	Description of Strategy
Futures Spread	<p>Market Transactions for the purchase of a Futures Market Contract and sale of another Futures Market Contract (ratio of 1 to 1). Each Futures Market Contract must have the same contract size/price quotation factor and be over the same Underlying Financial Products.</p>
Electricity Futures Spread	<p>Market Transactions for the purchase or sale of at least 2 and up to 3 quarterly Futures Market Contracts (ratio of 1 to 1). Each Futures Market Contract must be over the same Underlying Commodity (i.e. Electricity Futures Only - Peak or Off-Peak exposure for a particular region).</p>

PRESCRIBED STRATEGIES - DERIVATIVES ONLY COMBINATIONS (FUTURES)

Name of Strategy	Description of Strategy
Peak or Off-Peak Electricity Futures Calendar Year Strip	<p>Buying strategy: Market Transactions for the purchase of 4 consecutive quarterly Futures Market Contracts constituting a calendar year over the same Underlying Commodity (i.e., Electricity Futures Only - Jan – Dec, Peak or Off-Peak exposure for a particular region).</p> <p>Selling strategy: Market Transactions for the sale of 4 consecutive quarterly Futures Market Contracts constituting a calendar year over the same Underlying Commodity (i.e., Electricity Futures Only - Jan – Dec, Peak or Off-Peak exposure for a particular region).</p>
Peak or Off-Peak Electricity Futures Financial Year Strip	<p>Buying strategy: Market Transactions for the purchase of 4 consecutive quarterly Futures Market Contracts constituting a financial year over the same Underlying Commodity (i.e., Electricity Futures Only - July 1 – June 30, Peak or Off-Peak exposure for a particular region).</p> <p>Selling strategy: Market Transactions for the sale of 4 consecutive quarterly Futures Market Contracts constituting a financial year over the same Underlying Commodity (i.e., Electricity Futures Only - July 1 – June 30, Peak or Off-Peak exposure for a particular region).</p>
Flat Calendar Year Electricity Futures Strip	<p>Buying strategy: Market Transactions for the simultaneous purchase of 8 Futures Market contracts over the same region being:</p> <ul style="list-style-type: none"> (a) 4 consecutive quarterly Peak Futures Market Contracts constituting a calendar year (i.e., Electricity Futures Only - Jan – Dec, Peak exposure for a particular region); and (b) 4 consecutive quarterly Off-Peak Futures Market Contracts constituting the same calendar year (i.e., Electricity Futures Only - Jan – Dec, Off Peak exposure for the same region). <p>Selling strategy: Market Transactions for the simultaneous sale of 8 Futures Market Contracts over the same region being:</p> <ul style="list-style-type: none"> (a) 4 consecutive quarterly Peak Futures Market Contracts constituting a calendar year (i.e., Electricity Futures Only - Jan – Dec, Peak exposure for a particular region); and (b) 4 consecutive quarterly Off-Peak Futures Market Contracts constituting the same calendar year (i.e., Electricity Futures Only - Jan – Dec, Off-Peak exposure for the same region).

PRESCRIBED STRATEGIES - DERIVATIVES ONLY COMBINATIONS (FUTURES)

Name of Strategy	Description of Strategy
Flat Financial Year Electricity Futures Strip	<p>Buying strategy: Market Transactions for the simultaneous purchase of 8 Futures Market Contracts over the same region being:</p> <ul style="list-style-type: none"> (a) 4 consecutive quarterly Peak Futures Market Contracts constituting a financial year (i.e., Electricity Futures Only - July 1 – June 30, Peak exposure for a particular region); and (b) 4 consecutive quarterly Off-Peak Futures Market Contracts constituting the same financial year (i.e., Electricity Futures Only - July 1 – June 30, Off-Peak exposure for the same region). <p>Selling strategy: Market Transactions for the simultaneous sale of 8 Futures Market Contracts over the same region being:</p> <ul style="list-style-type: none"> (a) 4 consecutive quarterly Peak Futures Market Contracts constituting a financial year (i.e., Electricity Futures Only - July 1 – June 30, Peak exposure for a particular region); and (b) 4 consecutive quarterly Off-Peak Futures Market Contracts constituting the same financial year (i.e., Electricity Futures Only - July 1 – June 30, Off-Peak exposure for the same region).
Flat Quarterly Electricity Futures Strip	<p>Buying strategy: Market Transactions for the simultaneous purchase of 2 Futures Market Contracts for the same region, being 1 Peak Futures Market Contract for a specified quarter PLUS 1 Off-Peak Futures Market Contract for the same quarter (i.e., Electricity Futures Only - Jan ,0Y Peak NSW Region and Jan ,0Y Off-Peak NSW Region)</p> <p>Selling strategy: Market Transactions for the simultaneous sale of 2 Futures Market Contracts for the same region, being 1 Peak Futures Market Contract for a specified quarter PLUS 1 Off-Peak Futures Market Contract for the same quarter (i.e., Electricity Futures Only - Jan '0Y Peak NSW Region and Jan '0Y Off-Peak NSW Region).</p>

PRESCRIBED STRATEGIES – DERIVATIVES ONLY COMBINATIONS (Options and Futures)

Name of Strategy	Description of Strategy
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Futures/Options Buy Write/Take	<p>(a) Market Transactions for the purchase of a Futures Market Contract together with a transaction in a Derivatives Market Contract for the writing of a Call Option (ratio of 1 to 1) with the same contract size/price quotation factor and over the same Underlying Financial Product; or</p> <p>(b) Market Transactions for the purchase of a Futures Market Contract together with a transaction in a Derivatives Market Contract for the taking of a Put Option (ratio of 1 to 1) with the same contract size/price quotation factor and over the same Underlying Financial Product.</p>
Futures/Options Sell Take/Write	<p>(a) Market Transactions for the sale of a Futures Market Contract together with a transaction in a Derivatives Market Contract for the taking of a Call Option (ratio of 1 to 1) with the same contract size/price quotation factor and over the same Underlying Financial Product; or</p> <p>(b) Market Transaction for the sale of a Futures Market Contract together with a transaction in a Derivatives Market Contract for the writing of a Put Option (ratio of 1 to 1) with the same contract size/price quotation factor and over the same Underlying Financial Product.</p>
Futures/Options Ratio	<p>(a) Market Transactions for the purchase of a Futures Market Contract together with a transaction in a Derivatives Market Contract for the writing of a Call Option or taking of a Put Option over the same Underlying Financial Product, and where the number of Options is no greater than four times the number of Futures purchased (max 1:4 ratio); or</p> <p>(b) Market Transactions for the sale of a Futures Market Contract together with a transaction in a Derivatives Market Contract for the taking of a Call Option or writing of a Put Option over the same Underlying Financial Product, and where the number of Options is no greater than four times the number of Futures sold (max 1:4 ratio).</p>

Derivative/Cash Combinations

For the purposes of Rule 31.3.4 Derivative/Cash Combinations must:

1. Where a prescribed strategy permits, consist of up to three component Contract Series and a transaction in the Cash Market Product;

2. Be one of the strategies listed in the tables below;
3. Where a prescribed strategy permits, be in a ratio of up to 1:4 (where 1 refers to the Cash Market Product and 4 the Contract Series) i.e. calculated by using the integer in the ratio field against each component of the Combination dividing the smallest number into the largest number. In any event, the number of Derivatives Market Contracts for any of the component Contract Series must not be more than four times greater than the number of Cash Market Products; and
 - (a) the number of Cash Market Products (e.g. Underlying Financial Products) transacted must not exceed a multiple of 2 times the number of Cash Market Products the subject of each Derivatives Market Contract; and
 - (b) only be transacted by a Trading Participant appropriately authorised to trade each of the component Financial Products the subject of the Derivative/Cash Combination.

PRESCRIBED STRATEGIES - DERIVATIVE/CASH COMBINATIONS (Options and Cash)	
Name of Strategy	Description of Strategy
Equity/Option Buy Write/Take	(a) Market Transactions for the Writing of a Call Option together with the purchase of the number of Underlying Financial Products which equals the contract size/price quotation factor of that Option; or (b) Market Transactions for the Taking of a Put Option together with the purchase of the number of Underlying Financial Products which equals the contract size/price quotation factor of that Option.
Equity/Option Sell Take/Write	(a) Market Transactions for the Taking of a Call Option together with the sale of the number of Underlying Financial Products which equals the contract size/price quotation factor of that Option; or (b) Market Transactions for the Writing of a Put Option together with the sale of the number of Underlying Financial Products which equals the contract size/price quotation factor of that Option.

PRESCRIBED STRATEGIES - DERIVATIVE/CASH COMBINATIONS (Options and Cash)	
Name of Strategy	Description of Strategy
Equity/Option Ratio	<p>(a) Market Transactions for the purchase of a number of Underlying Financial Products together with either the Writing of a Call Option or Taking of a Put Option over the same Underlying Financial Product, where the number of Underlying Financial Products the subject of the Options is no greater than four times the number of Underlying Financial Products purchased (i.e. max 1:4 ratio); or</p> <p>(b) Market transactions for the sale of a number of Underlying Financial Products together with either the entering into an Option Transaction for the Taking of a Call Option or Writing of a Put Option over the same Underlying Financial Product, where the number of Underlying Financial Products the subject of the Options is no greater than four times the number of Underlying Financial Products sold (i.e. max 1:4 ratio).</p>
Equity/Option Conversion/Reversal	<p>(a) Market Transactions for the purchase of a number of Underlying Financial Products together with the Writing of a Call Option and the Taking of a Put Option over the same Underlying Financial Product. The Options must have the same Exercise Price and Expiry Date. Each of the Options must be over the same number of Underlying Financial Products purchased; or</p> <p>(b) Market Transactions for the sale of a number of Underlying Financial Products together with the Taking of a Call Option and the Writing of a Put Option over the same Underlying Financial Products. The Options must have the same Exercise Price and Expiry Date. Each of the Options must be over the same number of Underlying Financial Products sold.</p>
Equity/Option Delta Neutral Combination	<p>(a) Market Transactions for the purchase or sale of a number of Underlying Financial Products together with the Taking and/or Writing of up to two Options over the same Underlying Financial Products where the total delta (equivalent stock position) of the Options and the Underlying Financial Products is neutral (i.e. the net delta of the transactions must be within 10% of the valued determined by ASX - (delta long) + (delta short) equals 0 ± 0.1), and the ratio between the Underlying Financial Product component and the Option component(s) does not exceed 1:4.</p>

Cash Only Combinations

For the purpose of Rule 31.3.4 a Cash Only Combination must:

1. Where a prescribed strategy permits, consist of at least two and up to four component Cash Market Products;

2. Be one of the prescribed strategies listed in the table below; and
3. Where a prescribed strategy permits, be in a ratio of up to 4:1 i.e. calculated by using the integer in the ratio field against each component of the Combination dividing the smallest number into the largest number;

PRESCRIBED STRATEGIES - CASH ONLY COMBINATIONS (Cash incl. Warrants)	
Name of Strategy	Description of Strategy
Underlying Cash Only Combination	Market Transactions for the simultaneous purchase and/or sale of up to 4 Underlying Financial Products with a ratio between the components that does not exceed 4:1. All Underlying Financial Product components must be assigned to the same GIC sector partition, and have a price quotation factor of 1.
Underlying Cash / Call Warrant	<p>(a) Market Transactions for the purchase of an Underlying Financial Product together with the sale of a Call Warrant Series over the same Underlying Financial Product, with a maximum ratio between the components of 1 (Underlying) to 4 (Warrant Series) and where the total delta (equivalent underlying position) of the Warrant transaction does not exceed the number of Underlying Financial Products purchased by more than 10%, as determined by ASX. All components must have a price quotation factor of 1; or</p> <p>(b) Market Transactions for the sale of an Underlying Financial Product together with the purchase of a Call Warrant Series over the same Underlying Financial Product, with a maximum ratio between the components of 1 (Underlying) to 4 (Warrant Series) and where the total delta (equivalent underlying position) of the Warrant transaction does not exceed the number of Underlying Financial Products sold by more than 10% as determined by ASX. All components must have a price quotation factor of 1.</p>
Underlying Cash / Put Warrant	<p>(a) Market Transactions for the purchase of an Underlying Financial Product together with the purchase of a Put Warrant Series over the same Underlying Financial Product, with a maximum ratio between the components of 1 (Underlying) to 4 (Warrant Series) and where the total delta (equivalent underlying position) of the Warrant transaction does not exceed the number of Underlying Financial Products purchased by more than 10%, as determined by ASX. All components must have a price quotation factor of 1; or</p> <p>(b) Market Transactions for the sale of an Underlying Financial Product together with the sale of a Put Warrant Series over the same Underlying Financial Product, with a maximum ratio between the components of 1 (Underlying) to 4 (Warrant Series) and where the total delta (equivalent underlying position) of the</p>

PRESCRIBED STRATEGIES - CASH ONLY COMBINATIONS (Cash incl. Warrants)	
Name of Strategy	Description of Strategy
	Warrant transaction does not exceed the number of Underlying Financial Products sold by more than 10% as determined by ASX. All components must have a price quotation factor of 1.
Warrant Spread	Market Transactions for the simultaneous purchase and sale of two Warrant Series (either all Call or all Put Warrants), with a maximum ratio between the components of 1 to 4. Each Warrant Series must be over the same Underlying Financial Product and have a price quotation factor of 1.
Warrant Straddle	Market Transactions for the simultaneous purchase of a Put Warrant Series and a Call Warrant Series, or the sale of a Put and a Call Warrant Series, over the same Underlying Financial Product on ratio of 1 to 1. Each Warrant Series must have the same Exercise Price, Expiry Date, and a price quotation factors of 1.
Warrant Strangle	Market Transactions for the simultaneous purchase of a Put Warrant Series and a Call Warrant Series, or the sale of a Put and a Call Warrant Series over the same Underlying Financial Product on ratio of 1 to 1, in the same Class. Each Warrant Series must have different Exercise Prices, the same Expiry Date, and a price quotation factors of 1.

Introduced 28/11/05

PROCEDURE 31.3.5 NET PRICE FOR DIFFERENT PRICE QUOTATION FACTORS

For the Purposes of Rule 31.3.5, where the Price Quotation Factors/Contract Sizes of the components are not equal, the net price of the Combination to be transacted in the Bulletin Board must be calculated by multiplying the desired price for each component by the following ratio:

Component Price Quotation Factor/Contract Size

/divided by

Standard Price Quotation Factor/Contract Size.

Note: in respect of a Cash Market Product component of a Derivative/Cash Combination, the Price Quotation Factor/Contract Size must be taken to be the same number as the highest Price Quotation Factor/Contract Size of the Derivative Market Contract components of the Combination.

Example 1– Derivative Only Combination

Contract Series-1 has a Price Quotation Factor/contract size of 1000 which is the standard size for that Class.

Contract Series-2 has an adjusted Price Quotation Factor/contract size of 1500.

A Trading Participant wishes to enter a Combination order in the Bulletin Board to:
buy 1(ratio) Contract Series-1 for 10 cents and buy 1(ratio) series-2 for 10 cents.

As Contract Series-2 has an adjusted Price Quotation Factor/Contract Size, the net price does not equal the absolute net of 20 cents. Instead, the net price must be adjusted to account for the different Price Quotation Factor/Contract Size of Contract Series-2.

The adjusted price for Contract Series-2 is calculated as the ratio of the adjusted Price Quotation Factor/Contract Size to the standard Price Quotation Factor/Contract Size, multiplied by the desired price for the component series, i.e. $1500/1000 \times 10$ cents.

In this example, the adjusted price for this component is 15 cents.
The net price is 25 cents (i.e. 15 cents + 10 cents)..

When executing the Combination order the same process is used to determine valid individual prices to match the net price. In this example, specifying individual component prices of 7 cents for Contract Series-1 and 12 cents for Contract Series-2 equals the required net price of 25 cents in the same way as the 10 cents used for both Contract Series to calculate the nominal net price at order entry.

If all components in the Combination order have adjusted Price Quotation Factors/Contract Sizes, but are of the same Price Quotation Factor/Contract Size or for the same parcel of Underlying Financial Products, the procedure need not be applied and therefore the Combination should be specified and traded as a Tailor-Made Combination.

If in the previous example, Contract Series-1 also had a Contract Size of 1500 then the net price would have been 20 cents and the Combination would be specified and traded as a Tailor-Made Combination.

Example 2 – Derivative/Cash Combination

Contract Series-1: has a Price Quotation Factor/Contract Size of 1000 which is the standard size for that Class.

Contract Series-2: has an adjusted Price Quotation Factor/Contract Size of 1500.

Cash Product-3: has a Price Quotation Factor/Contract Size of 1500 as determined by taking the highest Price Quotation Factor/Contract Size of the Derivative Contract Series components.

A Trading Participant wishes to enter a Derivative/Cash Combination order in the Bulletin Board to:

buy 1(ratio) Cash Market Product for 840 cents.
buy 1(ratio) Contract Series-1 for 10 cents,
sell 1(ratio) Contract Series-2 for 50 cents.

As Contract Series-2 has an adjusted Price Quotation Factor/Contract Size, the net price does not equal the absolute net price of 800 cents. Instead, the net price must be adjusted to account for the different Price Quotation Factor/Contract Size of Contract Series -2 and the Cash Market Product component which must be taken to be for the same number as the highest Price Quotation Factor/Contract Size of the Derivative Market Contract components.

The adjusted price for the Cash Market Product and Contract Series-2 is calculated as the ratio of the adjusted Price Quotation Factor/Contract Size to the standard Price Quotation Factor/Contract Size, multiplied by the desired price for the component series, i.e.:

Cash Market Product: $1500 / 1000 \times 840 \text{ cents} = \text{adjusted price of } 1260 \text{ cents}$

Contract Series-2: $1500 / 1000 \times -50 \text{ cents} \times 1(\text{ratio}) = \text{adjusted price of } -75 \text{ cents}$

The net price is 1195.0 cents i.e. $(1260 + 10) - 75 = 1195 \text{ cents}$.

When executing the Combination order the same process is used to determine valid individual prices matching the net price. In this example, specifying individual component prices of 830 cents for the Cash Market Product, 40 cents for Contract Series-1 and 60 cents for Contract Series-2 equals the required net price of 1195 cents in the same way as the 840 cents, 50 cents and 10 cents used to calculate the nominal net price when entering the order.

If all components in the Combination order have the same Price Quotation Factor/Contract Size the procedure need not be applied and therefore the Combination should be specified and traded as a Tailor-Made Combination.

If in the previous example, Contract Series-1 also had a Contract Size of 1500 then the net price would have been 800 cents and the Combination would be specified and traded as a Tailor-Made Combination.

Example 3 – Derivative Only Combination (Electricity Market specific)

Contract Series-1 has a contract size of 915.

Contract Series-2 has an adjusted contract size of 990.

A Trading Participant wishes to enter a Combination order in the Bulletin Board to buy 1(ratio 1) Contract Series-1 for 5875.0 cents (\$58.75), and sell 1 Contract Series-2 for 4535.0 cents (\$45.35). As both Contract Series have different Price Quotation Factors/Contract Sizes, the net price (note: average net price is only applicable to Standard Combination “Strip” orders) does not equal 1340.0 cents (\$13.40). Instead, the net price must be adjusted to account for the different Price Quotation Factors/Contract Sizes.

The adjusted price for each Contract Series is calculated as the ratio of the Price Quotation Factor/Contract Size to the standard/base Price Quotation Factors/Contract Size of 1000, multiplied by the desired price for the component Contract Series;

i.e. Series-1 $915/1000 \times 5875.0$ cents and Series-2 $990/1000 \times 4535.0$ cents. Note: ratio for each component = 1.

In this example, the adjusted price of the components is 5375.6 and 4489.6 cents, respectively. The net price is 886.0 cents (885.975 debit therefore rounded up to 1 decimal).

When executing the Derivatives Only Combination the same process is used 10 cents used to calculate the nominal net price when entering the order. In this example, specifying 5875.0 cents for Contract Series-1 and 4535.0 cents for Contract Series-2 equals the required net price of 886.0 cents.

If all Contract Series in the Combination order have the same Price Quotation Factor/Contract Size and/or do not represent an electricity “strip” strategy, the procedure need not be applied and therefore the Combination should be specified and traded as a Tailor-Made Combination at a total net price - i.e. (Contract Series-1 price x ratio) +/- (Contract Series-2 price x ratio) etc = net price.

In the case of electricity Standard Combination calendar and financial year “strip” orders, the limit price entered is the weighted average net price rather than the total net price (adjusted for mixed Price Quotation Factors/Contract Sizes where applicable) applying to Combinations traded either as Tailor-Made or on the Bulletin Board.

The average net price applying to Standard Combination calendar and financial year “strip” orders is calculated by applying the following formulae:

$$((Q1 \text{ price} \times Q1 \text{ Contract Size}) + (Q2 \text{ price} \times Q2 \text{ Contract Size}) + (Q3 \text{ price} \times Q3 \text{ Contract Size}) + (Q4 \text{ price} \times Q4 \text{ Contract Size})) \text{ divided by } (Q1 \text{ Contract Size} + Q2 \text{ Contract Size} + Q3 \text{ Contract Size} + Q4 \text{ Contract Size}).$$

e.g. $((Q1 \ 6575.0 \times 900) + (Q2 \ 6325.0 \times 945) + (Q3 \ 5865.0 \times 990) + (Q4 \ 5340.0 \times 930)) \text{ divided by } (Q1 \ 900 + Q2 \ 945 + Q3 \ 990 + Q4 \ 930)$

= 22,667,175.0 cents / 3765 hours

= average net price of 6020.0 cents (\$60.20) (rounded to 5 cent tick).

Introduced 28/11/05

PROCEDURE 31.4.4 SESSION STATES

For the purposes of Rule 31.4.4, the parameters applicable during particular Session States are as set out in Appendix 31 Part 1.

Introduced 28/11/05

PROCEDURE 31.4.5 TIMING OF SESSION STATES

For the purposes of Rule 31.4.5, the times in respect of Products are as set out in Appendix 31 Part 2.

Introduced 28/11/05

PROCEDURE 31.6.1 CASH MARKET TRANSACTIONS

For the purposes of Rule 31.6.1, ASX determines that all unmatched Orders in respect of Warrants in the Central Orderbook will be removed at the end of each Trading Day.

Introduced 28/11/05

PROCEDURE 31.9.2 ICEBERG ORDER

For the purposes of Rule 31.9.2 and subject to Rule 31.9.3, a Trading Participant may elect not to disclose a portion of the total quantity of an Order which exceeds the following required minimum disclosed quantity:

Cash Market Products – 1000 units

Derivatives Market Contracts – 25 contracts

Introduced 28/11/05

PROCEDURE 31.9.3 PROHIBITIONS

For the purposes of Rule 31.9.3 no further prohibitions on the entry of Iceberg Orders are currently prescribed.

Introduced 28/11/05

PROCEDURE 31.10.1 TRADING PARTICIPANT NOT TO SUBMIT EXCESSIVE ORDERS

For the purposes of Rule 31.10.1, the guidelines concerning an excessive number of orders or Quote Requests are a ratio of:

1. Orders entered to trades executed that equals or exceeds 50:1; and
2. Quote Requests to orders entered that equals or exceeds 10:1.

For the purposes of Rule 31.10.1 (b), the guidelines concerning an excessive number of Tailor-Made Combinations are those set out in the procedure for Rule 31.2.5(e).

Introduced 28/11/05

SCHEDULE 8 DELIVERY AND SETTLEMENT OF NON-CS APPROVED PRODUCTS

3 VALID DELIVERY DOCUMENTS

3.2 Incomplete Transfer Documents

The details specified for the purposes of paragraph 3.2 are:

1. The name of the Issuer;
2. The register on which the Non-CS Approved Products are held;
3. The full names of the seller (or transferor);
4. The quantity, class and denomination of the Non-CS Approved Products;
 - (a) the code number and Transfer Identification Number of the original Selling Broker (or its Settlement Agent); or
 - (b) the transferor's certifying Broker's (or its Settlement Agent's) code number and Transfer Identification Number.
5. A certification of all corrections, alterations and additions in the manner prescribed by the Rules provided that no alteration shall increase the quantity of Non-CS Approved Products originally stated in the transfer;
6. Certification of transfers as prescribed in the Market Rules.

This Procedure will apply to renunciation forms and provisional allotment letters when applicable.

4 SETTLEMENT OF NON-CS APPROVED PRODUCTS QUOTED "EX" OR "CUM" A BENEFIT

4.1 SALE "CUM"

The Procedures prescribed for the purposes of paragraph 4.1(b)(ii) are as follows:

Compensation for loss for which a Buying Broker is responsible under paragraph 4.1(b)(ii) will be met by the Buying Broker providing to the Selling Broker:

1. Where the loss was cash, that amount of money on the Business Day following receipt of the notice of claim referred to paragraph 4.1(b)(ii);
2. Where the loss was Securities, the equivalent Securities within five Business Days of receipt of share certificates or list of allotments to the security holder's account.

4.2 SALE "EX"

The Procedures prescribed for the purposes of paragraph 4.2(a)(ii) are as follows:

1. A claim in respect of Non-CS Approved Products for the delivery of a Benefit must be prepared by the claiming Broker in triplicate on an approved form which must be serially numbered. A

separate claim must be issued in respect of each original seller, and the following information included in each form:

- (a) Details of the Non-CS Approved Product in respect of which the claim is made;
 - (b) Amount of the claim;
 - (c) Date of purchase by the claiming Broker;
 - (d) The name in which the Non-CS Approved Products were delivered;
 - (e) The Record Date to determine shareholders entitled to receive the dividend, interest or capital return;
 - (f) The date the Non-CS Approved Products were received by the claiming Broker;
 - (g) The original Selling Broker's code number and transfer identification number;
 - (h) The payable date of the dividend, interest or capital return;
 - (i) The date the Non-CS Approved Products were lodged with the company for registration when the Non-CS Approved Products were received by the claiming Broker more than two months prior to the date of the claim.
2. The claiming Broker must forward the original and duplicate of the claim to the office of the original Selling Broker. The triplicate copy must be retained by the claiming Broker as a permanent record of the claim. The original Selling Broker must acknowledge and return the duplicate of the claim to the office of the claiming Broker not later than the Business Day following receipt of the claim.
3. When a claim is received by the original Selling Broker it must, provided the claim does not relate to Non-CS Approved Products delivered by it more than two months prior to the receipt of the claim, immediately claim on its principal in writing, stating that the claim is made under the Market Rules of ASX.
4. If the claiming Broker does not receive a satisfactory reply within one month of the payment or delivery of the Benefit, or one month after the acceptance of the claim by the original selling Broker, whichever is the later, it may demand and the Selling Broker must then supply to it the name and address of its principal and the date of the transaction with its principal.
5. When the Non-CS Approved Products from which the claim has arisen were delivered by the original Selling Broker more than two months prior to the date of receipt of the claim, the Broker acting for the seller may either immediately:
- (a) claim on its principal in writing; or
 - (b) supply the claiming Broker with the name and address of its principal, and the date of the transaction. An original Selling Broker may refuse to supply the name and address of its principal or pay or deliver the Benefit until notified by the claiming Broker of the date of lodgement of the Non-CS Approved Products at the company's office.
6. The payment of a claim for a Cash Benefit must be made by a separate cheque. The original copy of the claim must be attached to the cheque.
7. Subject to the provisions of Schedule 8, all moneys received for claims must be paid to the claiming Broker immediately.

6 BROKERS' STAMPS

The Procedures prescribed for the purposes of paragraph 6.1 are as follows.

1. Selling Broker's Stamp

(a) "Transfer of Securities" Definition

For the purpose of this paragraph 6, "transfer of Securities" means a security transfer, a security renunciation and transfer, a Broker's transfer, a Broker's renunciation and transfer, a split transfer, a renunciation and split transfer or any other form of transfer which may from time to time be specified by ASX.

(b) Certification Stamp

A Selling Broker shall immediately prior to delivery of a Transfer of Securities to the Buying Broker place its certification stamp in the space provided in part 1 of the Transfer of Securities.

(c) Part 2 Cancellation

Where part 2 of a Transfer of Securities is to be cancelled for the purpose of marking transfers of smaller denominations against it the Selling Broker shall ensure its certification stamp is placed in part 1 of the Transfer of Securities prior to affixing the cancellation stamp in part 2 thereof.

(d) Correction Guarantee

(i) Subject to paragraph (ii) below, all corrections, alterations and additions to part 1 of a Transfer of Securities must, prior to delivery to the Buying Broker, be guaranteed by the Selling Broker affixing its "Correction Guaranteed" stamp adjacent to the correction, alteration or addition;

(ii) Any Broker may affix its "Correction Guaranteed" stamp adjacent to an alteration to the paid up value within the Security description as shown on the Transfer of Securities where the alteration to the paid up value is made necessary by the payment of a call.

2. Buying Broker's Certification Stamp

(a) The Buying Broker must place its certification stamp in the space provided in Part 2 of the Security Transfer Renunciation or Brokers Transfer or Renunciation or Split Transfer or Renunciation immediately prior to the lodgement with the company for registration.

(b) All corrections, alterations and additions made to a Security, Brokers or split transfer or renunciation in regard to Part 2 thereof shall, prior to lodgement with the company for registration, be guaranteed by the buying Broker affixing its "Correction Guaranteed" stamp adjacent to the correction or alteration.

(c) Where a settlement agent affixes its "Correction Guaranteed" stamp on behalf of a Broker in accordance with this Procedure, that Broker guarantees any corrections, alterations or additions to the Security Transfer.

3. Certification Stamps

(a) The Broker's certification stamp must include:

- (i) the name - Australian Stock Exchange Limited;
 - (ii) the Broker's name and code number;
 - (iii) the Broker's facsimile signature.
- (b) The Broker's "Correction Guaranteed" stamp must consist of the words "Correction Guaranteed" and the Broker's code number and facsimile signature.
- (c) The settlement agent's certification stamp shall include:
 - (i) the name - Australian Stock Exchange Limited;
 - (ii) the settlement agent's name and code number;
 - (iii) the settlement agent's facsimile signature;
 - (iv) a statement that it is executed as agent and the Broker's identity is available on written request.

The settlement agent's "Correction Guaranteed" stamp will consist of the words "Correction Guaranteed" and the settlement agent's code number and facsimile signature.

13 CONTINUED ABILITY TO MARK

The Procedures prescribed for the purposes of paragraph 13.1 of Schedule 8 are as follows:

Transfer Marking

1. Form of Transfer Advice

- (a) Markings must be effected by completing a Transfer Advice Form, and by certifying the relevant form(s) of transfer.
- (b) The Transfer Advice Form must, upon completion, bear:
 - (i) a reference number including an identifier in the form prescribed by ASX; and
 - (ii) a stamp identifying the Marking Body.

2. Transfer Marking

Except where ASX has determined otherwise a Marking Body may Mark a Security transfer and a security renunciation and transfer in respect of all Securities for which Official Quotation has been granted or transfers on the Australian register of any Issuer of Securities listed on any Recognised Overseas Stock Exchange, approved by ASX for that purpose.

3. Transfer Splitting

- (a) Only Brokers may Mark a Split Transfer or a Renunciation and Split Transfer.
- (b) Brokers must affix, or impress, a cancellation stamp in part 2 of a Security transfer accompanied by a certificate, a security renunciation and transfer accompanied by a letter of entitlement, a Marked transfer or a Marked renunciation for the purpose of Marking split transfers or renunciation and split transfers (as the case may be) of smaller denominations against it.

Transfer Noting

A Security transfer or a security renunciation and transfer executed under grant of probate or letters of administration is valid delivery when relevant documents of probate have been sighted by the Issuer and a “Probate Exhibited” stamp has been applied to the transfer by the Issuer or a Marking Body. If the “Probate Exhibited” stamp is applied by a Marking Body, the stamp must contain the name of the Marking Body.

Lodgement Performance

When the Marking Body has Marked a transfer of Securities it must:

1. Immediately upon completion, despatch the transfer advice form and supporting documentation (if any) to the Issuer's registry;
2. Accept responsibility for the replacement of documents lost or destroyed in transit between the office of the Marking Body and the Issuer's registry.

Replacement Procedure

1. Where the Marking Body is required to make application to an Issuer for the replacement of lost or destroyed documents the application must be in the form of a statutory declaration which must include a clause indemnifying:
 - (a) the registry and directors thereof; and/or
 - (b) the Issuer and any directors thereof, against any costs, losses or damages for which they may become liable by reason of the issue of replacement documents.
2. Where an application has been made in accordance with paragraph (1) above the Marking Body must comply with requirements, established by the Issuer, which will enable such documents to be replaced without delay.

Rejection Register

Where the Issuer rejects a Transfer Advice Form, the Marking Body must:

1. Make an entry in the register of Marking rejections which shall include:
 - (a) date of receipt;
 - (b) name of Issuer;
 - (c) marking reference number;
 - (d) cause of rejection;
 - (e) action taken to correct the cause of rejection; and
 - (f) relodgement date or notation and date of cancellation;
2. Immediately take action to rectify the error; and
3. Promptly relodge the documents with the Issuer.

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ASX MARKET PROCEDURES

APPENDIX 4.1.3

RESPONSIBILITIES OF RESPONSIBLE EXECUTIVE

To [name of Market Participant]

I have examined, and am fully aware of, the Market Participant's obligations under the ASX Market Rules to have Responsible Executives with the seniority and authority within the organisation to exert control, leadership, influence and supervision over the operations and processes of the Market Participant's business related to the business that the Market Participant conducts in a market operated by ASX, wherever the business is located and regardless of the number of offices operated by the Market Participant. I have examined the relevant Market Rules, Guidance Notes and Procedures published by ASX in that regard.

I have examined, and am fully aware of, my obligations under the ASX Market Rules to exert control, leadership influence and supervision over the operations and processes of that part of the Market Participant's business which the management structure attached identifies as being under my supervision as a Responsible Executive (the "Relevant Activities"). I have examined the relevant Market Rules, Guidance Notes and Procedures published by ASX in that regard. I have performed a review of the supervision and control procedures involved in our business and other relevant documentation concerning our compliance with ASX Market Rules. My review included all matters considered by me to be necessary in the circumstances.

I have maintained the currency of my knowledge of the ASX Market Rules and the Corporations Act related to the business that the Market Participant conducts in a market operated by ASX.

I confirm that, based on my enquiries, the controls over the operations and processes of the Relevant Activities have been and continue to be reasonably designed, implemented and functioning to achieve compliance by the Participant with the Rules for the periodto

I have retained copies of the relevant documentation concerning compliance with ASX Market Rules on which this representation is based and these are available for inspection by ASX.

Responsible Executive

Date

Introduced 01/11/04

APPENDIX 4.8-1

CONTINUING EDUCATION OF RESPONSIBLE EXECUTIVES

Introduced 11/03/04 Deleted 01/11/04

ASX MARKET PROCEDURES

APPENDIX 4.8 -2

RESPONSIBLE EXECUTIVE (RE) CONTINUING EDUCATION SELF ASSESSMENTS

Representations of compliance by [MARKET PARTICIPANT TO INSERT NAME HERE] with Australian Stock Exchange Limited ("ASX") Market Rules 3.6.5 and 4.8 for the year 1 July 20__ to 30 June 20__.

We have examined our obligations under ASX Market Rules 3.6.5 and 4.8 and the relevant Procedures to ensure all Responsible Executives and have completed qualifications or training of a type prescribed by ASX. We have performed a review of the training records of all Responsible Executives involved in our business and other relevant documentation concerning our compliance with Market Rules 3.6.5 and 4.8. Our review included all matters considered by us to be necessary in the circumstances.

We confirm that, based on our enquiries, the following Responsible Executives have satisfied the requirements of Market Rules 3.6.5 and 4.8:

Name of Responsible Executive

Professional Body

We confirm that, based on our enquiries, the following Responsible Executives have not satisfied the requirements of Market Rules 3.6.5 and 4.8:

Name of Responsible Executive

Professional Body

Reason

We have retained copies of the training records of all Responsible Executives involved in our business and other relevant documentation concerning our compliance with Market Rules 3.6.5 and 4.8 and which substantiate these representations. Those records are available for inspection by ASX.

We have been provided with the annual attestation required from each Responsible Executive in accordance with ASX Market Rule 4.1.3.

Director

Date

Introduced 11/03/04 Amended 01/11/04

ASX MARKET PROCEDURES

APPENDIX 4.9.5-1

PRO FORMA AUDIT REPORT ON FINANCIAL INFORMATION

Pro Forma Audit Report on Financial Information – ASX and/or ACH Participants only

GENERAL INSTRUCTIONS

WHO SHOULD USE THIS REPORT?

This report may be used for 3 categories of participation:

- ASX Market Participants only (that are not recognised as Principal Traders)
- ACH Clearing Participants only
- A Participant that is BOTH an ASX Market Participant and an ACH Clearing Participant

This report does not apply to any Participant that is subject to the Other Capital Regime.

FORMAT OF THE REPORT

Given the above, references to rules may or may not apply to the Participant subject to the audit.

To assist in this regard, page 3 of this report requires you to indicate the category of Participant subject to the audit and includes instructions on which sections and Rule references throughout the report are then applicable to that category of Participant.

PERMISSIBLE CHANGES TO THE REPORT

There are only 3 types of change permissible to the pro forma report:

1. If a reference to “ASX” or “ACH” (and their corresponding rules) does not apply to a Participant, then the reference to “ASX” or “ACH” and the corresponding ASX or ACH rule/s may be deleted.
2. If a reference to a “director” or “partner” does not apply to a Participant, then either the reference to “director” or “partner” may be deleted.
3. If the Audit Opinion is a Qualified Audit Opinion.

AUDIT QUALIFICATION

If an audit firm considers it necessary to “qualify” the pro forma audit report provided by ASX and ACH, it should include a comment in the Audit Opinion section to explain the reason for this.

WHAT IF THE PARTICIPANT IS “INACTIVE”?

As the financial records and capital rules do not differentiate between an “active” and “inactive” Participant, all Participants are required to satisfy the reporting requirements set out in the pro forma audit report for the market in which they have been recognised to trade and/or clear.

DUE DATE FOR LODGEMENT

If the Participant is a partnership, this audit report must be lodged within 2 months of the Participant’s financial year end.

Otherwise, it must be lodged within 3 months of the Participant’s financial year end.

KEY

The following key applies throughout this document.

- * where the Participant is a body corporate incorporated or resident outside Australia operating a branch in Australia, the following words may be inserted – “Australian branch”.
- ** delete as applicable. This may mean a reference to ASX, ACH, and an ASX or ACH rule reference or even an entire paragraph.

Note:

*Where it may be necessary to make a deletion, the words to be deleted have been highlighted in bold and as noted above are followed by 2 asterisks (ie **).*

Any other deletions, amendments or omissions other than those listed above will deem the audit report as incorrect or incomplete.

If a Participant lodges an incorrect or incomplete audit report a revised report will be required to be relodged, and late fee of \$110.00 per day may be imposed if the requirements set out above are not satisfied.

ASX CONTACTS

If you have a question on the preparation of the audit report ASX Risk Management can be contacted via the following email addresses or telephone numbers;

ASX Risk Management Contacts

Email: asx.returns@asx.com.au or
ach.returns@asx.com.au

Phone: **David Johnson**
Manager, Prudential Risk Management
(02) 9227 0613

Tania Leung
Business Analyst, Prudential Risk Management
(02) 9227 0250

Instruction:

All pages from this point on must be lodged (including this cover page) and “amended” as per the specific instructions.

Please tick the category that applies to the Participant being audited (note only 1 category may be ticked) and REFER to both the specific instructions noted below and those included within the body of the report.

The attached independent audit report is prepared for the participant type indicated below.

Category


☐

ASX Market Participant (that is not a Principal Trader) ONLY (ie the Participant only conducts trading activities)

- *Instruction*
 - **ONLY** References to **ASX** and the **ASX Market Rules** apply

☐

ACH Clearing Participant ONLY (ie the Participant only conducts clearing activities)

- *Instruction*
 - **ONLY** References to **ACH** and the **ACH Clearing Rules** apply.

☐

BOTH an ASX Market Participant and ACH Clearing Participant (ie the Participant conducts BOTH trading and clearing activities)

- *Instruction*
 - **ONLY** references to the **ACH** and **ACH Clearing Rules** apply to a Participant that trades and clears.¹

¹ Where an entity is a participant of both ASX and ACH then, pursuant to ASX Market Rule 6.1.1(c), it is only required to comply with the ACH capital requirements.

INDEPENDENT AUDIT REPORT TO THE DIRECTORS/PARTNERS OF [PARTICIPANT_NAME]**

To: The **Directors/Partners****, [Participant_name];

Note: As noted in the instructions, references to **ONLY** the ACH Clearing Rules apply to a Participant that both trades and clears.

AUDIT REPORT UNDER;

- **ASX Market Rule 4.9; or**
- **ACH Clearing Rule 4.4 and 4.5 ****

SCOPE

This audit report has been prepared for the **directors/partners**** of [Participant_name]* (“the Participant”) and **Australian Stock Exchange Limited (“ASX”)** in accordance with **ASX Market Rules 4.9 and S1A.3.1 or 4.9 and S1B.6.2, or Australian Clearing House Pty Limited (“ACH”) in accordance with ACH Clearing Rules 4.4, 4.5 and S1.3.1 or 4.4, 4.5 and S2.6.2.****

We disclaim any assumption of responsibility for any reliance on this report or the Return to which it relates to any person other than the **directors/partners **** and **ASX or ACH **** or for any purpose other than that for which it was prepared.

We have audited the attached financial information set out in the:

Instruction: Only one of the following 4 paragraphs in bold will apply. Hence the 3 paragraphs that do not apply should be deleted.

Capital Liquidity Return, excluding the Directors and Partners Statement Relating to Accounts of a Participant and section 17, prepared in accordance with ASX Market Rules 4.9 and S1A.3.1 as the Participant is complying with the Risk Based Capital Requirements, **

or

NTA Return prepared in accordance with ASX Market Rules 4.9 and S1B.6.2 as the Participant is complying with the NTA Requirements, **

or

Capital Liquidity Return, excluding the Directors Statement Relating to Accounts of a Participant and section 17, prepared in accordance with ACH Clearing Rules 4.4, 4.5 and S1.3.1 as the Participant is complying with the Risk Based Capital Requirements, **

or

NTA Return prepared in accordance with ACH Clearing Rules 4.4 , 4.5 and S2.6.2 as the Participant is complying with the NTA Requirements **

Instruction: The remaining sections apply to all Participants.

(the “Return”) of the Participant for the [period] ending [date].

Directors'/Partners' ** Responsibility

The **directors/partners **** of the Participant are responsible for the preparation and presentation of the financial information in accordance with the requirements of the **ASX Market Rules or the ACH Clearing Rules ****. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for accounting policies and accounting estimates inherent in the financial information. This financial information is supplementary to the financial report of the Participant for the [period] ended [date], upon which we issued an unqualified opinion, dated [date].

Audit Approach

Our audit has been conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial information is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

Instruction: In the next paragraph delete all rule references that do not correspond to the paragraph that remains in the Scope section above.

We performed procedures to assess whether in all material respects the financial information is presented fairly, in accordance with **the ASX Market Rules or the ACH Clearing Rules.****

We formed our audit opinion on the basis of these procedures, which included:

- Examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial information, and
- Assessing the appropriateness of accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the **directors/partners****.

While we considered the effectiveness of management's internal controls over the financial information when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

INDEPENDENCE

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Our audit opinion has been formed on the above basis.

[Qualified] Audit Opinion

In our opinion, [except for the matters referred to in the qualification below], the Return of [Participant_name] for [period] ended [date] presents fairly the information as required by **ASX in accordance with the ASX Market Rules or ACH in accordance with the ACH Clearing Rules.****

Nothing has come to our attention during the course of our audit of the Participant regarding each company controlled by the Participant, or any venture in which the Participant has a financial interest which in our opinion could adversely, to a material extent, impact upon the Participant's capital position calculated in accordance with **ASX Market Rule S1A or ACH Clearing Rule S1.****

Audit Qualification (if applicable)

Dated this day of

Audit Firm "Signature"

Name of Audit Firm.....

Partner's Signature.....

Name of Partner.....

If an auditor is not satisfied as to any matter a qualified audit opinion should be expressed.

Introduced 30/06/05

APPENDIX 4.9.5-2

ATTESTATION BY DIRECTORS¹/ RESPONSIBLE EXECUTIVES²/ PARTNERS³ TO ASX* and/or ACH* KEY RISKS AND INTERNAL SYSTEMS

(To be completed by all Participants at the time of application and then annually)

Participant:
Year Ended:

PARTICIPANTS KEY RISKS AND INTERNAL SYSTEMS STATEMENT

We hereby certify and represent that:

The Participant has developed and implemented adequate systems, procedures and controls reasonably designed to achieve compliance, at all times, with the requirements of the **ASX Market Rules* and/or ACH Clearing Rules***, and which are appropriate for the nature and extent of the **trading* and/or clearing activities*** to be/being conducted.

This includes review of the obligations under the **ASX Market Rules* and/or ACH Clearing Rules***, the identification of the key risks facing the Participant and the establishment of systems, procedures and controls to monitor and manage those risks including the establishment of policies and procedures to ensure the accurate calculation of the capital requirements.

The systems, procedures and controls are operating effectively and are adequate having regard to the nature of the extent of the Participant's **trading* and/or clearing activities*** to ensure compliance with **ASX Market Rules* and/or ACH Clearing Rules***.

We have retained copies of the relevant documentation on which this representation is based and this is available for inspection by **ASX* and/or ACH***.

Name	Name
Director ¹ / Responsible Executive ² / Partner ³	Director ¹ / Responsible Executive ² / Partner ³
Dated this day of	
Date of Board Resolution (if applicable)	

KEY/INSTRUCTIONS

- ¹ To be signed by one director in accordance with a resolution of the board of directors (the date of the resolution must be specified) or by two directors, except in the case of Participants complying with the Other Capital Regime or Participants that are partnerships.
- ² In the case of Participants complying with the Other Capital Regime, this should be signed by either two directors or the Responsible Executives.
- ³ In the case of Participants that are partnerships, this should be signed by two partners.

* The asterisks indicates the following:

If a Participant is only subject to the ASX Market Rules, delete all references to "ACH", the "ACH Clearing Rules" and the word "clearing".

If a Participant is only subject to ACH Clearing Rules delete all references to "ASX", the "ASX Market Rules" and the word "trading".

If a Participant is subject to **both** the ASX Market Rules and ACH Clearing Rules, **leave** the references to the "ACH", "ASX", "ASX Market Rules", "ACH Clearing Rules" and the words "trading" and "clearing".

If a Participant considers it necessary to qualify this standard statement, the reasons should be explained in full in an accompanying statement.

This statement is required to be completed and lodged annually by each Participant within two months of the Participant's financial year end if the Participant is a partnership. Otherwise, it is required within three months of the Participant's financial year end.

PRIVACY COLLECTION STATEMENT

ASX and ACH collects personal information under the ASX Market Rules, and ACH Clearing Rules in order to assess compliance by Participants with the capital requirements contained in the ASX Market Rules and ACH Clearing Rules. This information may include personal information (name, phone number, email address for example). You may access your personal information by contacting the ASX Risk Management Division. The personal information may be disclosed to the Australian Securities and Investments Commission and any other person, firm, corporation or authority as required by law or as permitted under the Rules. Failure to provide the personal information may prevent ASX and ACH from being able to access the relevant Return adequately and may result in a breach of the ASX Market Rules and ACH Clearing Rules by the Participant. In some instances personal information is provided to Participants to ASX and ACH in relation to persons who do not sign the relevant Return or who are not involved in completion of the Return. In those instances, please ensure this Statement is drawn to those persons attention.

Introduced 30/06/05

ASX MARKET PROCEDURES

APPENDIX 4.9.7

AUDIT REPORT ON INTERNAL CONTROL PROCEDURES

Pro Forma Audit Report on Internal Procedures – ASX and/or ACH Participants only

GENERAL INSTRUCTIONS

WHO SHOULD USE THIS REPORT?

This report may be used for 3 categories of participation:

- ASX Market Participants only (that are not recognised as Principal Traders)
- ACH Clearing Participants only
- A Participant that is BOTH an ASX Market Participant and an ACH Clearing Participant

FORMAT OF THE REPORT

This report has been formatted so that there is **no need** to delete any references to any rules, ASX or ACH. (Note: this differs to the audit report on financial information where it may be necessary to delete references to rules, ASX or ACH due to the structure of the capital rules).

Notwithstanding this, consistent with the audit report on financial information page 3 of this report requires you to indicate the category of Participant subject to the audit.

PERMISSIBLE CHANGES TO THE REPORT

There are only 4 types of changes permissible to the pro forma report:

1. If a reference to a “director” or “partner” does not apply to a Participant, then either the reference to “director” or “partner” may be deleted.
2. The reference to either “year” or “period” may be deleted as appropriate.
3. The references to either “I/we” and “my/our” may be deleted as appropriate.
4. Paragraph 5 of the Opinion section requires a decision as to which statement is applicable – refer to that section for details.

AUDIT EXCEPTION

If an audit firm considers it necessary to note an exception to the pro forma audit report provided by ASX and ACH it should include a comment in paragraph 5 of the Opinion section.

WHAT IF THE PARTICIPANT IS “INACTIVE”?

As the rules do not differentiate between an “active” and “inactive” Participant, all Participants are required to satisfy the reporting requirements set out in the pro forma audit report.

In practice, ASX and ACH acknowledges that some of the statements on the pro forma audit report may not necessarily be applicable to the activities of an inactive Participant. ASX and ACH are however not in a position to make this judgement, as they do not complete an annual audit of each Participant.

In recognition of the fact that some of the statements on the pro forma audit report may not necessarily be applicable to the activities of an inactive Participant, ASX and ACH will accept a statement equivalent to the following being inserted in the first line of the Scope clause:

“To the extent applicable to an inactive Participant

If this statement is included, it will still be necessary to include all of the standard sections of the pro forma report in the audit opinion.

DUE DATE FOR LODGEMENT

If the Participant is a partnership, this audit report must be lodged within 2 months of the Participant’s financial year end. Otherwise, it must be lodged within 3 months of the Participant’s financial year end.

KEY

The following key applies throughout this document.

- * where the Participant is a body corporate incorporated or resident outside Australia operating a branch in Australia, the following words may be inserted – “Australian branch”.
- ** delete as applicable.

Note:

*Where it may be necessary to make a deletion, the words to be deleted have been highlighted in bold and as noted above are followed by 2 asterisks (ie **).*

Any other deletions, amendments or omissions other than those listed above will deem the audit report as incorrect or incomplete.

If a Participant lodges an incorrect or incomplete audit report a revised report will be required to be relodged, and late fee of \$110.00 per day may be imposed if the requirements set out above are not satisfied.

ASX CONTACTS

If you have a question on the preparation of the audit report ASX Compliance Services can be contacted via the following email address;

ASX Compliance Services Contact

Email: Compliance@asx.com.au

Instruction:

All pages from this point on must be lodged (including this cover page) and “amended” as per the specific instructions.

Please tick the category that applies to the Participant being audited (note only 1 category may be ticked).

The attached independent audit report is prepared for the participant type indicated below.

Category☐

ASX Market Participant (that is not a Principal Trader) ONLY (ie the Participant only conducts trading activities)

☐

ACH Clearing Participant ONLY (ie the Participant only conducts clearing activities)

☐

BOTH an ASX Market Participant and ACH Clearing Participant (ie the Participant conducts BOTH trading and clearing activities)

To: The **Directors/Partners****, [Participant_name];

AUDIT REPORT UNDER;

- ASX Market Rule 4.9; and/or
- ACH Clearing Rule 4.5

FINANCIAL YEAR/PERIOD**

(dd/mm/yy) to (dd/mm/yy)

SCOPE

This report has been prepared for [name of Participant]* (“the Participant”) in order to meet its obligation to lodge this report with Australian Stock Exchange Limited (“ASX”) and/or Australian Clearing House Pty Limited (“ACH”). This report contains the information and matters required by the ASX Market Rules and Procedures and/or ACH Clearing Rules and Procedures (“the Rules and Procedures”) as applicable to the Participant. **I/we**** disclaim any assumption of responsibility for any reliance on this report to any person other than the Participant, who may only rely on this report for the purpose for which it was prepared, and ASX and/or ACH.

INTERNAL PROCEDURES

To the extent of its obligations under the Rules and Procedures, the Participant is responsible for establishing and maintaining effective internal controls in relation to compliance with the requirements of the Rules and Procedures. Because of the inherent limitations of any internal control structure it is possible that errors or irregularities may occur and not be detected. **I/We**** have not audited the overall internal control structure and no opinion is expressed as to its effectiveness. An audit is not designed to detect all weaknesses in control procedures or all instances of non compliance with the Rules and Procedures as it is not performed continuously throughout the period and the tests performed are on a sample basis having regard to the nature and size of the Participant.

My/Our** procedures have been conducted in accordance with Australian Auditing Standards, and accordingly included such tests and procedures that we considered necessary in the circumstances. The audit opinions in this report are therefore to be read as expressing reasonable, but not absolute, assurance.

Any projection of the evaluation of internal control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

INDEPENDENCE

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Our audit opinions have been formed on the above basis.

OPINION

I/we **have performed audit procedures in accordance with Australian Auditing Standards in order to report to the Participant in relation to the financial year/period [delete one] referred to above as follows:

1. Except as stated at paragraph 5 or previously disclosed in writing to ASX and/or ACH, **I/we**** have not become aware of any matter referred to in subsection 990K(2) of the Corporations Act 2001 (“the Act”) in the performance of duties as auditor of the Participant.
2. Except as stated at paragraph 5, in **my/our**** opinion, the Participant is operating effectively internal controls to comply with:
 - (a) Divisions 2, 3, 4, 5 and 6 of Part 7.8 of the Act; and
 - (b) Division 7 of Part 7.8 of the Act other than section 991A.
3. Except as stated at paragraph 5, in **my/our**** opinion, the Participant has operated and controlled each account required by sections 981B and 982B of the Act in accordance with those sections.
4. Except as stated at paragraph 5, in **my/our**** opinion, I have received from the Participant all necessary records, information and explanations for the purposes of this report.
5. **The following are exceptions from the statements at paragraph 1 to 4 (attach an additional page if space below is insufficient)**:**

OR, if no exceptions are noted, then substitute the above wording with:

No exceptions were noted regarding the statements at paragraphs 1 to 4 above.**

Dated this day of

Audit firm “Signature”.....

Name of Audit Firm.....

Partner’s signature.....

Name of Partner.....

Page 5

If an auditor is not satisfied as to any matter, an exception or exceptions should be included in paragraph 5 above.

Introduced 30/06/05

ASX MARKET PROCEDURES

APPENDIX 7.1.2 – 1

FUTURES CLIENT AGREEMENT – MINIMUM TERMS

Under Rule 7.1.2, Market Participants are required to have entered into a Client Agreement with certain of their Clients before entering into certain Market Transactions. Client Agreements to be entered into before the entry into Market Transactions in respect of Futures must contain terms to the effect of the provisions set out in this Appendix, unless indicated otherwise in this Appendix or in the Rules.

Participants are advised to seek professional advice as to whether additional terms are appropriate for their relationship with their clients.

1 Application of Market Rules

The Client and the Market Participant agree that the terms of their relationship in respect of Futures Contracts and Option Contracts and any dealings between them concerning Futures Contracts and Option Contracts are subject to, and that they are bound by, the Corporations Act, the Rules, the Clearing Rules and the procedures, customs, usages and practices of ASX, the Australian Clearing House Pty Limited and their related entities, as amended from time to time, in so far as they apply to Futures Contracts and Option Contracts.¹

<p><i>Note 1: Unless the context requires otherwise, words and expressions in this appendix have the meaning they have in the Rules.</i></p>
--

2 Client to Provide Information

The Client will take all reasonable steps to deliver information or documentation to the Market Participant, or cause information or documentation to be delivered to the Market Participant concerning Market Transactions which are requested by a person having a right to request such information or documentation. The Market Participant is authorised to produce the information or documentation to the person making the request.

3 Risk and Financial Objectives

- 3.1 The Client acknowledges that they have read and understood details of the contract specifications of Futures Contracts and Option Contracts in which the Market Participant will deal on behalf of Clients.
- 3.2 The Client acknowledges that trading in Futures Contracts and Option Contracts incurs a risk of loss as well as a potential for profit.
- 3.3 The Client acknowledges that it has given consideration to its objectives, financial situation and needs and has formed the opinion that dealing in Futures Contracts and Option Contracts is suitable for its purposes.

4 Nature of Market Participant's obligations and rights of Client

- 4.1 Notwithstanding that the Market Participant may act in accordance with the instructions of, or for the benefit of, the Client, the Client acknowledges that any Futures Contract or Option Contract arising from any order submitted by the Market Participant, is entered into by the Market Participant as principal.
- 4.2 Upon registration of a Futures Contract or Option Contract with an Approved Clearing Facility in the name of a Clearing Participant, the Client acknowledges that the Clearing Participant incurs obligations to the Approved Clearing Facility as principal, even though the Futures Contract or Option Contract may have been entered into on the Client's instructions.
- 4.3 The Client acknowledges that any benefit or right obtained by a Clearing Participant upon registration of a Futures Contract or Option Contract with the Approved Clearing Facility by novation of a contract under Rule 5 of the Clearing Rules or any other legal result of registration is personal to the Clearing Participant and the benefit of that benefit, right or legal result does not pass to the Client. The Client has no rights, whether by way of subrogation or otherwise, against ASX or the Approved Clearing Facility in relation to any dealings by the Market Participant (or any Clearing Participant) in Futures Contracts or Option Contracts.
- 4.4 The Market Participant is not required to act in accordance with the Client's instructions, where to do so would constitute a breach of the Rules, the Clearing Rules or the Corporations Act.

5 Market Participant taking opposite position

The Client acknowledges that the Market Participant may, in certain circumstances permitted under the Corporations Act and the Rules, take the opposite position in a Market Transaction, either acting for another client or on its own account.

6 Market Participant may call for funds or security

The Market Participant may call for payment of money or the provision of other security which the Market Participant considers, in its absolute discretion, appropriate in connection with the obligations incurred by the Market Participant in respect of Futures Contracts and Option Contracts entered into for the account of the Client. The time by which the Client must pay any amount called or provide security is of the essence and, if no other time is stipulated in the Client Agreement, the Client must pay the amounts, or provide the relevant security, within 24 hours of the call for payment.²

Note 2: Under Rule 7.12, the Market Participant must call certain amounts from the Client. The Market Participant is also entitled to call additional amounts from the Client. The Market Participant and the Client must set out in the Client Agreement the arrangements for payment or the provision of security. The maximum time which can be agreed is 48 hours following the request for payment by the Participant Rule 7.12.7 and, if no time is agreed, the time is 24 hours following the request (Rule 7.12.6).

7 Default

If:

- (a) the Client fails to pay, or provide security for, amounts payable to the Market Participant or fails to perform any obligation arising pursuant to the settlement of a Futures Contract or an Option Contract;
- (b) a guarantee or other security provided by the Client to the Market Participant is withdrawn or becomes ineffective; or
- (c) any other event occurs which the Market Participant and the Client have agreed in their Client Agreement entitles the Market Participant to take action under this clause 7,³

the Market Participant may, in addition to any other rights which they may have against the Client, without giving prior notice to the Client, take any action, or refrain from taking action, which it considers reasonable in the circumstances in connection with Futures Contracts and Option Contracts entered into for the account of the Client (including, without limitation, Open Contracts arising from those contracts) and, without limitation, the Market Participant may:

- (a) enter into one or more transactions to effect the close out of one or more Open Contracts in accordance with the Clearing Rules;
- (b) exercise one or more Option Contracts in accordance with the Rules and the Clearing Rules; or
- (c) exercise any other rights conferred by the Rules, the Clearing Rules or the Client Agreement or perform any other obligations arising under the Rules, the Clearing Rules or the Client Agreement in respect of those Futures Contracts and Option Contracts.⁴

and the Client must account to the Market Participant as if those actions were taken on the instructions of the Client and, without limitation, is liable for any deficiency and is entitled to any surplus which may result

Note 3: Under Rule 7.14.2, the Market Participant and the Client may agree other events of default which entitles the Market Participant to take action if the Client defaults.

Note 4: Under Rule 7.14.2, the Market Participant and the Client may agree other powers which the Market Participant is entitled to exercise if the Client defaults.

Note 5: Clause 7 does not give the Market Participant power to deal with any of the Client's securities or other property held by the Market Participant if the Client defaults to the Market Participant and apply the proceeds against the default. If this power is required, an appropriate provision must be included in the Client Agreement.

8. Commissions and fees

The Client must pay to the Market Participant commissions, fees, taxes and charges in connection with dealings in Futures Contracts and Option Contracts for the Client at the rates determined by the Market Participant from time to time and notified to the Client in writing.

9. Tape recording of conversations

The Client acknowledges that the Market Participant may record telephone conversations between the Client and the Market Participant. If there is a dispute between the Client and the Market Participant, the Client has the right to listen to any recording of those conversations.

10. Appointment of ASX, Clearing House and others as agent

The Client irrevocably appoints severally ASX, Australian Clearing House Pty Limited, and every director, manager and assistant manager for the time being of ASX or ACH, at the option of ASX or ACH (as applicable) to do all acts and execute all documents on the Client's behalf for the purpose of exercising the powers conferred on ASX under Rule 28.4 and ACH under Rule 12 of the Clearing Rules.⁶

Note 6: The ASX and ACH have broad powers to deal with positions held by the Market Participant if the Market Participant commits an event of default under Rule 28.4 and Clearing Rule 12.1. The powers of ASX and ACH are set out in Rule 28.4 and Clearing Rule 12.2 respectively.

11. Right to refuse to deal

The Client acknowledges that the Market Participant may at any time refuse to enter into Market Transactions for the Client, or may limit the Market Transactions it enters into for the Client. The Market Participant will notify the Client of any refusal or limitation as soon as practicable.

12. Termination of Client Agreement

Either the Client or the Market Participant may terminate this Client Agreement by giving notice in writing to the other. Termination will be effective upon receipt of the notice by the other party.⁷

Note 7: If the Market Participant and the Client wish to provide for a minimum period of notice to terminate or limit their rights to terminate in some way, they should expressly document this in their Client Agreement. The Market Participant and the Client might also consider documenting the terms by which notice may be given and received.

13. Effect of termination

Termination does not affect the existing rights and obligations of the Client or the Market Participant at termination. Upon termination of this Client Agreement, the Market Participant will close out all Open Contracts entered into by the Market Participant for the account of the Client, unless, in accordance with a direction from the Client, those contracts are transferred to another Market Participant in accordance with the Rules and the Clearing Rules.

14. Revised terms prescribed by ASX

If ASX prescribes amended minimum terms for a Client Agreement for the purposes of the Rules (the "New Terms"), to the extent of any inconsistency between these minimum terms and the New Terms, the New Terms will override the terms of the Client Agreement and apply as if the Client and the Market Participant had entered into an agreement comprising the New Terms.

15. Market Participant to provide Client with copy of changes

The Market Participant will provide a copy of the New Terms to the Client as soon as practicable after ASX prescribes the New Terms.

16. Segregation of client funds and property

16.1 The Market Participant and the Client agree that all money and property (other than property to which section 1214 of the Corporations Act applies) deposited with the Market Participant or received by the Market Participant on behalf of the Client will be segregated by the Market Participant in accordance with the Corporations Act and the Market Rules.

16.2 The Client acknowledges that its monies and the monies of other clients of the Market Participant will be combined and deposited by the Market Participant in a clients' segregated account. The Client acknowledges that all moneys credited to the clients' segregated account maintained by the Market Participant may be used by the Market Participant to meet the default of any client of the Market Participant.

Other notes:

Note 8: Where the Market Participant is a Clearing Participant and is not involved in the execution of Market Transactions for the Client, clauses 4.1 and 11 need not be included in the Client Agreement between the Clearing Participant and the Client.

Note 9: Where the Market Participant is a Trading Participant and the Client becomes a client of the Trading Participant's Clearing Participant or another Clearing Participant, clauses 6 and 7 need not be included in the Client Agreement between the Clearing Participant and the Client.

ASX MARKET PROCEDURES

APPENDIX 7.1.2 - 1

ADDENDUM TO FUTURES CLIENT AGREEMENT FUTURES CONTRACTS OVER AN UNDERLYING COMMODITY WHICH IS GRAIN CLIENT AGREEMENT – MINIMUM TERMS

This is an addendum to Appendix 7.1.2-1 which sets out the minimum terms of the Futures Contract Client Agreement. The following additional minimum terms must also be included in the Client Agreement if the Market Participant proposes to trade on behalf of Clients in Futures Contracts over an Underlying Commodity which is grain.

Market Participants are advised to seek professional advice as to whether further additional terms are appropriate for their relationship with their Clients in respect of Futures Contracts over an Underlying Commodity which is grain.

Terms defined in Section 2 (Definitions and Interpretation) of the market Rules have the same meaning in this addendum. In this addendum a reference to:

“**ACH**” is Australian Clearing House Pty Limited;

“**Bulk Handler**” is a reference to any company which operates Delivery Depots with whom ACH has entered into an arrangement for the storage and handling of the Underlying Commodity;

“**Bulk Handler Agreement**” is a reference to a bulk handler agreement with the relevant Bulk Handler governing the storage and handling of an Underlying Commodity;

“**Delivery Depot**” is a reference to a facility for the storage and handling of the Underlying Commodity in a location approved by ASX in consultation with ACH;

“**Interest**” is, in relation to an Underlying Commodity which is grain, a reference to the interest which ACH has in the Underlying Commodity under the terms of the Bulk Handler Agreement;

1. The nature of the Futures Contract and the Underlying Commodity

The Client acknowledges that:

- (a) ACH operates a clearing and settlement facility for deliverable Futures Contracts over an Underlying Commodity which is grain;
- (b) Under the ACH Clearing Rules, a Clearing Participant which is a Seller under a Futures Contract must ensure that ACH holds, prior to the settlement of the contract by effecting delivery of the Underlying Commodity, an Interest in the Underlying Commodity and that Interest will be held by ACH for the benefit of that Clearing Participant;
- (c) ACH will hold the Interest in the Underlying Commodity for the benefit of a Clearing Participant which is a Buyer where the Buyer has taken delivery in accordance with the Clearing Rules;
- (d) ACH will not generally take or make actual physical delivery of the Underlying Commodity from or to a Clearing Participant;
- (e) the Underlying Commodity in which ACH holds the Interest is held by a Bulk Handler in a Delivery Depot and the physical storage, transfer and physical delivery of the Underlying Commodity is governed by the terms of the relevant Bulk Handler Agreements;

- (f) the Bulk Handler will hold the Underlying Commodity for a number of Clients of the Bulk Handler (one of which is ACH) and will recognise the interest of ACH in the stored Underlying Commodity with the other Clients of the Bulk Handler (as owners in common);
- (g) the Bulk Handler will only recognise ACH's Interest and is not bound to recognise that ACH may hold the Interest, or any part of the Interest, for the benefit of a Clearing Participant or the Client;
- (h) ACH may deal with, and exercise all rights attached to, its Interest in accordance with the Clearing Rules and any Bulk Handler Agreement and need not, subject to the Clearing Rules, have regard to any interest the Client or Clearing Participant might have in the Underlying Commodity; and
- (i) ACH has no obligation to insure any Interest or any Underlying Commodity represented by that Interest.

2 No representations and warranties ASX or Clearing House

The Client acknowledges that neither ASX nor Clearing House makes any warranty or representation to the Client or the Market Participant:

- (a) concerning the quality or suitability for any purpose of any Underlying Commodity or the correspondence of any Underlying Commodity with any description or sample;
- (b) that any Bulk Handler Agreement or any similar agreement between the Bulk Handler and any other person is valid or enforceable;
- (c) that the interest conferred on ACH under any Bulk Handler Agreement is a valid and enforceable interest or that it confers on or through ACH a proprietary interest in the relevant Underlying Commodity; or
- (d) concerning the suitability or financial viability of, or the services provided by, the Bulk Handler.

The application of the United Nations Convention on Contracts for the International Sale of Goods is excluded from any contract created or contemplated by the Market Rules.

3 Instructions

The following term must be included in the Client agreement between the Market Participant and its Client, where the Client does not also have an agreement with the Clearing Participant governing the clearing of Market Transactions:

The Market Participant will notify the Client of procedures for the Client to give instructions for the lodgement of Tender Documentation prior to the settlement of Open Contracts including, without limitation, the latest time at which those instructions will be accepted.

4 Pre-settlement arrangements for Sellers

Prior to the Client instructing the Market Participant to settle a Futures Contract by effecting delivery of the Underlying Commodity, the Client must have transferred, or procured the transfer, through a Clearing Participant to ACH an Interest in the Underlying Commodity at least two Business Days prior to instructing the Market Participant to effect tender in accordance with the Clearing Rules and Clearing Procedures.

5 Authority

If the Client transfers or delivers, or provides for transfers or delivery, of the Underlying Commodity to the Clearing Participant to enable the Clearing Participant to meet its obligations to ACH under the Clearing Rules, the Client represents and warrants to each of the Market Participant and the relevant Clearing Participant that:

- (a) it has capacity and authority to transfer or deliver (as applicable) the Underlying Commodity to the Clearing Participant;
- (b) that the Clearing Participant is authorised to transfer or deliver (as applicable) the Underlying Commodity (or an interest in the Underlying Commodity) to ACH; and
- (c) that the Underlying Commodity (or an interest in the Underlying Commodity) is free from any encumbrance or lien.

6 Conversion of "old season grain" to "new season grain"

The Client acknowledges that the Bulk Handler Agreement may give ACH, as the holder of the Interest, the right to convert "old season grain" to "new season grain" and the Clearing Participant is, under the ACH Clearing Rules, required to indemnify ACH against any costs and expenses incurred by the ACH where ACH exercises any right in respect of such conversion.

7 ACH directions

The Client acknowledges that ACH may make a direction to the Clearing Participant to either:

- (a) accept the transfer from ACH of all or part of the Interest which ACH holds for the benefit of the Clearing Participant; or
- (b) accept physical delivery from ACH (or its agent) of all or part of the Underlying Commodity represented by that Interest.

The Client also acknowledges that if the ACH Clearing Participant does not comply with a direction of that kind from ACH, ACH has powers under the Clearing Rules to dispose of the Interest or the Underlying Commodity represented by the Interest.

8 Clearing Participant directions

Where the Clearing Participant holds or receives the Underlying Commodity or any interest in the Underlying Commodity for the benefit of the Client, the Client must in turn comply with any direction given in connection with the holding, transfer or delivery of the interest or the Underlying Commodity which the Clearing Participant considers necessary to comply with its obligations under the Clearing Rules or any agreement between the Clearing Participant and a Bulk Handler. The Market Participant may take all necessary steps, including the execution of all necessary documents, to give effect to that direction.

ASX MARKET PROCEDURES

APPENDIX 7.1.2 – 2

OPTIONS CLIENT AGREEMENT - MINIMUM TERMS

Note: Under Rules 7.1.2, Market Participants are required to enter into a Client Agreement with certain of their Clients before entering into Market Transactions in respect of certain products. All Client Agreements with retail clients entered into prior to entering into Market Transactions in Options must contain terms to the effect of the provisions set out in this Appendix, unless indicated otherwise in a note to a provision.

Under the Clearing Rules, ACH also prescribes certain minimum terms which relate to the clearing and settlement of Option Transactions entered into on ASX's market and registered with ACH and those terms must be included in the client agreement between the Client and its Clearing Participant.

1 Application of Market Rules

The Client and the Market Participant are bound by the Market Rules of Australian Stock Exchange Limited ("ASX"), the Corporations Act and the Procedures, customs, usages and practices of ASX and its related entities, as amended from time to time, in so far as they apply to Options / derivative instruments traded on ASX for the Client.¹

Note 1: The Client and the Market Participant must specify the instruments in which the Client authorises the Market Participant to deal. The following provisions will refer to the instruments in which the Market Participant has authority to deal as "the ASX Derivative Market Contracts".

2 Explanatory Booklet (retail investors only)

The Client has received and read a copy of the current explanatory booklet published by ASX in respect of each ASX Derivative Market Contract.²

Note 2: An explanatory booklet does not need to be given to a Wholesale Client (as that term is defined in the Rules). This provision does not need to be included in the Client Agreement with a Wholesale Client.

3 Authority

The Client acknowledges that they are either:

- (a) acting as principal; or
- (b) acting as an intermediary on another's behalf and are specifically authorised to transact the ASX Derivative Market Contracts, by the terms of:-
 - (i) a licence held by the Client;
 - (ii) a trust deed (if the Client is a trustee); or
 - (iii) an agency contract.

4 Nature of Market Participant's obligations

Notwithstanding that the Market Participant may act in accordance with the instructions of, or for the benefit of, the Client, the Client acknowledges that any contract arising from any order submitted to the Market, is entered into by the Market Participant as principal.

5 Dealing as principal

The Client acknowledges that the Market Participant may, in certain circumstances permitted under the Corporations Act and the Market Rules, take the opposite position in a transaction in the ASX Derivative Market Contracts, either acting for another client or on its own account.

6 Commissions and fees

The Client must pay to the Market Participant commissions, fees, taxes and charges in connection with dealings for the Client in ASX Derivative Market Contracts at the rates determined by the Market Participant from time to time and notified to the Client in writing.

7 Tape recording of conversations

The Client acknowledges that the Market Participant may record telephone conversations between the Client and the Market Participant. If there is a dispute between the Client and the Market Participant, the Client has the right to listen to any recording of those conversations.

8 Client to provide information

The Client will take all reasonable steps to deliver information or documentation to the Market Participant, or cause information or documentation to be delivered to the Market Participant concerning Option Transactions which are requested by a person having a right to request such information or documentation. The Market Participant is authorised to produce the information or documentation to the person making the request.

9 Right to refuse to deal

The Client acknowledges that the Market Participant may at any time refuse to deal in, or may limit dealings in, the ASX Derivative Market Contracts for the Client. The Trading Participant is not required to act in accordance with the Client's instructions, where to do so would constitute a breach of the Market Rules, the Clearing Rules or the Corporations Act. The Market Participant will notify the Client of any refusal or limitation as soon as practicable.

10 Termination of Agreement

Either the Client or the Market Participant may terminate this Agreement by giving notice in writing to the other. Termination will be effective upon receipt of the notice by the other party.

Note 9: If the Market Participant and the Client wish to provide for a minimum period of notice to terminate or limit their rights to terminate in some way, they should expressly document this in their Client Agreement. The Market Participant and the Client might also consider documenting the terms by which notice may be given and received.

11 Effect of termination

Termination does not affect the existing rights and obligations of the Client or the Market Participant at termination.

12 Revised terms prescribed by ASX

If ASX prescribes amended minimum terms for a Client Agreement for the ASX Derivative Market Contracts for the purposes of the Rules (the "New Terms"), to the extent of any inconsistency between these minimum terms and the New Terms, the New Terms will override the terms of the Client Agreement and apply as if the Client and the Market Participant had entered into an agreement containing the New Terms.

13 Market Participant to provide Client with copy of changes

The Market Participant will provide a copy of the New Terms to the Client as soon as practicable after ASX prescribes the New Terms.

14 Application of Clearing Rules

The Client acknowledges that each Option registered with an Approved Clearing Facility is subject to operating rules and the practices, directions, decisions and requirements of that Approved Clearing Facility.

ASX MARKET PROCEDURES

APPENDIX 7.1.2 – 3

ASX WARRANT CLIENT AGREEMENT FORM

I/We

(full names)

of

(address)

Account No

hereby declare that:

- 1 I/We have received and read a copy of the Explanatory Booklet issued by the Australian Stock Exchange Limited (ASX) in respect of Warrants.
- 2 I/We am/are aware that a Warrant has a limited life and cannot be traded after its expiry date.
- 3 I/We am/are aware that Warrants do not have standardised Terms of Issue and acknowledge that it is my responsibility to become aware of the Terms of Issue of any Warrant in which I choose to invest.
- 4 I/we am/are aware that Warrants may be subject to adjustments after their initial issue. I acknowledge that it is my responsibility to become aware of any adjustments which may have been made to any Warrant in which I choose to invest.
- 5 I/We am/are aware that admission to Trading Status of a Warrant does not imply that ASX or the Securities Exchanges Guarantee Corporation Limited gives any guarantee or warranty as to the viability of the Warrant-Issuer or Guarantor.
- 6 I/We acknowledge that failure of the Warrant-Issuer or the Guarantor (if applicable) to fulfil their obligations does not give rise to a claim against ASX, handling Market Participants or the Securities Exchanges Guarantee Corporation Limited.

Signed this day of 20

(Client's signature)

(Client's signature)

ASX MARKET PROCEDURES

APPENDIX 7.1.4

WHOLESALE CLIENT AGREEMENT – OPTIONS MARKET CONTRACT ONLY

Under Rule 7.1 a Wholesale Client may sign and lodge this form with ACH. This document is also recognised under ACH Clearing Rule 7.1.3 of the operating rule of ACH (the “ACH Clearing Rules”).

AGREEMENT between(ABN) (the “Client”), a Market Participant (which accepts an order from the Client), that Market Participant’s Clearing Participant (if applicable), or a Clearing Participant (which, under the ACH Clearing Rules, accepts an allocation or receives a transfer of Open Contracts for the relevant Client Account).

By virtue of ASX Market Rules 7.1.4 and 7.1.5 and ACH Clearing Rule 7.1.3 the Client, a Market Participant (which accepts an order from the Client), that Market Participant’s Clearing Participant (if applicable), a Clearing Participant (which accepts an allocation or receives a transfer of Open Contracts) are each taken to have entered into an agreement with the Client in accordance with the terms of this Agreement.

The Client and each of the other parties (as applicable) agree and acknowledge as follows:

1 Application of Rules

The parties are bound by the Rules of Australian Stock Exchange Limited ("ASX"), the Corporations Act and the Procedures, customs, usages and practices of ASX and its related entities, as amended from time to time, in so far as they apply to Options and other derivative instruments traded on ASX for the Client.

The Clearing Participant and the Client are also bound by the ACH Clearing Rules. All parties acknowledge that each Option registered with Australian Clearing House (“ACH”) is subject to the ACH Clearing Rules and the practices, directions, decisions and requirements of ACH. Similarly, the Client acknowledges that each Option registered with an Alternative Clearing Facility under Market Rule 5.8.1 is subject to the operating rules and the practices, directions, decisions and requirements of that facility.

2. Authority

The Client acknowledges that they are either:

- (a) acting as principal; or
- (b) acting as an intermediary on another’s behalf and are specifically authorised to transact the Derivative Market Contract, by the terms of:-
 - (i) a licence held by the Client;
 - (ii) a trust deed (if the Client is a trustee); or
 - (iii) an agency contract.

3. Nature of Market Participant’s obligations

Notwithstanding that the Market Participant may act in accordance with the instructions of, or for the benefit of, the Client, the Client acknowledges that any contract arising from any order submitted to the Market, is entered into by the Market Participant as principal.

4. Nature of Clearing Participant's obligations

Upon registration of a contract with ACH in the name of a Clearing Participant, the Client acknowledges that the Clearing Participant incurs obligations to ACH as principal, even though the contract may have been entered on the Client's instructions.

5. Rights of Client

The Client acknowledges that any benefit or right obtained by a Clearing Participant upon registration of a contract with ACH by novation of a contract under the ACH Clearing Rules or any other legal result of registration is personal to the Clearing Participant and the benefit of that benefit, right or legal result does not pass to the Client. The Client has no rights, whether by way of subrogation or otherwise, against ASX or ACH in relation to any transactions by the Clearing Participant (or any other Clearing Participant or Market Participant) in the Derivative Market Contract.

6. Dealing as principal

The Client acknowledges that the Market Participant or Clearing Participant may, in certain circumstances permitted under the Corporations Act, the ASX Market Rules or the ACH Clearing Rules, take the opposite position in a transaction in the Derivative Market Contract, either acting for another client or on its own account.

7. Client funds property

The Clearing Participant must deal with any money and property paid or given to the Clearing Participant in connection with the Clearing Participant/Client relationship in accordance with the Corporations Act and the ACH Clearing Rules.

The Client acknowledges that the Client's monies and the monies of other clients of the Clearing Participant may be combined and deposited by the Clearing Participant in a trust account or clients' segregated account. The Client acknowledges that all monies credited to the clients' segregated account maintained by the Clearing Participant may be used by the Clearing Participant to meet the default of any client of the Clearing Participant.

8. Clearing Participants may call for funds or security

The Clearing Participant may call for payment of money or the provision of other security which the Clearing Participant considers, in its absolute discretion, appropriate in connection with the obligations incurred by the clearing Participant in respect of contracts registered in the Client's Account. The time by which the Client must pay any amount called or provide security is of the essence and the Client must pay the amounts, or provide the relevant security, within 24 hours of the call for payment.

9. Default

If:

- (a) the Client fails to pay, or provide security for, amounts payable to the Clearing Participant;
- (b) the Client fails to complete a contract for the transfer of Underlying Financial Products following the exercise of an Option; or

- (c) a guarantee or other security provided by the Client pursuant to the Rules is withdrawn or becomes ineffective,

the Clearing Participant may, in addition to any other rights which they may have against the Client, without giving prior notice to the Client, take any action, or refrain from taking action, which it considers reasonable in the circumstances in connection with Open Contracts registered in the Client's Account and, without limitation, the Clearing Participant may:

- (a) enter into one or more transactions to effect the close out of one or more Open Contracts in accordance with the ACH Clearing Rules; or
- (b) exercise one or more Options in accordance with the ACH Clearing Rules,

and the Client must account to the Clearing Participant as if those actions were taken on the instructions of the Client and, without limitation, is liable for any deficiency and is entitled to any surplus which may result.

Note: Clause 9 does not give the Clearing Participant power to deal with any of the Client's securities or other property held by the Clearing Participant if the Client defaults to the Clearing Participant and apply the proceeds against the default. If this power is required, an appropriate provision must be included in a separate agreement between the Clearing Participant and the Client.

10. Commissions and fees

The Client must pay to the Market Participant and/or the Clearing Participant commissions, fees, taxes and charges in connection with dealings for the Client in ASX Derivative Market Contracts at the rates determined by the Market Participant and/or the Clearing Participant from time to time and notified to the Client in writing.

11. Tape recording of conversations

The Client acknowledges that the Market Participant and/or the Clearing Participant may record telephone conversations between the Client and the Market Participant or Clearing Participant. If there is a dispute between the Client and the Market Participant or the Client and the Clearing Participant, the Client has the right to listen to any recording of those conversations.

12. Client to provide information

The Client will take all reasonable steps to deliver information or documentation to the Market Participant and/or the Clearing Participant, or cause information or documentation to be delivered to the Market Participant and/or the Clearing Participant concerning Options which are requested by a person having a right to request such information or documentation. The Market Participant and/or the Clearing Participant is authorised to produce the information or documentation to the person making the request.

13. Appointment as agent

The Client irrevocably appoints severally ACH, and every director, manager and assistant manager for the time being of ACH, at the option of ACH to do all acts and execute all documents on the Client's behalf for the purpose of exercising the powers conferred on ACH under the ACH Clearing Rules including, without limitation, the power to transfer or close out Open Contracts if the Clearing Participant commits an event of default.

Note: ACH has broad powers under the ACH Clearing Rules to deal with positions held by the Clearing Participant if the Clearing Participant commits an event of default under the ACH Clearing Rules. The powers are set out in the ACH Clearing Rules.

14. Right to refuse deal

The Client acknowledges that the Market Participant and/or the Clearing Participant may at any time refuse to deal in, or may limit dealings in, the ASX Derivative Market Contracts for the Client. Neither the Market Participant nor the Clearing Participant is required to act in accordance with the Client's instructions, where to do so would constitute a breach of the ASX Market Rules, the ACH Clearing Rules or the Corporations Act. The Market Participant and/or the Clearing Participant will notify the Client of any refusal or limitation as soon as practicable.

15. Termination of agreement

Either the Client, the Market Participant or the Clearing Participant may terminate this Agreement by giving notice in writing to the other parties. Termination will be effective upon receipt of the notice by the other parties.

Note: If the parties wish to provide for a minimum period of notice to terminate or limit their rights to terminate in some way, an appropriate provision must be included in a separate agreement with the Client. The parties might also consider documenting the terms by which notice may be given and received.

16. Effect of termination

Termination does not affect the existing rights and obligations of the Client, Market Participant or the Clearing Participant at termination. Upon termination of this Agreement, the ACH Participant will close out all Open Contracts registered in the Client's Account, unless, in accordance with a direction from the Client, the registration of those contracts is transferred to another Clearing Participant in accordance with the ACH Clearing Rules.

17. Withdrawal of Agreement lodged with ACH

If the Client intends to withdraw the lodgement of the signed version of this Agreement lodged, or taken to have been lodged, with ACH the Client must give notice in writing to ACH. The lodgement will be taken to have been withdrawn at the close of trading on the day following the receipt of the notice by ACH. Such withdrawal does not terminate this Agreement, which can only be effected in accordance with clause 16.

18. Revised terms prescribed by ASX

If ASX prescribes amended minimum terms for a Wholesale Client Agreement for the purposes of the ASX Market Rules (the "New Terms"), to the extent of any inconsistency between these minimum terms and the New Terms, the New Terms will override the terms of this Wholesale Client Agreement and apply as if the Client, Market Participant and the Clearing Participant had entered into an agreement comprising the New Terms.

19. Participant to provide Client with copy of changes

The Market Participant and the Clearing Participant will provide a copy of the New Terms to the Client as soon as practicable after ASX prescribes the New Terms.

20. Interpretation

Any term used in this Agreement which is defined in the ASX Market Rules has the meaning given in the ASX Market Rules. References to the "Clearing Participant" refer to the Market Participant (if it also a Clearing Participant), the Market Participant's Clearing Participant (if the Market Participant has clearing arrangements with a Clearing Participant) or the Clearing Participant which accepts an allocation or the transfer of an Open Contract (as applicable).

Executed by the Client on/...../.....

Individual

.....

Signature

.....

Name (Printed)

OR

Corporation

The Common Seal of

..... was

duly affixed by authority of the directors
in the presence of:

.....
Signature of Director

.....
Signature of Secretary / Director

.....

Name (Printed)

.....
Name (Printed)

OR

Where Corporation is executing Agreement without using a common seal under S127(1) of the Corporations Act.

Executed by

in accordance with section 127(1) of the

Corporations Act by authority of its

directors in the presence of:

.....
Signature of Authorised Person

.....
Signature of Witness

.....
Name of Witness (Printed)

.....
Name (printed) and office held

.....
Signature of authorised person

.....
Name (Printed) and office held

ASX MARKET PROCEDURES

APPENDIX 8.2.1 – 1

APPLICATION TO BE A DTR IN RESPECT OF DERIVATIVE MARKET CONTRACTS

TO: AUSTRALIAN STOCK EXCHANGE LIMITED (ABN 98 008 624 691)
(“ASX”)

FROM: (ABN)
(the “Trading Participant” – insert full name of Trading Participant)

The Trading Participant applies to ASX that the following person be registered as its DTR under ASX Market Rule 8.2.1 to enter orders into the ASX Trading Platform.

(Insert name of nominated person)

of

(Insert full office address, inc. level)

STATEMENT BY NOMINATED PERSON

To be completed by the nominated person

I, state that:

(Insert full name of nominated person)

1. to the best of my knowledge and belief, the information contained in this application form is true and correct; and
2. if registered as a DTR, I will properly perform the responsibilities of a DTR and, in respect of dealings in Products for my Trading Participant, will ensure my Trading Participant complies with the Rules, Procedures and practices of, and conditions imposed by, ASX and the Australian Clearing House Pty Limited (ACH) (all as amended from time to time).

Signed by the nominated person:

.....
(Signature of nominated person)

(Print name)

(Date)

STATEMENT BY TRADING PARTICIPANT

To be completed by a director or Responsible Executive on behalf of the Trading Participant

I, _____ am a director / Responsible Executive of the
(Please print name)
Trading Participant and have authority to sign this application on behalf of the Trading Participant and
have authority to represent and acknowledge to ASX that:

1. The Trading Participant considers that the nominated person is suitably qualified and experienced to be registered as its DTR in respect of Options Market Contracts and/or Futures Market Contracts.

Please strike out one of the above if not applicable.

2. The nominated person is entitled to deal in **OPTIONS** under:

2.1 the Trading Participant's Australian Financial Services Licence number: ☐

2.2 their own Australian Financial Services Licence number: ☐

Please tick one of the above and include AFSL number.

3. The nominated person is entitled to deal in **FUTURES** under:

3.1 the Trading Participant's Australian Financial Services Licence number: ☐

3.2 their own Australian Financial Services Licence number: ☐

Please tick one of the above and include AFSL number.

4. The nominated person has demonstrated knowledge of the ASX Market Rules governing the processes of dealing and reporting Market Transactions on the ASX Trading Platform, relevant Procedures and practices of ASX.

Please indicate:

4.1 Has the nominated person passed the DTR exam? ☐ Yes* ☐ No**

If yes, please advise of:

Date:.....

Name of examiner:

If not, please contact Market Control on 1300 655 560 to arrange for the nominated person to sit the exam.

5. To the best of the Trading Participant's knowledge and belief, the information contained in this application form in relation to the nominated person is true and correct.
6. The Trading Participant has no reason to believe that the nominated person will not properly perform the responsibilities of a DTR and comply with the Rules, Procedures and practices of, and conditions imposed by, ASX and the ACH (all as amended from time to time).

Signed for and on behalf of the Trading Participant by a director or Responsible Executive #:

.....
(Signature of director / Responsible Executive)

(Print name)

(Date)

#Please note that the director or Responsible Executive signing on behalf of the Trading Participant must not be the nominated person.

Please FAX completed form to Market Control on (02) 9232 7352

If you have a query with this form please call Market Control on 1300 655 560 for assistance.

PRIVACY COLLECTION STATEMENT

As part of this application, ASX is collecting personal information about employees or contractors of the Market Participant. This information is required to be collected under ASX Market Rule 8.5 to enable ASX to assess the Application for Accreditation as a Futures Adviser and to ensure that the Market Participant is satisfying its obligations pursuant to the ASX Market Rules. Failure to provide personal information in whole or in part may mean that ASX is unable to process the application and may amount to a breach of the ASX Futures Business Rules by the Trading Participant. This information may be disclosed to the Disciplinary Tribunal, ASX Board members, the ASX Group of companies and the Australian Securities and Investments Commission in the event that any action is taken against the Market Participant or the applicant, pursuant to the Corporations Act 2001 and/or the ASX Market. ASX will not otherwise disclose the information that is collected to any other organisations or individuals, unless the relevant individual consents or ASX is otherwise permitted to do so under the Privacy Act 1988 (Cth). Enquiries concerning access to personal information provided via this application, can be directed to the ASX Chief Privacy Officer at PO Box H224, Australia Square, NSW 1215.

ASX MARKET RULE PROCEDURES

APPENDIX 8.2.1 – 2

APPLICATION TO BE A TRAINEE DTR IN RESPECT OF CASH MARKET PRODUCTS

TO: AUSTRALIAN STOCK EXCHANGE LIMITED (ABN 98 008 624 691)
(“ASX”)

FROM: (ABN)
(the “Trading Participant” – insert full name of Trading Participant)

The Trading Participant applies to ASX that the following nominated person be registered as a trainee DTR in respect of Cash Market Products.

(Insert full name of trainee)

of

(Insert full office address, inc. level)

While under training, close supervision will be maintained by more senior DTRs, Directors and Responsible Executives.

Signed by a director or Responsible Executive for and on behalf of #:

.....
(Signature of director / Responsible Executive)

(Print name)

(Date)

Please note that the director or Responsible Executive signing on behalf of the Trading Participant must not be the nominated person.

Please FAX completed form to Market Control on (02) 9235 1857

If you have a query with this form please call Market Control on 1800 024 000 for assistance.

PRIVACY COLLECTION STATEMENT

As part of this application, ASX is collecting personal information about employees or contractors of the Market Participant. This information is required to be collected under ASX Market Rule 8.5 to enable ASX to assess the Application for Accreditation as a Futures Adviser and to ensure that the Market Participant is satisfying its obligations pursuant to the ASX Market Rules. Failure to provide personal information in whole or in part may mean that ASX is unable to process the application and may amount to a breach of the ASX Futures Business Rules by the Trading Participant. This information may be disclosed to the Disciplinary Tribunal, ASX Board members, the ASX Group of companies and the Australian Securities and Investments Commission in the event that any action is taken against the Market Participant or the applicant, pursuant to the Corporations Act 2001 and/or the ASX Market. ASX will not otherwise disclose the information that is collected to any other organisations or individuals, unless the relevant individual consents or ASX is otherwise permitted to do so under the Privacy Act 1988 (Cth). Enquiries concerning access to personal information provided via this application, can be directed to the ASX Chief Privacy Officer at PO Box H224, Australia Square, NSW 1215.

ASX MARKET RULE PROCEDURES

APPENDIX 8.2.1 – 3

APPLICATION TO BE A DTR IN RESPECT OF CASH MARKET PRODUCTS

TO: AUSTRALIAN STOCK EXCHANGE LIMITED (ABN 98 008 624 691)
(“ASX”)

FROM: (ABN)
(the “Trading Participant” – insert full name of Trading Participant)

The Trading Participant applies to ASX that the following nominated person be registered as its DTR under ASX Market Rule 8.2.1 to enter orders into the Integrated Trading Platform.

(Insert name of nominated person)

of

(Insert full office address, inc. level)

The Trading Participant requests (*please tick if required*):

☐ Broker Supervisory Privileges be assigned to the nominated person.

Section 1 Statement of Trainee Readiness

(*This section is only to be completed where the nominated person is currently a Trainee DTR*)

I, have provided
(Senior DTR) (Nominated person)

with a minimum of three days experience in a Cash Market Product operating environment and I am confident that he/she is fully prepared to attempt the ASX Trading Platform Practical Exam for Cash Market Products.

.....
(Signature of nominated person)

.....
(Signature of Senior DTR)

.....
(Print full name)

.....
(Print full name)

Section 2 Statement by nominated person

(To be completed both where the nominated person is currently a trainee DTR and where the nominated person was previously a DTR of another Trading Participant)

To be completed by the nominated person.

I, state that:

(Insert full name of nominated person)

1. to the best of my knowledge and belief, the information contained in this application form is true and correct; and
2. if registered as a DTR, I will properly perform the responsibilities of a DTR and, in respect of dealings in Cash Market Products for my Trading Participant, will comply with the Rules, Procedures and practices of, and conditions imposed by, ASX and Australian Clearing House Pty Limited (all as amended from time to time).

Signed by the nominated person:

.....
(Nominated person's signature)

(Print name)

.....
(Date)(Nominated person's email address)

Section 3 Statement by Trading Participant

(To be completed by a director or Responsible Executive on behalf of the Trading Participant)

I am a director / Responsible Executive of the Trading
(Please print name)

Participant and have authority to sign this application on behalf of the Trading Participant and have authority to represent and acknowledge to ASX that:

1. The Trading Participant considers that the nominated person is qualified and capable of effectively discharging the functions of a DTR in respect of Cash Market Products.
2. The nominated person is entitled to deal in Cash Market Products under:
☐ our Australian Financial Services Licence No:
☐ their own Australian Financial Services Licence No:
3. The nominated person has demonstrated knowledge of the ASX Market Rules governing the processes of dealing and reporting Cash Market Transactions on the ASX Trading Platform, relevant Procedures and practices of ASX.
4. To the best of the Trading Participant's knowledge and belief, the information contained in this application form in relation to the nominated person is true and correct.
5. The Trading Participant has no reason to believe that the nominated person will not properly perform the responsibilities of a DTR and comply with the ASX Market Rules, Procedures and practices of, and conditions imposed by, ASX and Australian Clearing House Pty Limited (all as amended from time to time).

Signed for and on behalf of the Trading Participant by a director or Responsible Executive #:

.....
(Signature of director / Responsible Executive)

(Print name)

(Date)

Please note that the director or Responsible Executive signing on behalf of the Trading Participant must not be the nominated person.

Please FAX completed form to Market Control on (02) 9235 1857

If you have a query with this form please call Market Control on 1800 024 000 for assistance.

PRIVACY COLLECTION STATEMENT

As part of this application, ASX is collecting personal information about employees or contractors of the Market Participant. This information is required to be collected under ASX Market Rule 8.5 to enable ASX to assess the Application for Accreditation as a Futures Adviser and to ensure that the Market Participant is satisfying its obligations pursuant to the ASX Market Rules. Failure to provide personal information in whole or in part may mean that ASX is unable to process the application and may amount to a breach of the ASX Market Rules by the Trading Participant. This information may be disclosed to the Disciplinary Tribunal, ASX Board members, the ASX Group of companies and the Australian Securities and Investments Commission in the event that any action is taken against the Market Participant or the applicant, pursuant to the Corporations Act 2001 and/or the ASX Market Rules. ASX will not otherwise disclose the information that is collected to any other organisations or individuals, unless the relevant individual consents or ASX is otherwise permitted to do so under the Privacy Act 1988 (Cth). Enquiries concerning access to personal information provided via this application, can be directed to the ASX Chief Privacy Officer at PO Box H224, Australia Square, NSW 1215.

ASX MARKET RULE PROCEDURES

APPENDIX 8.2.1 - 4

APPLICATION TO ESTABLISH A SPECIAL LIABILITY LIMIT FOR A REGISTERED DTR (OR TRAINEE DTR) IN RESPECT OF CASH MARKET PRODUCTS

TO: AUSTRALIAN STOCK EXCHANGE LIMITED (ABN 98 008 624 691)
("ASX")

FROM: (ABN)
(the "Trading Participant" – insert full name of Trading Participant)

The Trading Participant applies to ASX that the following Special Liability limits be established:

Add / Amend / Remove Special Liability limit (please enter appropriate action)	Name of registered Designated Trading Representative (or trainee) ("the Nominated Person")	User Name	User Id	Special Liability Limit (may be between \$1 - \$99,999,999 – n/a if removing a limit)

Signed by a Compliance Officer or Responsible Executive[#]:

.....
(Compliance Officer's /Responsible Executive's Signature)

(Print name)

.....
(Date) (Email address)

[#] *Please note that the director or Responsible Executive signing on behalf of the Trading Participant must not be the nominated person.*

This form, and the associated procedures below, should be used when establishing a Special Liability limit for Designated Trading Representatives (DTRs) and trainee DTRs.

Setting a Special Liability limit is optional and may be requested by completing and returning the attached form to ASX Market Control via facsimile on 02 9235 1857. Requests to establish or amend Special Liability limits will only be accepted if authorised by a Compliance Officer or Responsible Executive. Once the request has been actioned by Market Control, any changes to the Special Liability limit will take effect immediately. Market Control will email the authorising officer to confirm the request has been actioned.

DTRs will need to contact their Compliance Officer/Responsible Executive for information relating to their individual Special Liability limit. Market Control will only disclose this information to Compliance Officers/Responsible Executives.

A Special Liability limit may be established at any value between \$1.00 and \$99,999,999.00. If a Special Liability limit is set for a DTR, the ASX Trading Platform will reject orders entered with a value greater than the established limit. Orders entered with a value less than or equal to a DTR's Special Liability will be accepted for further processing. A Special Liability may also be removed if requested.

The Process

1. Complete page 1 of this form
2. Ensure it is signed by a Compliance Officer or Responsible Executive
3. Fax to Market Control 02 9235 1857

Market Control will action the request immediately and email the authorising officer to confirm the request has been actioned.

Please FAX completed form to Market Control on (02) 9235 1857

If you have a query with this form please call Market Control on 1800 024 000 for assistance.

PRIVACY COLLECTION STATEMENT

As part of this application, ASX is collecting personal information about employees or contractors of the Market Participant. This information is required to be collected under ASX Market Rule 8.5 to enable ASX to assess the Application for Accreditation as a Futures Adviser and to ensure that the Market Participant is satisfying its obligations pursuant to the ASX Market Rules. Failure to provide personal information in whole or in part may mean that ASX is unable to process the application and may amount to a breach of the ASX Futures Business Rules by the Trading Participant. This information may be disclosed to the Disciplinary Tribunal, ASX Board members, the ASX Group of companies and the Australian Securities and Investments Commission in the event that any action is taken against the Market Participant or the applicant, pursuant to the Corporations Act 2001 and/or the ASX Market Rules. ASX will not otherwise disclose the information that is collected to any other organisations or individuals, unless the relevant individual consents or ASX is otherwise permitted to do so under the Privacy Act 1988 (Cth). Enquiries concerning access to personal information provided via this application, can be directed to the ASX Chief Privacy Officer at PO Box H224, Australia Square, NSW 1215.



ASX

AUSTRALIAN STOCK EXCHANGE

ASX MARKET PROCEDURES

APPENDIX 8.5.1(a) – 1

APPLICATION TO BE AN ACCREDITED FUTURES ADVISER

Full name (the ‘Applicant’):

Applicant’s date of birth (day/month/year)

Nominating Market Participant (the ‘Market Participant’):

Market Participant’s business address:

.....

By completing this form, the Market Participant nominates the Applicant to be accredited as an Accredited Futures Adviser.

1. The Applicant is a representative of the Market Participant who is the holder of an Australian Financial Services Licence (“AFSL”).

The AFSL is issued to:

The AFSL number is:

2. The Applicant’s relationship to the Market Participant is as a: *(please tick applicable box)*

Employee ☐

Other ☐

If Other, please state relationship:

3. Appendix 8.5.1(d)-1 completed and signed by the applicant is attached

Signed: Date:

(Director, Partner, Responsible Executive or Compliance Manager of the Market Participant)

Name (print):

Position:

Contact telephone number:

PRIVACY COLLECTION STATEMENT

As part of this application, ASX is collecting personal information about employees or contractors of the Market Participant. This information is required to be collected under ASX Market Rule 8.5 to enable ASX to assess the Application for Accreditation as a Futures Adviser and to ensure that the Market Participant is satisfying its obligations pursuant to the ASX Market Rules. Failure to provide personal information in whole or in part may mean that ASX is unable to process the application and may amount to a breach of the ASX Market Rules by the Market Participant. This information may be disclosed to the Disciplinary Tribunal, ASX Board members, the ASX Group of companies and the Australian Securities and Investments Commission in the event that any action is taken against the Market Participant or the applicant, pursuant to the Corporations Act 2001 and/or the ASX Market. ASX will not otherwise disclose the information that is collected to any other organisations or individuals, unless the relevant individual consents or ASX is otherwise permitted to do so under the Privacy Act 1988 (Cth). Enquiries concerning access to personal information provided via this application, can be directed to the ASX Chief Privacy Officer at PO Box H224, Australia Square, NSW 1215.



ASX

AUSTRALIAN STOCK EXCHANGE

ASX MARKET PROCEDURES

APPENDIX 8.5.1(a) - 2

Section 1: APPLICATION TO BE A LEVEL ONE ACCREDITED DERIVATIVES ADVISER

This form is to be completed by a Market Participant nominating a person for accreditation as a Level One Accredited Derivatives Adviser.

Full name (the 'Applicant'):

Applicant's business & email address:

.....

Applicant's date of birth (day/month/year):

Nominating Market Participant (the 'Market Participant')

Market Participant's business address:

.....

By completing this form, the Market Participant nominates the Applicant to be accredited as a Level One Accredited Derivatives Adviser.

1. The Applicant is a representative of the Market Participant who is the holder of an Australian Financial Services Licence ("AFSL").

The AFSL is issued to:

The AFSL number is:

2. The Applicant's relationship to the Market Participant is as a: (please tick applicable box)

Employee ☐

Other ☐

If Other please state relationship:

3. The Applicant has obtained the pass level prescribed for the ASX Level One Accreditation Examination administered by Tribeca Learning (Aust.) Pty Limited.

4. Any accreditation fees prescribed by ASX have been paid.

Section 2: Extent of Advice

If authorised as a Level One Accredited Derivatives Adviser the Market Participant acknowledges the Applicant may advise and make recommendations only in relation to:

- (a) taking Options (other than Futures Options);
- (b) writing Options (other than Futures Options), but only for the purpose of closing out a position or writing covered call options as described in the Procedures;;
- (c) subscribing for and buying and selling Warrants;
- (d) exercising Warrants and Options (other than Futures Options);
- (e) other Derivative Market Contracts and strategies as prescribed by ASX from time to time in the Procedures.

The Market Participant accepts liability for any advice given and/or recommendations made by the Applicant outside these limitations.

Signed:
(Director, Partner, Responsible Executive or Compliance Manager of the Participant)

Name printed:

Position:

Contact email address:

Contact telephone number:

Date:

Send to Tribeca - fax: 1300 137 802 or mail: PO Box 4603, Sydney NSW 2001

PRIVACY COLLECTION STATEMENT

As part of this application, ASX is collecting personal information about employees or contractors of the Market Participant. This information is required to be collected under ASX Market Rule 8.5 to enable ASX to assess the application to be a Level One Accredited Derivatives Adviser and to ensure that the Market Participant is satisfying its obligations pursuant to the ASX Market Rules. Failure to provide personal information in whole or in part will mean that ASX may be unable to process the application and may amount to a breach of the ASX Market Rules by the Market Participant. This information may be disclosed to the National Adjudicatory Tribunal, ASX Appeals Tribunal and the Australian Securities and Investments Commission in the event that any action is taken against the Market Participant or the applicant, pursuant to the Corporations Act 2001 and/or the ASX Market Rules. An applicant's level of accreditation and when this was achieved, may also be disclosed to other organisations or individuals should they request this information. ASX may also disclose personal information to Tribeca Learning (Aust.) Pty Limited for the purposes of administering the Accredited Derivatives Adviser program. Enquiries concerning access to personal information provided via this application, can be directed to the ASX Chief Privacy Officer at PO Box H224, Australia Square, NSW 1215. Please ensure a copy of this Privacy Statement is provided to the employee or contractor whose personal details appear on this application.



ASX

AUSTRALIAN STOCK EXCHANGE

**ASX MARKET PROCEDURES
APPENDIX 8.5.1(a) - 3**

Section 1: APPLICATION TO BE A LEVEL TWO ACCREDITED DERIVATIVES ADVISER

This form is to be completed by a Market Participant nominating a person for accreditation as a Level Two Accredited Derivatives Adviser.

Full name (the 'Applicant'):

Applicant's business & email address:

.....

Applicant's date of birth (day/month/year):

Nominating Market Participant (the 'Market Participant')

Market Participant's business address:

.....

By completing this form, the Market Participant nominates the Applicant to be accredited as a Level Two Accredited Derivatives Adviser.

1. The Applicant is a representative of the Market Participant who is the holder of an Australian Financial Services Licence ("AFSL").

The AFSL is issued to:

The AFSL number is:

2. The Applicant's relationship to the Market Participant is as a: (please tick applicable box)

Employee ☐

Other ☐

If Other please state relationship:

3. The Applicant has obtained the pass level prescribed for the ASX Level One and Level Two Accreditation Examinations administered by Tribeca Learning (Aust.) Pty Limited.

4. Any accreditation fees prescribed by ASX have been paid.

Section 2: Extent of Advice

If authorised as a Level Two Accredited Derivatives Adviser, the Applicant may advise and make recommendations in relation to all Derivative Market Contracts (other than Futures and Futures Options) and all trading strategies relating to Derivative Market Contracts (other than Futures and Futures Options) as defined in the Market Rules and specified in the Procedures. A person accredited as a Level Two Accredited Derivatives Adviser may also advise and make recommendations in relation to the Products and strategies applicable to a Level One Accredited Derivatives Adviser.

Signed:
(Director, Partner, Responsible Executive or Compliance Manager of the Participant)

Name Printed:

Position:

Contact email address:

Contact telephone number:

Date:

Signed:

Send to Tribeca - fax: 1300 137 802 or mail: PO Box 4603, Sydney NSW 2001

PRIVACY COLLECTION STATEMENT

As part of this application, ASX is collecting personal information about employees or contractors of the Market Participant. This information is required to be collected under ASX Market Rule 8.5 to enable ASX to assess the application to be a Level Two Accredited Derivatives Adviser and to ensure that the Market Participant is satisfying its obligations pursuant to the ASX Market Rules. Failure to provide personal information in whole or in part will mean that ASX may be unable to process the application and may amount to a breach of the ASX Market Rules by the Market Participant. This information may be disclosed to the National Adjudicatory Tribunal, ASX Appeals Tribunal and the Australian Securities and Investments Commission in the event that any action is taken against the Market Participant or the applicant, pursuant to the Corporations Act 2001 and/or the ASX Market Rules. An applicant's level of accreditation and when this was achieved, may also be disclosed to other organisations or individuals should they request this information. ASX may also disclose personal information to Tribeca Learning (Aust.) Pty Limited for the purposes of administering the Accredited Derivatives Adviser program. Enquiries concerning access to personal information provided via this application, can be directed to the ASX Chief Privacy Officer at PO Box H224, Australia Square, NSW 1215. Please ensure a copy of this Privacy Statement is provided to the employee or contractor whose personal details appear on this application.



ASX

AUSTRALIAN STOCK EXCHANGE

ASX MARKET PROCEDURES
APPENDIX 8.5.1(d) – 1

DECLARATION BY APPLICANT FOR ACCREDITATION AS AN ACCREDITED FUTURES ADVISER

This form to be attached to Appendix 8.5.1(a)-1 – Application to be an Accredited Futures Adviser

Full name (the 'Applicant'):

Applicant's business & email address:

.....

Applicant's date of birth (day/month/year):

Market Participant:

.....

I confirm I have read all of the following documents:

(i) ASX Market Rules

☐

(ii) Accreditation Notes dated January 2002

☐

I confirm I: *(Tick whichever is applicable)*

☐

am an ASX Level Two Accredited Derivatives Adviser

☐

have successfully completed the AFMA futures module (attach documentation as evidence)

Signed:

(Applicant)

Name (print):

Contact telephone number:

Date:

PRIVACY COLLECTION STATEMENT

As part of this application, ASX is collecting personal information about employees or contractors of the Trading Participant. This information is required to be collected under ASX Rule 8.5 to enable ASX to assess the Application for Accreditation as a Futures Adviser and to ensure that the Market Participant is satisfying its obligations pursuant to the ASX Market Rules. Failure to provide personal information in whole or in part may mean that ASX is unable to process the application and may amount to a breach of the ASX Market Rules by the Market Participant. This information may be disclosed to the Disciplinary Tribunal, ASX Board members, the ASX Group of companies and the Australian Securities and Investments Commission in the event that any action is taken against the Trading Participant or the applicant, pursuant to the Corporations Act 2001 and/or the ASX Market Rules. ASX will not otherwise disclose the information that is collected to any other organisations or individuals, unless the relevant individual consents or ASX is otherwise permitted to do so under the Privacy Act 1988 (Cth). Enquiries concerning access to personal information provided via this application, can be directed to the ASX Chief Privacy Officer at PO Box H224, Australia Square, NSW 1215.



ASX

AUSTRALIAN STOCK EXCHANGE

ASX MARKET PROCEDURES
APPENDIX 8.7.2

APPLICATION FOR SITTING ADDITIONAL ACCREDITATION EXAMINATION UNDER RULE 8.7

This form is to be completed by a Market Participant seeking permission for a person to sit an accreditation examination where the person has sat the relevant examination on three occasions and has failed to obtain the requisite pass level.

Full name (the 'Applicant'):

Applicant's business & email address:

.....

Nominating Market Participant (the 'Market Participant'):

Market Participant's business address:

.....

The Market Participant applies to ASX for the Applicant to re-sit the: *(please tick appropriate box(es))*

Level One Accreditation Examination ☐

Level Two Accreditation Examination ☐

Set out below are the reasons in support of the Applicant being permitted to sit the examination(s) again.

.....

.....

.....

Signed:
(Director, Partner, Responsible Executive or Compliance Manager of Participant)

Name printed:

Position:

Date of application:

Send to Tribeca - fax: 1300 137 802 or mail: PO Box 4603, Sydney NSW 2001

PRIVACY COLLECTION STATEMENT

Your personal information and that of the Applicant is collected by ASX only for the purpose for which you provided it and pursuant to the ASX Market Rules. You should be aware and make the Applicant aware of the following information:

- a failure to provide the information may prevent ASX from processing the Applicant's application;
- ASX will not use and/or disclose the personal information for other purposes without the individual's consent or unless permitted to do so under the *Privacy Act 1988* (Cth);
- Enquiries concerning access to personal information can be directed to the ASX Chief Privacy Officer at PO Box H224, Australia Square, NSW, 1215.
- ASX may also disclose personal information to Tribeca Learning (Aust.) Pty Limited for the purposes of administering the Accredited Derivatives Adviser program..



ASX

AUSTRALIAN STOCK EXCHANGE

ASX MARKET PROCEDURES
APPENDIX 8.8.1(c)

APPLICATION FOR RENEWAL OF ACCREDITATION UNDER RULE 8.8

This form is to be completed by a Market Participant seeking renewal of the accreditation of a person as an Accredited Derivatives Adviser prior to expiry. Note: if a person's accredited status has already expired or been withdrawn the Trading Participant must complete Appendix 8.10.1(a) to apply for re-accreditation.

Nominating Market Participant (the 'Trading Participant'):
Market Participant's business address:
.....

The Market Participant applies to ASX for a renewal until the next Renewal Date of the accreditation of the Accredited Derivatives Advisers listed in the attachment to this Appendix.

The Market Participant certifies that **each of the persons named in the attached attachment to this Appendix:**

1. has complied with the continuing professional education requirements prescribed in the Procedures, in respect of the relevant category of accreditation during the period since the adviser was accredited or its accreditation was last renewed; and
2. is a Representative of the Market Participant; and
3. any accreditation fees prescribed by ASX have been paid.

Signed:
(Director, Partner, Responsible Executive or Compliance Manager of Trading Participant)

Name Printed:

Position:

Contact telephone number:

Fax number: Email address:

Date :

Send application to Tribeca: PO Box 4603, Sydney NSW 2001 or fax: 1300 137 802



ATTACHMENT TO APPLICATION FOR RENEWAL OF ACCREDITATION UNDER RULE 8.8

Trading Participant (Insert name)

The Accredited Derivatives Advisers seeking renewal of Accreditation are as follows:

PRIVACY COLLECTION STATEMENT

ASX is collecting personal information about officers, employees or contractors of the Market Participant to assess this Application. Failure to provide the information will prevent ASX from processing the application and/or may amount to a breach of the ASX Market Rules by the Market Participant. This information may be disclosed to the National Adjudicatory Tribunal, ASX Appeals Tribunal, ASX Board members and the Australian Securities and Investments Commission in the event that any action is taken against the Applicant or the Market Participant pursuant to the Corporations Act 2001 and/or the ASX Market Rules. ASX may also disclose personal information to Tribeca Learning (Aust.) Pty Limited for the purposes of administering the Accredited Derivatives Adviser program. Enquiries concerning access to personal information provided via this form, can be directed to the ASX Chief Privacy Officer at PO Box H224, Australia Square, NSW, 1215.



ASX

AUSTRALIAN STOCK EXCHANGE

**ASX MARKET PROCEDURES
APPENDIX 8.9.2**

NOTIFICATION OF WITHDRAWAL OF ACCREDITATION UNDER RULE 8.9

This form is completed by the Market Participant to notify ASX that an Accredited Derivatives Adviser ceases to be a Representative of the Market Participant (Section 1), or to request ASX to withdraw the accreditation of an Accredited Derivatives Adviser for other reasons (Section 2).

Adviser's name (the 'Adviser'):

Adviser's Date of Birth(day/month/year):

.....

Market Participant (the 'Market Participant'):

Market Participant's business address:

.....

**Section 1:
Notification to the Exchange.**

The Market Participant notifies the ASX that as of (date) the Adviser ceased to be a Representative of the Market Participant.

Please go to Section 3.

Section 2:
Request for withdrawal of an Adviser's Accredited status.

The Market Participant requests ASX to withdraw the accreditation of the Adviser.
Please tick the box indicating the Adviser's current level of accreditation:

Level One Derivatives accreditation ☐

Level Two Derivatives accreditation ☐

Futures accreditation ☐

Trading Day upon which the Market Participant wishes withdrawal of the accreditation of the
Adviser to take effect:

Please state the reason(s) for withdrawal of accreditation.

.....
.....
.....
.....

Signed:
(Adviser)

Section 3:
Participant authorisation

Signed:
(Director, Partner, Responsible Executive or Compliance Manager of Participant)

Name Printed:

Position:

Contact telephone number:

Date:

Send to Tribeca - fax: 1300 137 802 or mail: PO Box 4603, Sydney NSW 2001

ASX is collecting personal information about the Accredited Derivatives Adviser and other officers, employees or contractors of your organisation in order to process this Application. Failure to provide personal information in whole or in part will mean that ASX is unable to process the application and may amount to a breach of the ASX Market Rules by the Market Participant. This information may be disclosed to the National Adjudicatory Tribunal, ASX Appeals Tribunal, ASX Board members and the Australian Securities and Investments Commission in the event that any action is taken against the applicant or the Market Participant. ASX may also disclose personal information to Tribeca Learning (Aust.) Pty Limited for the purposes of administering the Accredited Derivatives Adviser program. ASX will not otherwise disclose the information that is collected to any other organisations or individuals, unless the relevant individual consents or ASX is otherwise permitted to do so under the Privacy Act 1988 (Cth). Enquiries concerning access to personal information provided via this application, can be directed to the ASX Chief Privacy Officer at PO Box H224, Australia Square, NSW 1215.



ASX

AUSTRALIAN STOCK EXCHANGE

ASX MARKET PROCEDURES

APPENDIX 8.10.1(a)

APPLICATION FOR RE-ACCREDITATION WHEN PREVIOUSLY WITHDRAWN OR EXPIRED
UNDER RULE 8.10

This form is to be completed by the Market Participant seeking re-accreditation of a person whose accreditation has been withdrawn or expired.

Full name (the 'Applicant'):

Applicant's business & email address:

.....

Applicant's date of birth (day/month/year):

Nominating Market Participant (the 'Market Participant'):

Market Participant's business address:

.....

The Market Participant applies to ASX for re-accreditation of the Applicant's:

Level One Derivatives accreditation ☐

Level Two Derivatives accreditation ☐

1. The Applicant is a Representative of the Market Participant, who is the holder of an Australian Financial Services Licence ("AFSL").

The AFSL is issued to:

The AFSL number is:

2. The Applicant's relationship to the Market Participant is as a:
(please tick applicable box)

Employee ☐

Other ☐

If Other please state relationship to Market Participant:

.....

3. The Market Participant requests the requirement to sit the Accreditation Examination(s) be waived.

☐

4. The Market Participant certifies the Applicant has complied with the continuing professional education requirements prescribed by ASX since the date the Applicant's accreditation was granted or last renewed.

5. Any accreditation fees prescribed by ASX have been paid

☐

Signed:
(Director, Partner, Responsible Executive or Compliance Manager of Participant)

Name Printed:

Position:

Contact telephone number:

Date:

Send to Tribeca - fax: 1300 137 802 or mail: PO Box 4603, Sydney NSW 2001

PRIVACY COLLECTION STATEMENT

ASX is collecting personal information about the Accredited Derivatives Adviser and other officers, employees or contractors of your organisation in order to process this Application. Failure to provide personal information in whole or in part will mean that ASX is unable to process the application and may amount to a breach of the ASX Market Rules by the Market Participant. This information may be disclosed to the National Adjudicatory Tribunal, ASX Appeals Tribunal, ASX Board members and the Australian Securities and Investments Commission in the event that any action is taken against the applicant or the Market Participant. An applicant's level of accreditation and when this was achieved, may also be disclosed to other organisations or individuals should they request this information. ASX may also disclose personal information to Tribeca Learning (Aust.) Pty Limited for the purposes of administering the Accredited Derivatives Adviser program. Enquiries concerning access to personal information provided via this application, can be directed to the ASX Chief Privacy Officer at PO Box H224, Australia Square, NSW 1215. Please ensure a copy of this Privacy Statement is provided to the employee or contractor whose personal details appear on this application.

ASX MARKET PROCEDURES

APPENDIX 10.3.3

FORM OF APPLICATION
FOR ADMISSION OF WARRANTS TO TRADING
STATUS ON AUSTRALIAN STOCK EXCHANGE LIMITED ABN 98 008 624 691

To: Australian Stock Exchange Limited ABN 98 008 624 691 ("the Exchange")

And
(Name of Warrant-Issuer)

.....
(Name of Guarantor - if applicable)

hereby applies for admission to Trading Status on ASX of the following warrants:

ASX Code	Exercise Price	Expiry Date	Call/Put	Index Multiplier (if applicable)	Issue Size	Warrants per Underlying Parcel	Exercise Style (American/ European)

In making this application the Warrant-Issuer (and Guarantor if applicable) acknowledge(s) and agree(s) that if the abovementioned Warrants are admitted to Trading Status on the Exchange it (they) will comply with the provisions of the Market Rules (unless compliance is waived at the absolute discretion of the Exchange) as amended from time to time and for the time being in force until such time as all obligations of the Warrant-Issuer (and Guarantor if applicable) arising from the Terms of Issue and Warrant Rules have been settled.

In making this application, the Warrant-Issuer (and Guarantor if applicable) acknowledge(s) and agree(s) that if the abovementioned Warrants are admitted to Trading Status on the Exchange retention of Trading Status for those Warrants will be at the absolute discretion (without qualification whatsoever) of ASX and that in particular (but without restricting the generality of the foregoing) withdrawal of Trading Status may, at the absolute discretion of ASX, take place if the Warrant-Issuer becomes unable or unwilling or in any respect fails to comply with the Terms of Issue, the Warrant Rules of ASX for the time being in force, or if ASX in its absolute discretion thinks fit.

APPENDIX 10.3.3

1. The Warrant-Issuer was incorporated/registered in under
(State/Territory/Country)
the on the
(Act or Code) (date)
2. The Guarantor was incorporated/registered in under
the
(State/Territory/Country)
on the
(date)
3. Address of the principal office in Australia of the Warrant-Issuer
4. Address of the principal office of the Guarantor
5. Address of each office at which a Register of Warrants is kept
6. Will the Register of warrants be held in uncertificated mode?
YES / NO (please strike-out which ever does not apply)
7. In satisfaction of its obligations under the Market Rules the Warrant-Issuer: (Please tick the applicable box)
☐ Undertakes to ASX that it will make markets in the Warrants on and from the time each Warrant Series opens for trading, or
☐ The initial issue of Warrants will have a sufficient spread of Warrant-Holders which, in the opinion of ASX, is adequate and reasonable (trading will not commence until the Warrant-Issuer has satisfied ASX that there is a sufficient spread of Warrant-Holders).
8. Deleted
9. Deleted
10. Deleted
11. Deleted

APPENDIX 10.3.3

12. PARTICIPATION RIGHTS:

Have any rights been granted to any person or to any class of persons to participate in any issue of the Warrant subject to this application?

(If so, give particulars)
.....
.....

13. Annual Balance Date of Warrant-Issuer

14. Annual Balance Date of Guarantor

16. Deleted

15. Deleted

17. Deleted

18. OFFICERS OF WARRANT-ISSUER:

(List relevant officers of the Issuer whom ASX should contact in relation to queries regarding these warrants – including legal and commercial matters.)

19. OFFICERS OF GUARANTOR:

(List relevant officers of the Guarantor whom ASX should contact in relation to queries regarding these warrants – including legal and commercial matters.)

APPENDIX 10.3.3

20. ACCOMPANYING DOCUMENTS:

- (i) Draft of proposed Offering Circular, Product Disclosure Statement or prospectus ("Warrant disclosure document").
- (ii) Copies of all contracts referred to in the Warrant disclosure document including underwriting agreement (if any).
- (iii) Current Constitution of Warrant-Issuer (and Guarantor) unless previously provided.
- (iv) Copies of Trust Deeds relating to Warrants to be traded (if any).
- (v) Copy of Certificate of Incorporation of Warrant-Issuer (and Guarantor) on the occasion of the first application for admission to trading status of Warrants issued by that Warrant-Issuer (and Guarantor).
- (vi) Power of attorney (if applicable) or other evidence of due execution.
- (vii) Deleted
- (viii) Deleted
- (ix) Certified copy of the Guarantee provided by the Guarantor pursuant to Warrant Rule 10.2.1(b), 10.2.1(d), and 10.2.2 (if applicable).
- (x) Certified copy of the authorisation provided by the copyrightholder pursuant to Rule 10.3.7.

21. Deleted

22. Deleted

23. All documentation forwarded to ASX by or on behalf of a Warrant-Issuer and Guarantor (if applicable) whether provided in support of an application or in compliance with the Market Rules for the time being or otherwise shall become and remain the property of the Exchange which may, in its absolute discretion, copy any or all of such documentation and forward such copies to any of its State subsidiaries, the public, the media, or any other interested party at its absolute discretion. Private correspondence, including draft documents lodged with ASX (or any subsidiary) for approval, and marked "not for public release" must only be released to the public, the media, or any other interested party where ASX has formed the opinion that the information should be released and has given notice to the company to that effect.

APPENDIX 10.3.3

24. If the Warrants are admitted to Trading Status, the Warrant-Issuer:

- (a) agrees to satisfy the Australian Clearing House ("ACH") technical and performance requirements and meet such other requirements as ACH may impose in connection with the approval of the Warrants as CHESS Approved Securities; and
- (b) undertakes when the Warrants are issued, to despatch them by deposit to the CHESS sub-register holding of the applicant prior to the Warrants commencing to trade if the applicant instructs the Warrant-Issuer on the application form to enter those Warrants into a nominated holding on the CHESS sub-register; and
- (c) acknowledges that ACH is authorised to establish and administer a CHESS sub-register in respect of the Warrants; and
- (d) undertakes to notify ASX immediately if it proposes to set a record date for a corporate action in respect of these Warrants or if it proposes to make any changes to a proposed record date; and
- (e) will, when undertaking a corporate action, use reasonable endeavours to follow any Listing Rule timetables (such as Listing Rule Appendix 6A and 7A) as if the Warrants were securities of an entity Admitted to the Official List of ASX.

Dated:

[INSERT EXECUTION CLAUSE]

ASX MARKET PROCEDURES

APPENDIX 11.3.1

ADJUSTMENT CIRCUMSTANCES

1 Reorganisation of capital into one class of financial products eligible to be approved as Underlying Financial Products

If the Underlying Financial Products are reorganised into Financial Products of one class and that class is eligible to be approved as Underlying Financial Products under Rule 11.1.1, ASX may make the following adjustment to Contract Series:

- a. change the description of the class of Underlying Financial Products to the class of financial products into which the Underlying Financial Products are reorganised;
- b. change the Contract Size/Price Quotation Factor to the number of the financial products into which the Underlying Financial Products are reorganised; and
- c. change the Exercise Price to ensure the Exercise Value of an Option in the Contract Series is, as near as is practicable, the same as it was immediately prior to the adjustment to the Contract Size/Price Quotation Factor.

2 Reorganisation of capital into more than one class of financial products where all classes are eligible to be approved as Underlying Financial Products

If the Underlying Financial Products are reorganised into more than one class of Financial Products and those classes are eligible to be approved as Underlying Financial Products under Rule 11.1.1, ASX may make the following adjustment to the Contract Series in the Underlying Financial Products:

- (b) change the description of the class of Underlying Financial Products to those classes of financial products into which the Underlying Financial Products are reorganised; and
- (c) change the Contract Size/Price Quotation Factor, the Exercise Price and the number of Options, as required, to maintain the Exercise Value of an Option in the Contract Series.

3 Cash return of capital not involving cancellation or repurchase of Underlying Financial Products

If there is a pro rata cash distribution in respect of the Underlying Financial Products by way of return of capital which does not involve the cancellation or repurchase of any Underlying Financial Products, ASX may make the following adjustment to the Contract Series in the Underlying Financial Products:

- (a) change the Contract Size/Price Quotation Factor to the number of Underlying Financial Products calculated in accordance with the following formula:

$$NC = OC + R / (SC - r)$$

where:

NC is the Contract Size/Price Quotation Factor immediately after the adjustment

OC is the Contract Size/Price Quotation Factor immediately before the adjustment

R is the value of the cash return attributable to each OC

SC is the volume weighted average price of the Underlying Financial Products traded on the last cum return Trading Day (excluding special, late and overseas trades) unless the ASX considers that:

- (a) unusual conditions or circumstances are present (including an illiquid market in the Underlying Financial Products on that day); or

- (b) the Underlying Financial Products are also traded on an approved foreign exchange, in which case the ASX may, in its absolute discretion, determine a reasonable value for SC having regard to sub-paragraphs (a) and (b) r is the value of the cash return per Underlying Security; and
- (c) change the Exercise Price to become the price calculated in accordance with the following formula:

$$NE = OE * OC / NC$$

where:

NE is the Exercise Price immediately after the adjustment

OE is the Exercise Price immediately before the adjustment

OC is the Contract Size/Price Quotation Factor immediately before the adjustment

NC is the Contract Size/Price Quotation Factor immediately after the adjustment.

4 Cash return of capital involving cancellation or repurchase of Underlying Financial Products

If there is a pro rata cash distribution in respect of Underlying Financial Products by way of return of capital which involves the cancellation or repurchase of Underlying Financial Products, ASX may make the following adjustment to the Contract Series in the Underlying Financial Products:

- (a) Change the Contract Size/Price Quotation Factor to the number of Underlying Securities calculated in accordance with the following formula:

$$NC = BC + \frac{R}{(SC - r)(OC/BC)}$$

where:

NC is the Contract Size/Price Quotation Factor immediately after the adjustment

BC = OC – m

OC is the Contract Size/Price Quotation Factor immediately before the adjustment

m is the number of cancelled or repurchased Underlying Financial Products attributable to each OC

R is the value of cash return attributable to each OC

SC is the volume weighted average price of the Underlying Financial Products traded on the last cum return Trading Day (excluding special, late and overseas trades) unless the ASX considers that;

(A) unusual conditions or circumstances are present (including an illiquid market in the Underlying Financial Products on that day); or

(B) the Underlying Financial Products are also traded on an approved foreign exchange, in which case the Exchange may, in its absolute discretion, determine a reasonable value for SC having regard to sub-paragraphs (A) and (B)

r is the value of the cash return attributable to each Underlying Financial Product; and

- (b) Change the Exercise Price to become the price calculated in accordance with the following formula:

$$NE = OE * OC / NC$$

where:

NE is the Exercise Price immediately after the adjustment

OE is the Exercise Price immediately before the adjustment

OC is the Contract Size/Price Quotation Factor immediately before the adjustment

NC is the Contract Size/Price Quotation Factor immediately after the adjustment.

5. Rights issue

If the holder of Underlying Financial Products has a renounceable or non-renounceable right to acquire any class of securities, ASX may make the following adjustment to the Contract Series in the Underlying Financial Products:

- (a) Change the Contract Size/Price Quotation Factor to the number of Underlying Financial Products calculated in accordance with the following formula:

$$NC = OC + \frac{(n * r)}{S}$$

where:

NC is the Contract Size/Price Quotation Factor immediately after the adjustment

OC is the Contract Size/Price Quotation Factor immediately before the adjustment

_ means the sum of the values for each $n * r$ as determined below

n is the number of rights attributable to each OC

r is the value of the rights calculated, subject to paragraph (c), from the volume weighted average price of the rights traded on the first ex rights Trading Day unless ASX considers that:

- (i) unusual conditions or circumstances are present (including an illiquid market in the rights on that day); or
- (ii) the rights are also traded on an approved foreign exchange, in which case ASX may, in its absolute discretion, determine a reasonable value for r having regard to sub-paragraphs (i) and (ii)

S is the volume weighted average price of the Underlying Financial Products traded on the first ex rights Trading Day (excluding special, late and overseas trades) unless ASX considers that:

- (i) unusual conditions or circumstances are present (including an illiquid market in the Underlying Financial Products on that day); or
- (ii) the Underlying Financial Products are also traded on an approved foreign exchange, in which case ASX may, in its absolute discretion, determine a reasonable value for S having regard to sub-paragraphs (i) and (ii);

- (b) Change the Exercise Price to become the price calculated in accordance with the following formula:

$$NE = OE * OC / NC$$

where:

NE is the Exercise Price immediately after the adjustment

OE is the Exercise Price immediately before the adjustment

OC is the Contract Size/Price Quotation Factor immediately before the adjustment

NC is the Contract Size/Price Quotation Factor immediately after the adjustment; and

(c) if:

(i) either:

- (A) the rights are renounceable but do not commence to trade on the first ex rights Trading Day; or
- (B) the rights are non-renounceable; and

(ii) a cum rights market and an ex rights market for the Underlying Financial Products are available on the first ex rights Trading Day, the Exchange may, in its absolute discretion, determine a reasonable value for the rights having regard to the markets referred to in sub-paragraph (ii).

6. Bonus issues of financial products in the same class

If there is a bonus issue of financial products in the same class as the Underlying Financial Products ASX may make the following adjustment to the Contract Series in those Underlying Financial Products:

(a) if the number of those financial products issued or distributed is equal to, or is a whole number multiple of, the number of Underlying Financial Products on issue immediately prior to that issue or distribution:

- (i) leave the Contract Size/Price Quotation Factor unchanged; and
- (ii) reduce the Exercise Price proportionately; and

(b) in any other case:

- (i) increase the Contract Size/Price Quotation Factor proportionately; and
- (ii) reduce the Exercise Price to ensure the Exercise Value of an Option in the Contract Series/Price Quotation Factor is the same as it was immediately prior to the adjustment to the Contract Size/Price Quotation Factor.

7. Adjustment to the number of Open Contracts in a Contract Series by ACH for a bonus issue of financial products in the same class.

If ASX adjusts a Contract Series under paragraph 6 of this Appendix, it must direct ACH to make the following adjustment to the number of Open Contracts in that Contract Series:

- (a) if the adjustment is made under paragraph 6(a), increase proportionately the number of Options in that Contract Series registered as Open Contracts in the name of each writer of the Options and taker of the Options; and
- (b) if the adjustment is made under paragraph 6(b), leave unchanged the number of Options in that Series registered as Open Contracts in the name of each writer of the Options and taker of the Options.

8. Bonus issues of financial products in one or more different classes to the Underlying Financial Products and all classes are eligible to be approved as Underlying Financial Products

If there is a bonus issue of financial products in a different class, or in different classes to the Underlying Financial Products and each class of financial products is eligible to be approved as Underlying Financial Products under Rule 12.1.1, ASX may make the following adjustment to the Contract Series in the Underlying Financial Products:

- (a) change the description of the Underlying Financial Products to include the new class or classes of financial products;
- (b) change the Contract Size/Price Quotation Factor, the Exercise Price and the number of Options, as required, to maintain the Exercise Value of an Option in the Contract Series.

9. Dividends

ASX will not make an adjustment to the specifications of a Contract Series for distributions made out of profits as dividends in respect of those Underlying Financial Products unless ASX considers an adjustment is appropriate under Procedure 10 including where:

- (a) the holders receive the dividends in the form of Financial Products with no cash alternative;
- (b) the dividends are principally related to transactions involving capital assets including the sale of part of the assets of the issuer of the Underlying Financial Products; and
- (c) the dividend is described as a "special dividend".

10. Alternative Adjustments

If:

- (a) an event of a kind specified in Procedures 1 to 9 occurs and ASX considers the Procedure is not appropriate in the circumstances; or
- (b) an event of a kind not specified in Procedures 1 to 9 occurs, (including an offer of Financial Products to holders of Underlying Financial Products under a takeover bid, an arrangement proposed for the purposes of, or in connection with, a scheme of reconstruction or amalgamation) and ASX considers an adjustment should be made to the specifications of a Contract series over the Underlying Financial Products,

ASX may make, or refrain from making, an adjustment to the specifications of a Contract Series as ASX considers appropriate. If ASX decides to make an adjustment it may determine when the adjustment is to be effective and it will direct the Approved Clearing Facility and any Alternative Clearing Facility to make an adjustment to the number of Open Contracts registered with it.

ASX MARKET PROCEDURES

APPENDIX 13.3.4

CERTIFICATION OF AUTOMATED ORDER PROCESSING SYSTEMS

AOP certifications should be provided on the letterhead of the Trading Participant to ASX as follows:

National Manager Compliance Services
Australian Stock Exchange Limited
20 Bridge Street
Sydney NSW 2000

CERTIFICATION

Certification of representations of compliance by [Trading Participant] with Australian Stock Exchange Limited (“ASX”) Market Rule 13.3.4

We have examined our obligations under the relevant Market Rules of ASX including those relating to Automated Order Processing (“AOP”) and related Guidance Notes issued by ASX. We have also examined our corresponding obligations under the Corporations Act. In relation to version [*insert version number*] of the [*insert name of system*] (“the AOP system”) we have performed a review of our policies, procedures, system design documentation – including our procedures for implementation of subsequent changes to the AOP software, filters and filter parameters - and other relevant documentation concerning our compliance with Market Rule 13.3. Our review included all matters considered by us to be necessary in the circumstances.

We confirm that, based on the representations set out in Schedules A – D and our own enquiries:

- The AOP system [*does/does not*] not permit ACOP.
- The AOP system has in existence organisational and technical resources - including having appropriate automated filters, filter parameters and processes to record any changes to the filters or filter parameters – considered by us to be necessary to enable Trading Messages to be submitted into the Trading Platform without interfering with the efficiency and integrity of markets provided by ASX or the proper functioning of the Trading Platform;
- The AOP system has in existence arrangements - including having appropriate automated filters, filter parameters and processes to record any changes to the filters or filter parameters – considered by us to be necessary to enable the ready determination of the origin of all orders and trading messages;
- The AOP system has in existence security arrangements considered by us to be necessary to monitor for and prevent unauthorised persons having access to a Gateway or an OI Device or to a computer or other device connected to an OI Device, and to ensure that the AOP system does not interfere with the efficiency and integrity of markets provided by ASX or the proper functioning of the Trading Platform;

- Nothing has come to our attention during the course of our review which would indicate that we are unable to comply with the ASX Market Rule 13.3; and
- The representations in Schedules A – D have been made by persons whom we consider to be suitably qualified and experienced in relation to the controls for which they are making those representations.

This certificate is intended for the use of ASX.

_____	_____
Director	Date

_____	_____
Director	Date

Schedule A – Organisational and Technical Controls

I confirm that, based on my own enquiries:

- The AOP system has in existence organisational and technical resources - including having appropriate automated filters, filter parameters and processes to record any changes to the filters or filter parameters – considered by us to be necessary to enable Trading Messages to be submitted into the Trading Platform without interfering with the efficiency and integrity of markets provided by ASX or the proper functioning of the Trading Platform; and
- Nothing has come to my attention during the course of our review which would indicate that [*Trading Participant*] is unable to comply with the ASX Market Rule 13.3.

_____	_____	_____
Name	Signature	Date

Schedule B – Trading Management Arrangements

I confirm that, based on my own enquiries:

- The AOP system has in existence arrangements - including having appropriate automated filters, filter parameters and processes to record any changes to the filters or filter parameters – considered by us to be necessary to enable the ready determination of the origin of all orders and Trading Messages; and
- Nothing has come to my attention during the course of our review which would indicate that [*Trading Participant*] is unable to comply with the ASX Market Rule 13.3.

_____	_____	_____
Name	Signature	Date

Schedule C – Security Arrangements

I confirm that, based on my own enquiries:

- The AOP system has in existence security arrangements considered by us to be necessary to monitor for and prevent unauthorised persons having access to a Gateway or an OI Device or to a computer or other device connected to an OI Device, and to ensure that the AOP system does not interfere with the efficiency and integrity of markets provided by ASX or the proper functioning of the Trading Platform; and
- Nothing has come to my attention during the course of our review which would indicate that [*Trading Participant*] is unable to comply with the ASX Market Rule 13.3.

_____	_____	_____
Name	Signature	Date

Schedule D – Certification Methodology

Attached is a copy of the methodology used by the persons identified in Schedules A – C to enable them to make the representations in those schedules.

ASX MARKET PROCEDURES

APPENDIX 20.4

TAKEOVER BIDS AND SCHEMES

INFORMATION RECEIVED	ACTION THE EXCHANGE WILL TAKE	
	TARGET	BIDDER
<p>ANNOUNCEMENT OF TAKEOVER BID OR SCHEME</p> <p>Announcement of:</p> <ul style="list-style-type: none"> intention to make an Off-Market Bid or if no announcement of an intention has been made, announcement of an Off-Market Bid itself intention to propose a Scheme Market Bid <p>See Notes</p>	<p>Securities will be placed in Adjust Session State for a minimum period of 50 minutes followed by Pre_Open Session State for a minimum period of 10 minutes.</p> <p>See Notes</p>	<p>Where both the Target and the Bidder are listed entities, the Bidder's Securities will be placed in Adjust for a minimum period of 50 minutes, followed by Pre_Open Session State for a minimum period of 10 minutes.</p>
<p>VARIATION TO CONSIDERATION OFFERED</p> <p>Announcement of variation of the consideration offered under:</p> <ul style="list-style-type: none"> Off-Market Bid Scheme Market Bid 	<p>Securities will be placed in Adjust Session State for a minimum period of 50 minutes followed by Pre_Open Session State for a minimum period of 10 minutes.</p> <p>See Notes</p>	<p>Where both the Target and the Bidder are Listed Entities, the Bidder's Securities will be placed in Adjust for a minimum period of 50 minutes, followed by Pre_Open Session State for a minimum period of 10 minutes.</p>
<p>VARIATION OF OFFERS</p> <p>Announcement by the Bidder in relation to the Bid including the following:</p> <ul style="list-style-type: none"> that Off-Market Bid is unconditional that minimum acceptance condition under an Off-Market Bid has been met or varied that offer period under a Takeover Bid has been extended any other variation of a Takeover Bid (except a variation of consideration) 	<p>Securities will be placed in Pre_NR Session State for a minimum period of 10 minutes if the announcement is received during normal trading.</p>	<p>A message will be placed on the Trading Platform.</p>

APPENDIX 20.4

<p>WITHDRAWAL OF OFFERS</p> <p>Announcement of withdrawal of Market Bid or Off-Market Bid</p>	<p>Securities will be placed in Adjust Session State for a minimum period of 50 minutes followed by Pre_Open Session State for a minimum period of 10 minutes.</p> <p>See Notes</p>	<p>Where both the Target and the Bidder are Listed Entities, the Bidder's Securities will be placed in Adjust for a minimum period of 50 minutes, followed by Pre_Open Session State for a minimum period of 10 minutes.</p>
<p>ANNOUNCEMENT BY TARGET</p> <p>Announcement by the Target in relation to the Takeover Bid including the Target Statement</p>	<p>Securities will be placed in Pre_NR Session State for a minimum period of 10 minutes if the announcement is received during normal trading.</p>	<p>A message will be placed on the Trading Platform.</p>
<p>VARIATION TO SCHEME</p> <p>Announcement of any variation of proposed terms of a Scheme which, in the opinion of ASX, is material.</p>	<p>Securities will be placed in Pre_NR Session State for a minimum period of 10 minutes if the announcement is received during normal trading</p>	<p>A message will be placed on the Trading Platform.</p>
<p>TRADING PARTICIPANT CEASES TO ACT FOR BIDDER</p> <p>Notice by Trading Participant that it no longer acts for a Bidder in relation to a Market Bid</p>	<p>Securities will be placed in Adjust Session State for a minimum period of 50 minutes until the new Trading Participant enters a bid followed by Pre_Open Session State for a minimum period of 10 minutes.</p>	<p>Securities will be placed in Pre_NR Session State for a minimum period of 10 minutes if the announcement is received during normal trading.</p>
<p>RECEIPT OF DOCUMENTS</p> <p>Receipt of:</p> <ul style="list-style-type: none"> • Bidder's Statement • Target's Statement • a notification under Chapter 6C of the Corporations Act in relation to relevant interests • any similar information in respect of an Issuer incorporated or established outside Australia 	<p>A message will be placed on the Trading Platform.</p>	<p>A message will be placed on the Trading Platform.</p>
<p>SUPPLEMENTARY STATEMENTS</p> <p>Receipt of supplementary Bidder's statement or supplementary Target's statement</p>	<p>Securities will be placed in Pre_NR Session State for a minimum period of 10 minutes if the announcement is received during normal trading.</p>	<p>A message will be placed on the Trading Platform.</p>

TAKEOVER BIDS AND SCHEMES (Cont.)

NOTES:

1. If an announcement of a Market Bid by a Trading Participant on behalf of the Bidder is received after the Close Session State, normally it will be announced at the time it is received and re-announced at the commencement of the Open Session State on the next Trading Day.
2. The period of the Adjust Session State for securities in the Target will be as follows:
 - if the information is received during that period of normal trading which ends one hour before the Close Session State – for a minimum period of 50 minutes.
 - if the information is received during that period which commences one hour before the Close Session State and ends one hour after the Close Session State, - until the start of the Pre_Open Session State on the next Trading Day.
 - if the information is received during that period which commences one hour after the Close Session State and ends at the start of the Open Session State on the next Trading Day - until the expiry of a minimum period of 50 minutes after the commencement of the Open Session State on that next Trading Day.

At the end of the Adjust Session State, the securities of the Target will be placed in the Pre-Open Session State for a minimum period of 10 minutes.

3. For Off-Market Bids, an announcement lodged with the company announcements office by the Bidder or the Target will trigger the action taken by ASX. However, in the case of a Market Bid, it is the announcement by the Trading Participant under Market Rule 20.2 that triggers the action taken by ASX.
4. The definitions of Off-Market Bid and Market Bid include a similar form of bid made by an issuer incorporated or established outside Australia. ASX will take the action described above in relation to similar announcements or information received by such an issuer.

ASX MARKET PROCEDURES

APPENDIX 23.1.1

APPLICATION TO BE A MARKET MAKER IN RESPECT OF DERIVATIVE MARKET CONTRACTS

TO: AUSTRALIAN STOCK EXCHANGE LIMITED (ABN 98 008 624 691)
(“ASX”)

FROM: (ABN)
(the “Market Participant” – insert full name of Market Participant)

The Market Participant applies to ASX for registration as a Market Maker under ASX Market Rule 23.1.1.

PREFERENCES FOR PRODUCTS

1. The Trading Participant wishes to be registered as a Market Maker in the following Class or Classes (List codes):
2. The Trading Participant prefers not to be registered as a Market Maker in the following Class or Classes (List codes):

STATEMENT BY TRADING PARTICIPANT

To be completed by a director on behalf of the Trading Participant

I,, am a director of the Trading Participant and have
(Please print name)
authority to sign this application on behalf of the Trading Participant and have authority to represent and acknowledge to the ASX that if the ASX registers the Trading Participant as a Market Maker:

1. To the best of the Trading Participant’s knowledge and belief, the information contained in this application form is true and correct;
2. The Trading Participant is aware of the obligations of a Market Maker under the Rules and the Procedures and practices of the ASX and ACH including without limitation, the obligation to make markets in Classes which have been assigned in accordance with the Rules; and
3. If the Trading Participant is registered as a Market Maker, it will properly perform the responsibilities of a Market Maker and comply with the Rules, the Procedures and practices of, and conditions imposed by, ASX and ACH (all as amended from time to time).

Signed by a director for and on behalf of the Trading Participant:

.....
(Signature of director / Responsible Executive)

(Print name)

(Date)

PRIVACY COLLECTION STATEMENT: ASX uses and discloses your personal information only for the purpose for which you provided it and pursuant to the ASX Market Rules. Your personal information will not be used or disclosed for any other purpose unless you consent or ASX is otherwise permitted to do so under the *Privacy Act 1988* (Cth). Failure to provide this information may prevent ASX from processing this application. You may access your personal information by contacting the ASX Chief Privacy Officer at PO Box H224 Australia Square NSW 1215.

ASX MARKET PROCEDURES

APPENDIX 24.2

RULE 24.2 - EXCHANGE FOR PHYSICAL (EFP)

1. Physical Transaction

An EFP requires a genuine physical transaction to take place at or about the same time as the related Market Transaction representing a genuine hedge. Swaps or other instruments traded in the over-the-counter market may be evidence of a physical transaction. Actual delivery of the underlying physical must be effected by one of the parties or in the case of swaps or other like instruments where cash settlement is effected.

Actual reversal or cancellation of one or both sides of the physical transaction, or pre-existing intention to reverse or cancel one or both sides of the physical transaction will not result in a genuine transaction.

In determining whether a genuine physical transaction supports the EFP, ASX will consider all relevant evidence including market conventions and normal trading activities, conduct and arrangements of the parties in relation to physical transactions generally. Physical transactions relating to EFPs should be recorded and documented in the same manner as other similar physical transactions conducted by the parties.

2. Retention of Records

In relation to Rule 24.2.7 appropriate evidence includes such documentary evidence as transaction or deal confirmations or contracts, Austraclear, RITS, Euroclear or Depository Trust Company statements or documentation, ISDA documentation, ASTC, CHESS, ACH or the Trading Platform statements, correspondence or directions.

Subject to the requirements where a Trading Participant is effecting an EFP on behalf of a client, the Trading Participant must obtain and retain physical evidence of the physical transaction. Such evidence must be available to allow ASX Compliance and Surveillance to readily conduct a review of EFP Transaction records. Records should be retained for a period of seven years in accordance with Rule 4.6.6. In addition, updated authorised signatory lists must be maintained and copied to ASX Compliance and Surveillance.

Where clients rather than Participants hold records of EFPs because it is administratively or procedurally burdensome for Participants to hold records, ASX recommends as a best practice measure that Participants should retain a signed copy of the general client undertaking form (Attachment 1 to this Appendix) and request records of the physical transaction from clients as required. It is the Participant's responsibility to ensure that where either the Participant or its client is a party to an EFP appropriate evidence of the physical transaction is capable of being obtained or kept on record with the Trading Participant.

3. Reporting EFPs to ASX

- (a) To report EFPs to ASX a "Notification Form of Exchange For Physicals" ("the Form") (Attachment 2 to this Appendix) must be completed and lodged by the Trading Participants as follows:
 - (i) the Form must be completed and executed by Party A (the buyer of the physical and seller of the Market Contract) who will promptly provide the Form to Party B (the buyer of the Market Contract and seller of the physical), and ASX by facsimile.

- (ii) Party B will then complete and execute the Form and lodge the completed form with ASX by facsimile.
- (b) The Form must be lodged with ASX at the following times:
 - (i) If the trade occurs at or after 7:00am but at or before 4:00pm on the same Trading Day then; either
 - where the trade occurs before 3:00pm on that Trading Day by no later than two hours after that trade; or
 - where the trade occurs at or after 3:00pm and at or before 4:00pm on that Trading Day then by no later than 5:00pm on that Trading Day.
 - (ii) If the trade occurs after 4:00pm on the same Trading Day but before 7:00am on the following Trading Day then by no later than 9:00am on the following Trading Day.
- (c) The parties' obligation to lodge the Form with ASX within the prescribed available reporting time will be divided equally between the two parties to the EFP.
- (d) Market Contracts which form part of the Market Transaction component of the EFP must be reported to ASX in accordance with these Procedures and will be entered into ASX's trading system subject to the following criteria being met:
 - (i) receipt of the Form completed in a manner satisfactory to ASX in accordance with these Procedures; and
 - (ii) validation by ASX of the value levels of the EFP in accordance with the Market Rules and these Procedures.
- (e) Subject to validation of the Market Transaction and the physical transaction as detailed on the Form, ASX must enter the Market Transaction into the /CLICK system.

4. Registration of the Market Transaction component of EFPs

Once confirmed by ASX, Derivatives Market Contracts which form part of the Market Transaction component of the EFPs will be entered into the Trading Platform under condition codes determined by ASX. The Derivatives Market Contracts will be registered in accordance with the Market Rules and the Clearing Rules.

Condition Codes

Type of Trade	Rule	Condition code
EFP	9.5	EQ

5. Effect of Registration

Registration by ACH or confirmation or acceptance by ASX of a transaction does not necessarily mean that the Rules and or Procedures have been complied with. ASX reserves all rights in this regard.

6. Price

There are no restrictions regarding the price for the Derivatives Market Contract component of an EFP. If the price traded was substantially different from the current market price for the Derivatives Market Contract ASX may require the parties to explain and demonstrate why the EFP is entered into at this price. Whether prices are substantially different from the current market price of a Derivatives

Market Contract will be determined by ASX in its absolute discretion. ASX reserves the right to disallow an EFP on the basis of price.

7. Enforceability

Failure to comply with Market Rules or Procedures may result in transactions being unenforceable. Market Participants found to be in breach of any Rule or Procedure may be held individually or equally responsible.

8. Publication

EFPs will be published by ASX. EFP volumes will be included in the total volume reported by ASX.

9. EFP Value Levels

EFPs will only be accepted where a genuine hedge exists between the physical and the Derivatives Market Contract components of the EFP. Parties to EFPs should ensure that a genuine hedge exists at the time of entering into the EFP. A Trading Participant may be required by ASX to demonstrate to ASX the methodology for determining the validity of the hedge between the physical transaction and the Derivatives Market Contract components of the EFP. In determining whether there is a genuine hedge ASX at its discretion may require a Trading Participant to perform any action including for instance seeking quotes from other Trading Participants and or Market Makers.

10. Index Contracts

Parties may apply either of the following two methods in relation to calculating the relevant underlying physical for the Index Contracts. The correlation (as measured by the Beta) and the dollar face value of the equities are required by ASX to measure this hedge.

The first method of measuring the hedge requires a genuine hedge between the underlying physical transaction and the Derivatives Market Contract. Both the dollar face value and the correlation (as measured by the Beta) of the physical transaction and the Derivatives Market Contract must be 'substantially similar'. This is calculated using the following formula:

$$\frac{\text{Dollar face value of underlying physical} \times \text{Beta value}}{\text{Futures contract price} \times \text{tick value of Market Contract}} = \text{Number of Market Contracts}$$

For example:

$$\frac{\$20\text{M Equity Portfolio} \times 1}{3300 \times \$10} = 788 \text{ Lots}$$

Alternatively the dollar face value of the underlying physical transaction can be equated with the dollar face value of the Derivatives Market Contract. This enables Trading Participants more flexibility in trading physical equities against Derivatives Market Contracts.

$$\frac{\text{Dollar face value of physical}}{\text{Futures contract price} \times \text{tick value of Market}} = \text{Number of Contract Market Contracts}$$

For example:

$$\frac{\$20\text{M Equity Portfolio}}{3300 \times \$10} = 606 \text{ Lots}$$

There are no restrictions on the number of Derivatives Market Contracts that can be traded via EFP.

EFPs in relation to the Index contracts that do not represent calculation of the hedge via one of the two methods above will not be accepted or approved by ASX.

ATTACHMENT 1

CLIENT UNDERTAKING EXCHANGE FOR PHYSICAL TRANSACTIONS

Where the Market Participant enters into an EFP for the Client the Client acknowledges and undertakes to provide to the Trading Participant all evidence of the physical transaction of the EFP (as required by the Trading Participant). The Client must provide this evidence promptly upon request by the Trading Participant so that the Trading Participant can comply with the Rules and Procedures of ASX.

.....
(Client - Authorised Signature)

.....
(Trading Participant contact - Authorised Signature)

.....
(Client - Print name)

.....
(Trading Participant contact - Print name)

.....
(Client - Account number)

.....
(Client - Date)

.....
(Trading Participant contact - Date)

PRIVACY COLLECTION STATEMENT: ASX uses and discloses personal information only for the purpose for which you provided it and pursuant to the ASX Market Rules. Your personal information will not be used or disclosed for any other purpose unless you consent or ASX is otherwise permitted to do so under the *Privacy Act 1988* (Cth). Failure to provide the information may prevent ASX from acting on this request, and may result in a breach of the ASX Market Rules by the Participant. You may access your personal information by contacting the ASX Chief Privacy Officer at PO Box H224 Australia Square NSW 1215.

ATTACHMENT 2

NOTIFICATION OF EXCHANGE FOR PHYSICALS

In accordance with Rule 24 and the Procedures

Date _____

Physical Transaction Details

Date _____

Time _____

Buyer _____
(Client A – name and account number)

Seller _____
(Client B –name and account number)

Settlement Date _____

Underlying _____

Full description of Underlying including Face Value (if applicable) _____

Maturity Date (if applicable) _____

Trading Participant (TP) Details

BUYER (Client A)	SELLER (Client B)
TP Identifier (ie Broker number) – AU	TP Identifier (ie Broker number) – AU
TP Name	TP Name
DTR Name	DTR Name

Market Contract Registration Details

BUYER (Client A)	SELLER (Client B)
Contract Name/Month/Year	Contract Name/Month/Year
Number of contracts	Number of contracts
Registration Price	Registration Price
Bought Contracts registered to (Clearing Participant name on behalf of Client)	Sold Contracts registered to (Clearing Participant name on behalf of Client)

We hereby confirm that the above transactions were conducted in accordance with the Market Rules and Procedures of ASX and acknowledge that the transaction is subject to the approval of ASX. Registration of the contract is subject to the Market Rules of ASX and the Clearing Rules of ACH.

Buyer

Seller

.....
(Trading Participant Name)

.....
(Trading Participant Name)

.....
(Authorised Signature)

.....
(Authorised Signature)

ASX INTERNAL USE ONLY	
Signature Manager, Derivatives Market Control	Tradeslip number/s
Trade reported by Market Control Officer	Date and time trade reported

PRIVACY COLLECTION STATEMENT: ASX and ACH use and disclose personal information only for the purpose for which you provide it and pursuant to the ASX Market Rules and/or the ACH Clearing Rules, as the case requires. Your personal information will not be used or disclosed for any other purpose unless you consent or ASX and/or ACH are/is otherwise permitted to do so under the *Privacy Act 1988* (Cth). Failure to provide the information may prevent ASX and/or ACH from processing this notification, and may result in a breach of the ASX Market Rules and/or the ACH Clearing Rules by the Participant. You may access your personal information by contacting the ASX Chief Privacy Officer at PO Box H224 Australia Square NSW 1215.

ASX MARKET PROCEDURES

APPENDIX 31

PART 1 – SESSION STATES AND PARAMETERS

The Session States and parameters in respect of them are as set out in the table below. The parameters describe the manner in which a Trading Platform will function during a Session State while it is operational:

Session State	Parameters
Pre_Open	<ul style="list-style-type: none">• Bids and Offers may be entered, amended or cancelled in the Trading Platform;• Bids and Offers remaining in the Trading Platform from the previous Session State may be amended or cancelled;• Bids and Offers remaining in the Trading Platform at the commencement of the Session State retain their ranking In Price/Time Priority;• No Bids or Offers will be matched;• Allowable Off Market Transactions may be reported.
Open	<ul style="list-style-type: none">• An Auction is conducted on commencement of the Session State;• Qualifying Bids and Offers that have not been matched in the Auction on transition to the Session State retain their ranking In Price/Time Priority;• Bids and Offers may be entered, amended or cancelled in the Trading Platform;• Bids and Offers are matched in Price/Time Priority on a continuous basis;• Allowable Off Market Transactions may be reported.
Pre_CSPA	<ul style="list-style-type: none">• Parameters are as for the Pre_Open Session State.
CSPA	<ul style="list-style-type: none">• An Auction is conducted on commencement of the Session State;• No Bids and Offers may be entered, amended or cancelled in the Trading Platform;• Qualifying Bids and Offers that have not been matched in the Auction will be carried through to the next Session State in Price/Time Priority;• No Off Market Transactions may be reported.

Late_Trading	<ul style="list-style-type: none"> • No Bids and Offers may be entered or amended; • Bids and Offers remaining from the previous Trading Session State may be cancelled; • No Bids or Offers will be automatically matched; • Manual Procedures for matching In Price/Time Priority apply; • Allowable Off Market Transactions may be reported.
Pre_Night-Trading	<ul style="list-style-type: none"> • Parameters are as for the Pre-Open Session State.
Open_Night-Trading	<ul style="list-style-type: none"> • Parameters are as for the Open Session State.
Adjust	<ul style="list-style-type: none"> • No Bids and Offers may be entered; • Bids and Offers remaining in the Trading Platform from previous Session State may be cancelled, or amended provided their ranking In Price/Time Priority is not improved; • No Bids or Offers will be matched; • Allowable Off Market Transactions may be reported.
Adjust_ON	<ul style="list-style-type: none"> • Parameters are as for the Adjust Session State
Enquire	<ul style="list-style-type: none"> • No Trading Messages may be entered or amended in the Trading Platform and no matching or Auctions take place; • Trading Platform remains available for enquiries.
Pre_NR	<ul style="list-style-type: none"> • Parameters are as for the Pre-Open Session State.
Suspend	<ul style="list-style-type: none"> • Bids and Offers may not be entered; • Bids and Offers remaining from the previous Trading Session State may be cancelled but not amended; • No bids and Offers are matched or Auctions take place; • No Off Market Transactions may be reported.

Trading_Halt	<ul style="list-style-type: none"> • Bids and Offers may be entered, amended or cancelled in the Trading Platform; • Bids and Offers remaining in the Trading Platform from the previous Session State may be amended or cancelled; • All Bids and Offers remaining in the Trading Platform from the previous Trading Session State retain their ranking In Price/Time Priority; • No bids and Offers are matched or Auctions take place; • No Off Market Transactions may be reported.
Purge_Order	<ul style="list-style-type: none"> • All expired unmatched Bids and Offers in the Trading Platform are centrally inactivated/ cancelled; • No bids and Offers are matched or Auctions take place;; • Bids and Offers may not be entered or amended; • No off Market Transactions may be reported.
Close	<ul style="list-style-type: none"> • No Trading Messages may be entered or amended in the Trading Platform and no matching or Auctions take place.

ASX MARKET PROCEDURES

APPENDIX 31

PART 2 – SESSION STATES TIMES

Unless otherwise notified by ASX to Trading Participants (by message or code displayed in the Trading Platform or such other means as ASX considers appropriate), Session States will apply at the times indicated in the timetable set out below in respect of the Products indicated.

Name of Session State	Equity Securities***	Agricultural Futures and Options	Equity Options	Electricity Futures	Index Futures and Options	Interest Rate Securities	Warrants - Index, Commodity, & Currency	Warrants - Excl. Index, Commodity, & Currency	
Pre_Open					05.30.00-06.00.00				
Open					06.00.00-09.40.00				
Pre_Open	07.00.00-10.00.00*	07.00.00-09.50.00*	07.00.00-10.00.00*	07.00.00-09.50.00*	09.40.00-09.50.00*	07.00.00-10.00.00*	07.00.00-09.50.00*	07.00.00-10.00.00*	
Open	10.00.00*-16.00.00	09.50.00*-16.30.00	10.00.00*-16.25.00	09.50.00*-16.30.00-	09.50.00*-17.00.00	10.00.00*-16.00.00	09.50.00*-17.00.00	10.00.00*-16.00.00	
Pre_CSPA	16.00.00-16.15.00**					16.00.00-16.15.00**		16.00.00-16.15.00**	
CSPA	16.15.00**-16.17.00					16.15.00**-16.17.00		16.15.00**-16.17.00	
Late_Trading		16.30.00-17.00.00	16.25.00-17.00.00	16.30.00-17.00.00					
Pre_Night-Trading					17.00.00-17.30.00*				
Open_Night-Trading					17.30.00*20.00.00				
Adjust	16.17.00-17.00.00					16.17.00-17.00.00		16.17.00-17.00.00	
Adjust_ON	17.00.00-18.50.00					17.00.00-18.50.00		17.00.00-18.50.00	
Enquire		17.00.00-18.50.00	17.00.00-18.50.00	17.00.00-18.50.00			17.00.00-18.50.00		

Purge Orders	18.50.00- 19.00.00	18.50.00- 19.00.00	18.50.00- 19.00.00	18.50.00- 19.00.00	20.00.00- 20.10.00	18.50.00- 19.00.00	18.50.00- 19.00.00	18.50.00- 19.00.00	
Close	19.00.00- 07.00.00	19.00.00 07.00.00	19.00.00- 07.00.00	19.00.00- 07.00.00	20.10.00- 05.30.00	19.00.00- 07.00.00	19.00.00- 07.00.00	19.00.00- 07.00.00	

* Random Openings;
+/- 15 secs

** Random CSPA;
+/- 30 secs

*** Equity Group random Openings;
+/- 15 secs

Group 1	A – B	10:00:00
Group 2	C – F	10:02:15
Group 3	G – M	10:04:30
Group 4	N – R	10:06:45
Group 5	S – Z	10:09:00

Market Rules

Guidance Notes

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Guidance Note 05	New Clients – Electronic Client Agreements	11 March 2004
Guidance Note 06	Management Requirements	11 March 2004
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Guidance Note 08	Insurance Requirements	11 March 2004
Guidance Note 09	Expiry of Unexercised Deliverable Warrants	20 October 2005
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Guidance Note 11	Client Order Priority	11 March 2004
Guidance Note 12	Client Money & Property – Client Funds	11 March 2004
Guidance Note 13	Prohibition of Advice to Clients	11 March 2004
Guidance Note 14	Trade Errors, Error Disputes and Cancellations	28 November 2005
Guidance Note 15	Waivers of ASX Market Rules – Participants	07 May 2004
Guidance Note 16	Waivers of ASX Market Rules – Warrant-Issuers	07 May 2004
Guidance Note 17	Spread of Warrant Holders	07 May 2004
Guidance Note 18	ASX's Disciplinary Tribunals – Sanctions	01 August 2005
Guidance Note 19	Automated Order Processing – Certification	01 July 2004
Guidance Note 20	Crossings of Traded Products	01 July 2004
Guidance Note 21	Automated Order Processing – Authorised Persons	01 July 2004
Guidance Note 22	Automated Order Processing – Operational Requirements	01 July 2004
Guidance Note 23	New Clients or Clients Trading	01 July 2004
Guidance Note 24	Fees and other charges – Self Assessment	30 September 04
Guidance Note 25	Monitoring Compliance – Investigations	06 October 2004
Guidance Note 26	ASX Approach to Privacy Laws	11 October 2004
Guidance Note 27	Ongoing Compliance & Supervision	12 July 2005
Guidance Note 28	Product Disclosure Statements	11 October 2004
Guidance Note 29	Managed Discretionary Accounts	16 November 2005
Guidance Note 30	Risk Management Framework	15 December 2004
Guidance Note 31	Client Agreements – Requirements	01 August 2005
Guidance Note 32	Bulk Authorisation of Index Arbitrage Orders	28 November 2005
Guidance Note 33	Trading Records	03 January 2006

KEY TOPICS

1. Purpose of the Rule
2. No change in beneficial ownership
3. Steps to avoid breaching the Rule
4. Indications of manipulative purpose
5. Trading with the open market
6. Execution only services
7. Reporting unusual trading

ASX Market Rules

1. 13.4

Cross-reference

1. Section 1041B

Guidance Note History

Re-issued -
3 January 2006

Previously
11 March 2004
Introduction of New Rule Book
15 August 2001
ASX GN 11/01

PREVENTION OF MANIPULATIVE TRADING – Transactions Involving No Change in Beneficial Ownership

Purpose

This Guidance Note provides assistance to Market Participants in the area of transactions involving no change in beneficial ownership.

This note gives guidance on when these types of trades are likely to breach ASX Market Rules (“the Rules”).

Purpose of Rule 13.4

The purpose of Rule 13.4 is to prevent trading activity which may, or is intended to, result in:

- a false or misleading appearance of active trading in a Product;
- a false or misleading appearance as to the market for a Product; or
- a false or misleading appearance as to the price of a Product.

These false or misleading appearances are referred to as “manipulation” in this Guidance Note.

No change in beneficial ownership

ASX interprets the phrase “no change in beneficial ownership” in light of the Corporations Act. This means ASX regards a transaction as involving no change in beneficial ownership if a person, or that person’s associate, had an interest in the Products before the transaction and has an interest in the same Products after the transaction.

Trading on account of a client and the “circumstances of the Order”.

Rule 13.4.1(b) prohibits a Market Participant from making a Bid or Offer for, or dealing in any Product for a client where the Market Participant intends to create, or is aware or ought reasonably suspect that the client intends to create, a false or misleading appearance of active trading in, or with respect to the market for, or price of a Product. Rule 13.4.1(b)(iii) provides that, in considering whether a client ought reasonably be suspected of having placed an order with such an intention, a Market Participant must take into account the circumstance of the order. Rule 13.4.2 sets out particular circumstances of an order that must be taken into account for the purposes of Rule 13.4.1(b)(iii). Under Rule 13.4.2 a transaction in which a Bid or Offer the execution of which may result in no change in beneficial ownership is one of the circumstances which must be considered for the purposes of Rule 13.4.1(b)(iii).

The Rule covers similar ground to section 1041B of the Corporations Act. That section deems a person to have created a false or misleading appearance of active trading if that person enters into, or carries out any transaction that does not involve a change in beneficial ownership. However, whereas under that section a transaction involving no change in beneficial ownership may be an offence, under the Rules the transaction is an indicator of a breach of the Rules. Hence, a transaction involving no change in beneficial ownership may involve a breach of the law, even though it does not involve a breach of the Rules.

Trading as principal

Rule 13.4.1(a) prohibits a Market Participant from dealing as Principal with the intention or likely effect of creating a false or misleading appearance of active trading in, or with respect to the market for, or price of a Product. However, as a Trading Participant is taken to be aware of its own intentions, Rule 13.4.1(a) (unlike Rule 13.4.1(b)(iii)) does not require a Market Participant to take account of the circumstances of an order when considering whether or not it entered into a Bid, Offer or dealing, as principal, with the intention or likely effect of creating such a false or misleading appearance.

ASX recognises the growth of principal automated program trading using Automated Order Processing (“AOP”). Rule 17.2.2 permits “accidental” Crossings being effected by the matching in a Trading Platform of a Bid or Offer entered or amended using AOP with a pre-existing or simultaneously entered or amended Bid or Offer of a Trading Participant, if:

- (a) the Trading Participant has made the disclosure required under Rule 7.7;
- (b) the Trading Participant has not pre-arranged the entry of the Bids or Offers; and
- (c) the same Authorised Person does not enter both sides of the Crossing.

ASX recognises that program trading and AOP trading sourced from different trading engines or origins may result in the “accidental” Crossing of principal orders with no change in beneficial ownership. ASX takes the view that principal trading of this type which results in a transaction with no change in beneficial ownership is less likely to be considered creating of a

false or misleading appearance of active trading in any Product or with respect to the market for, or the price of, any Product if:

- the Trading Participant has not pre-arranged the entry of the Bids or Offers;
- the same Authorised Person does not enter both sides of the Crossing; and
- it can be demonstrated that the Orders originated from a defined program or algorithm-driven trading strategy application.

However, ASX expects that Trading Participants using AOP for principal program trading that may result in “accidental” principal Crossings with no change in beneficial ownership would closely monitor trading patterns for volume, value and frequency of such Crossings. Where material volumes, values or frequencies of “accidental” principal Crossings are evident, ASX expects that appropriate action be taken to restrict the possibility of further “accidental” principal Crossings.

ASX is of the view that a principal transaction involving no change in beneficial ownership is more likely to be considered creating a false or misleading appearance of active trading if

- the Crossing is effected by the matching in the Trading Platform of a Bid or Offer entered or amended by a DTR with a pre-existing or simultaneously entered or amended Bid or Offer of a Trading Participant; or
- the same Authorised Person enters both sides of the Crossing.

Execution Only Services

Market Participants, using AOP for principal trading or providing Automated Client Order Processing (“ACOP”) services, need to consider the nature of the filters and post trade review processes required to identify and prevent potential breaches of Rule 13.4 and 1041B of the Corporations Act. Persons certifying ACOP filters for the purpose of Rule 13.3.4 also need to consider this issue.

Market Participants providing execution only services using call centres, where clients may place trades through a number of different operators, should consider the processes they have in place to identify and prevent potential breaches of Rule 13.4 and 1041B of the Corporations Act.

Reporting Unusual Trading

Market Participants which suspect that the market for a stock may be uninformed or that trading in a stock is unusual are encouraged to raise their concerns with Surveillance. Contacts can be confidential.



Surveillance may be contacted by email at **surveillance@asx.com.au** or on telephone (02) 9227 0521.

If a representative of a Market Participant has any question or concern in relation to a particular transaction, they should refer to the Market Participant's compliance policy or contact their compliance officer before executing the transaction.

Qualification

ASX has published this note to promote commercial certainty and to assist Participants. Nothing in this note necessarily binds ASX in the application of the Rules in a particular case. In issuing this note ASX is not providing legal advice and market participants should obtain their own advice from a qualified professional person in respect of their obligations. ASX may replace this Guidance Note at any time without further express notice to any particular person. Readers may contact ASX to ensure they have the latest version.

KEY TOPICS

1. What is a Management Letter?
2. Why are Management Letters issued?
3. Expectations regarding Management Letter?
4. Publication of Management Letters

ASX Market Rules

1. 28.3.1
2. 28.14

Cross-reference

1. S792A
2. ASX Market Rule Guidance Note – Monitoring Compliance - Investigations;
3. ASX Market Rule Guidance Note – Disciplinary Proceedings

Guidance Note History

Re-Issued:
11 March 2004 –
Introduction of New Rules

Previously:
17 September 2001
ASX GN 13/01

Introduction

What is a Management Letter?

RECORD OF ACTION AND ANNOUNCEMENT

Management Letters – Issue and Publication by the Exchange

Purpose

The purpose of this Guidance Note is to promote awareness among Regulated Persons of the practices and procedures followed by ASX in issuing and publishing management letters.

Background

ASX considers that one of its core functions is to promote and maintain a high level of market integrity in the interests of Regulated Persons and the broader economic community.

ASX is obliged by s792A of the Corporations Act to, among other things;

- do all things necessary to ensure that its market is a fair, orderly and transparent market;
- have adequate arrangements for supervising the market; and
- have adequate arrangements for monitoring and enforcing compliance with its operating rules.

The Market Rules provide ASX with broad powers to monitor, investigate and obtain information from Regulated Persons in the course of complying with its Corporations Act obligations and for the purpose of promoting and maintaining market integrity.

ASX's practices and procedures in relation to investigations and the conduct of disciplinary proceedings under the ASX Market Rules are set out in separate guidance notes.

Management letters are issued by ASX's Investigations and Enforcement Unit as a means of obtaining appropriate regulatory effect where disciplinary action before a Tribunal is not warranted in the circumstances. The Market Rules permit ASX to publish management letters. The Market Rules do not otherwise deal with this subject.

As its name implies, a management letter is a formal letter by ASX's management to the management of an ASX Market Participant or to a Responsible Executive. Subject to the comments below, it is a private and confidentialⁱ communication, signed by a senior member of ASX's management (usually ASX's National Manager Investigations and Enforcement) addressed to a relevant senior manager, director or chairman of a Market Participant or to a Responsible Executive.

A management letter will set out a summary of relevant issues raised by a Regulated Person's conduct and refer to and discuss that conduct in the context of compliance with the ASX Market Rules, acceptable standards of behaviour and/or ethics or against the background of best practice standards in the industry. The letter will often (but need not necessarily) also discuss relevant provisions of the Corporations Act or other relevant law and will indicate the action, if any, ASX expects or suggests that the Regulated Person take, or the conduct it is requested not to repeat, in the future.

If circumstances have changed since the conduct occurred, for example, policies and procedures of the Market Participant have changed or been strengthened, or changes have been made to the business it undertakes, a comment will be made to recognise and/or discuss such changes. If material relevant to the conduct includes transcripts of discussions or relevant documents, these may be attached to the letter.

Customarily, management letters also state that-

- a) ASX reserves the right to refer to the letter in any future disciplinary proceedings that may be taken with respect to the Regulated Person, where the contents of the letter are in its view relevant, and
- b) it is likely that ASX would view such a course as relevant if the circumstances referred to in the letter recur in the future.

Management letters normally conclude with a request that the recipient sign a copy of the letter and return the copy to ASX as acknowledgement of receipt.

ASX's Compliance Services unit will be involved in the development of recommended actions by Regulated Persons and monitors the implementation of them.

Why are Management Letters issued?

ASX is of the view that management letters provide an appropriate means to obtain regulatory effect where action before a tribunal, pursuant to the provisions of ASX Market Rule 28.3.1 (for breach of Rules), is, in its view, not warranted in the circumstances. ASX takes into account all relevant factors.

These include the nature and seriousness of misconduct and whether it is a "one off" occurrence, whether the circumstances giving rise to the conduct have materially changed, and the action taken by management of the Market Participant response to the conduct.

Management letters may also be used in situations where on the evidence available there are competing interpretations to explain the Regulated Person's conduct. In those situations, ASX may advise the Regulated Person that the conduct is not acceptable to ASX. In this context, management letters serve as a warning that the Regulated Person should not repeat conduct that causes concern to ASX.

If a Regulated Person fails to change its behaviour after receiving a management letter, it can expect that a Disciplinary Tribunal (constituted under Market Rule 28.14) will consider the letter in determining any penalty that should be imposed, for subsequent misconduct of the type outlined in a previous management letter to the Regulated Person.

In many cases, ASX's aim in issuing management letters is to change behaviour. A management letter may assist a Regulated Person to identify issues relating to compliance and risk management practices.

What does ASX expect of Participants that receive a Management Letter?

ASX expects that Regulated Personsⁱⁱ will review their policies and procedures so as to ensure that conduct discussed in the management letter does not recur. This may involve the Market Participant not only raising the matter with its compliance staff but also with any compliance committee or other relevant sub-committee of its Board as well as the relevant senior management of the Market Participant. It may trigger pro-active compliance monitoring by the Regulated Person in respect of future conduct. It may also involve the introduction or amendment of compliance or other internal procedures that document the Market Participant's policies and procedures relating to the conduct.

ASX also expects that Regulated Persons will acknowledge receipt of the letter either by signing the copy of the letter provided and returning it to ASX, or by separate letter. In a separate letter of acknowledgement, the Regulated Person may do more than merely acknowledge receipt of the letter; for example, it may advise ASX of changed practices and procedures or other relevant action taken. (See also below). This action is welcomed.

Publication of Management Letters

When will Management Letters be published?

Many management letters do not justify publication. However, there are circumstances from time to time where the conduct of the Regulated Person and ASX's views about that conduct and the compliance issues raised by the conduct, are of very great import and interest to the general public or the investment or stockbroking community.

In these cases and because of that interest, there is a need for transparency of outcome. Such circumstances would include (but are not limited to) circumstances involving trading techniques or devices that circumvent the spirit but not necessarily the letter of the Market Rules, that produce aberrations or anomalies in recorded market volumes and/or prices.

How and when will Management Letters be Published?

ASX will not publish a management letter without first advising the Regulated Person of its intention to do so and providing it with a reasonable opportunity to make comments on a draft of the letter. What is a reasonable time for this purpose will depend on the circumstances. The names of clients and/or staff of the Market Participant will not be referred to in the letter. Where ASX agrees that comments received warrant changes to its letter, appropriate changes to it will be made prior to release.

If the Regulated Person disagrees with ASX's view of the conduct (as provided to the Regulated Person in a draft of the letter), ASX may agree to publicly release a response by the Regulated Person to its letter. ASX would not publish a Regulated Person's response unless the Regulated Person consents to it doing so and the response would not expose ASX to legal liability from third parties.

The form of publication will depend on the circumstances of the conduct. In most instances, publication would be by way of attachment to an ASX Participant Circular. In cases where market integrity is an issue and where ASX needs to be pro-active in explaining its view of the conduct and/or its acceptability, ASX may make a release to the media that attaches the management letter, in addition to the release of it by way of ASX Participant Circular. Management letters may also be published on an ASX website.

Qualification

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- ⁱ Disclosure of confidential information relating to ASX investigations is discussed in Guidance Note 2/01, ASX Investigations.
 - ⁱⁱ In addition, Market Participants listed on ASX and subject to the Listing Rules may need to consider their obligations under these Rules in respect of continuous disclosure.

KEY TOPICS

1. Confirmation of Market Transactions to clients
2. Retail Clients
3. Wholesale Clients

ASX Market Rules

1. 7.9

Cross-reference

1. S 761G – meaning of retail client and wholesale client
2. S 1017F(5) – provision of confirmations
3. S 601FB(2) – powers of responsible entity
4. S 1017F(5A) – standing facility

Guidance Note History

Re-issued -
11 March 2004

Amended
4 October 2005

Previously
23 October 2003
ASX GN 5/03

REPORTING TO CLIENTS – Confirmations

Purpose

The purpose of this Guidance Note is to outline ASX's expectations in relation to a Market Participant's obligation to give a confirmation to a client in accordance with the ASX Market Rules (the "Rules").

Background

This Guidance Note sets out ASX's interpretation of the following key principles of compliance with Rule 7.9:

- to whom and in what circumstances a confirmation must be given;
- when a confirmation must be given; and
- how a confirmation must be given.

Additionally ASX sets out guidelines in relation to confirming Market Transactions to clients.

This Guidance Note is not exhaustive and does not provide guidance in relation to all circumstances that might arise. ASX recommends that Market Participants obtain independent legal advice in relation to their obligations under the Rules as necessary.

To whom and in what circumstances a confirmation must be given

Section 1017F of the Corporations Act (the "Act") specifies that confirmations of transactions must be provided where the person acquiring the financial product is a retail client within the meaning of s. 761G. The Act does not require a confirmation to be sent to a client that is not a retail client.

The underlying policy principles of Market Rule 7.9 are that:

- a confirmation must be sent to all Retail Clients (as defined in the Rules). There are no provisions in the Rules that permit a Retail Client to opt out of receiving a confirmation; and
- it must be a term of the contract with all clients that Market Transactions are entered into subject to the conditions set out in Rule 7.9.1(b).

In order to achieve this policy objective, the structure of Rule 7.9 is that:

- A Market Participant must give a confirmation to a client irrespective of whether the client is a Retail Client or not;
- However, a Market Participant is not obliged to give a confirmation to a client that is not a Retail Client (that is, a “wholesale client”) provided that it has notified the client that Market Transactions entered into on its behalf are subject to the conditions set out in Rule 7.9.1(b). ASX will be satisfied that such notice has been given where the Market Participant is able to produce that notice and demonstrate it was given to the client before the Market Participant entered into the relevant Market Transaction(s); and
- As a consequence, if a Market Participant has not notified a wholesale client that Market Transactions entered into on its behalf are subject to the conditions set out in Rule 7.9.1(b), the Market Participant must provide a confirmation to that client in accordance with Rule 7.9.1.

Where a Market Participant relies upon the wholesale client “carve-out” afforded by Rule 7.9.3, the form and content of the provision of any confirmations becomes a matter for the commercial terms of trade between the Market Participant and the wholesale client. The terms on which transactions may be accumulated or price averaged for reporting purposes is also a matter for the commercial terms of trade.

ASX will consider that a Market Participant has satisfied its obligation under Rule 7.9.1 to give a confirmation when it has sent the confirmation:

- directly to a client;
- to an agent appointed, or a person otherwise engaged, by a client that is a responsible entity of a managed investment scheme or an Investor Directed Portfolio Service. In such circumstances the agent must be appointed, or the person engaged, either pursuant to s.601FB(2) of the Act or pursuant to ASIC Class Order 02/294;
- to a guardian of a client; or
- to a person that is a trustee in respect of a client.

ASX will not consider that a Market Participant has relevantly complied with Rule 7.9.1 if it sends a confirmation to an intermediary such as, and without limitation, a “wholesale intermediary” (for example, a financial planner), a person with power of attorney, an accountant, a person authorised to place orders on behalf of a client or a client’s employee.

Nor does ASX consider a confirmation to be given when the Market Participant or its employees retain it on behalf of a client.



The Rules do not prohibit a Market Participant from giving a copy of a confirmation to an intermediary in circumstances where a client has given the Market Participant permission and the original confirmation has been sent to the client.

When a confirmation must be given

A confirmation must be given by sending it “*as soon as practicable after the Market Participant enters into the Market Transaction*”.

A Market Participant is afforded a degree of flexibility in respect of when it is required to send a confirmation. However, this does not mean a confirmation may be sent at the Market Participant’s convenience. As a general principle a Market Participant should ensure that confirmations are sent in a timely fashion so as to inform the client that the Market Transaction(s) have been conducted on the client’s behalf. ASX will consider factors such as, but not limited to, the following when assessing whether a Market Participant has relevantly complied with its obligation:

- the time the Market Transaction was entered into;
- whether the client’s order was filled as a result of multiple Market Transactions and the time at which the Market Transactions were entered into;
- the overall volume of trading conducted on behalf of the client and the extent to which the Market Participant has kept the client informed by way of sending confirmations; and
- any reasons the Market Participant has documented in relation to the time at which the confirmation was sent.

In general, ASX expects that a confirmation would be despatched to a client on the day on which the transaction is executed. However, ASX recognises that there are circumstances where this is not practicable, such as, for example, a futures transaction executed after the daily clerical operations that produce confirmations have been completed for the day or a systems malfunction.

How a confirmation must be given

A Market Participant must give a client a confirmation in writing by sending it:

- by post;
- electronically; or
- in another form permitted by ASX (ASX does not currently permit other forms).

Rule 7.9.1 requires a Market Participant to give a confirmation to a client in respect of “*each Market Transaction*”. ASX acknowledges that there are numerous ways in which this may be

satisfied. Traditionally, this obligation has been satisfied by despatch of a paper confirmation or electronic message per transaction. Rule 7.9.2 addresses how these obligations may be satisfied where Market Transactions are accumulated and/or price averaged for a client as permitted by the Act.

ASX notes that s.1017F(5) of the Act provides that confirmations may be provided on a transaction-by-transaction basis or by means of a “standing facility”.

In relation to sending a confirmation electronically for the purpose of Rule 7.9.1 ASX does not permit the sole use of a “standing facility”. ASX is of the view that the sole use of a “standing facility” may increase risk to the investor, compromise investor protection and compromise market integrity. A “standing facility” requires a client to actively seek out the relevant information relating to their confirmations and, if the client fails to do so it may not be aware of the nature and extent of any activity on its account(s). In this case, the client would be unable to identify, for example, unauthorised transactions in a timely manner. However, ASX considers it acceptable for a Market Participant to utilise a standing facility, pursuant to s.1017F(5A), if it also advises the client by e-mail (or other electronic message) each time there is activity on the client’s account and on each of those occasions the client is directed to the “standing facility”. A Market Participant that adopts this method should retain records of the electronic communications it sends to its Retail Clients so that it can demonstrate to ASX that it has discharged its obligation.

PRACTICE GUIDELINES

ASX acknowledges that there is not a single approach to ensuring compliance with Rule 7.9. The following guidelines are intended to assist Market Participants identify relevant areas of risk that may arise in relation to the giving of confirmations:

- ASX considers that the function of sending confirmations should be segregated from advisers and others with a supervisory conflict who should not have access to a confirmation prior to it being sent. Such segregation will assist in ensuring that only appropriate staff have access and that confirmations accurately reflect the trades requested by the client.
- Where confirmations are sent to a guardian or trustee a Market Participant should ensure that it has obtained suitable documented evidence of the guardian or trustee relationship.
- Market Participants should be careful to verify that the address provided is the correct address for the client rather than a third party.
- ASX recommends that Market Participants regularly check addresses of clients with a view to identifying:
 - addresses of staff (to ensure that only the relevant confirmations go to such addresses); and
 - excessive use of any individual address (for example, where a number of accounts all use the same address the Market Participant should consider the circumstances and be proactive in considering whether there is mischief in how individually or collectively these accounts are being operated).

Qualification

ASX has published this note to promote commercial certainty and to assist Market Participants. Nothing in this note necessarily binds ASX in the application of the Rules in a particular case. In issuing this note ASX is not providing legal advice and Market Participants should obtain their own advice from a qualified professional person in respect of their obligations. ASX may replace this Guidance Note at any time without further express notice to any particular person. Readers may contact ASX to ensure they have the latest version.

KEY TOPICS

1. Market Rule References and Other Requirements
2. Client Agreement Forms
3. Control Techniques
4. Policies and Procedures

ASX Market Rules

1. 7.1.1
2. 7.1.2
3. 7.4
4. 7.10

Guidance Note History

Re-Issued:
11 March 2004
New Rule Introduction

Previously:
8 December 1997
ASX GN 13/97

NEW CLIENTS

Purpose

The purpose of this Guidance Note is to provide assistance to market participants on the interpretation of procedures that should be adopted to govern the establishment of an account by a new client which is a natural person or proprietary limited company.

Background

Whilst client verification is not a requirement of the Rules, ASX expects each Market Participant to undertake client verification before accepting a new client.

There are specific provisions of the ASX Market Rules (the “Rules”) which apply before a Market Participant can conduct a transaction in the ASX’s Derivatives Markets.

Verification of the identity of a new client is an important control to prevent fraud, or other types of illegal conduct, against a Market Participant. It is also important to prevent inappropriate trading practices being conducted in the market by persons using multiple identities or by authorised representatives.

This Guidance Note sets out a summary of the Market Rules and other requirements which are relevant to opening a new account and trading for the first time for a new client as well as a set of operational controls that should be adopted by Market Participants. Whilst the focus of the Guidance Note is predominantly upon new retail clients, Market Participants should give consideration to having commensurate policies and procedures in place for new wholesale clients.

The extent to which a Market Participant adopts and implements client identification and verification procedures is a relevant factor with respect to the outcome of investigations conducted by ASX into trading on fictitious accounts, client fraud or related issues.

Market Rule References and Other Requirements

Listed below are references to the Rules and other requirements which are relevant to opening a new account and transacting business for the first time for a new client. The list provided is not exhaustive and Market Participants should ensure that its meets all Rule requirements and other relevant legislative provisions.

Discretionary accounts and Managed Funds:	Written authorisation must be obtained prior to managing or operating a discretionary account or managed fund – Rule 7.10.1
CHESS	A Sponsorship Agreement must be obtained prior to operating a CHESS Holding
New Clients	<p>If the Market Participant does not have Trading Permission to execute that Market Transaction, a document which clearly discloses the execution arrangements in place for that Market Transaction including, without limitation, any information set out in the Procedures- Rule 7.1.1 (b)</p> <p>If the Market Participant is not a Clearing Participant to clear that Market Transaction, a document which clearly discloses the clearing arrangements in place for that Market Transaction, including, without limitation, any information required by the Procedures – Rule 7.1.1(c)</p>
Market Participant Restrictions	Market Participants must not enter into Market Transaction for a client, except in accordance with the instructions of the client, or of a person authorised in writing by a client to give such instructions – Rule 7.4(b)
ASIC requirements	<ul style="list-style-type: none"> • Corporations Act Part 7.7 Div 2 – Financial Services Guide requirements; • Corporations Act Part 7.7 Div 3 – requirements relating to personal advice and Statements of Advice (sections 947B and 947C – Statements of Advice – main requirements); • Section 946B(1) of the Corporations Act – Execution-related telephone advice • Corporations Act Part 7.9 Division 2 and Policy Statement 168 - Disclosure: Product Disclosure Statements (and other disclosure obligations)
The Financial Transaction Reports Act 1988	The Act places various obligations on Market Participants to report certain transactions and retain certain records.
Charter of the United Nations (Terrorism and Dealing with Assets) Regulations 2002	The Regulation requires Market Participants to determine whether their clients are listed on the “Proscribed Persons and Entities List” and to freeze assets of those persons and entities involved in terrorism. Refer to Circular to Participating Organisations 090/03 dated 10 March 2003.

Client Agreement Forms



ASX strongly encourages each Market Participants to execute client agreements with clients who trade in equities. This not only allows the client to understand their rights and obligations but also provides some protection to the Market Participants.

Control Techniques

Each Market Participants should:

Adopt and follow effective policies and procedures for accepting new clients and opening new accounts;

Document these policies and procedures and have copies available for reference by client advisers, and other relevant staff;

- Ensure staff are adequately trained on these policies and procedures;
- Regularly review these policies and procedures to ensure they remain up-to-date and effective; and
- Regularly conduct compliance reviews to ensure these policies and procedures are being adequately implemented.

Suggested Policies and Procedures

ASX suggests the following policies and procedures for adoption by Market Participants:

Policies

- The functions of account opening and verification should be kept separate, so as to ensure that the same person does not collect and verify client information (for example, advisers should not be responsible for obtaining identification from clients and verifying the veracity of the identification). This is both a fraud control and a means to prevent staff establishing fictitious accounts. In small firms where it is not practical that the functions be separated, account opening and verifications should be reviewed by a senior person;
- Ensure a written record is kept which shows for each new client and account that is opened, the verifications of the client's information that was conducted;
- Where documents are required to be given to clients under the ASX Market Rules and/or Corporations Act, the Market Participants should ensure that a written record is kept for each new client and account that details what documents have been given;

- Do not accept the first order from a new client unless all client information is obtained and verified. If this has not occurred, obtain payment or control of securities (as the case may be) before acting on the person's instructions. If those instructions (if followed) would have a significant effect on the market for that security, do not accept the order until the client information is obtained and verified;
- Retain for seven years, the written record that is made;
- Ensure that Employees of the Market Participants are not given third party authority on a client account unless a discretionary account agreement has been obtained;
- Have in place procedures for assessing a client's financial means and credit worthiness;
- Additional enquiries be made where:
 - a. The new client is reluctant to provide information about themselves or some or all of the verifications requested;
 - b. The new client wishes to conduct business in cash or only by way of facsimile;
 - c. The new client is based overseas and wishes to pay for their first transaction with a foreign denominated cheque rather than electronic funds transfer;
 - d. The new client's only address is a post office box;
 - e. The new client may be a minor, a bankrupt or other person or entity which does not have the capacity to transact business on its own account; or
 - f. The new client matches a name on the "Prescribed Persons or Entity List".
- Include such enquiries in the written record of the verifications of the client's information.

Market Participants should give consideration to adopting additional measures for new overseas based clients.

Procedures - Client Information

Obtain as a minimum the following client/account information:

1. For a natural person:
 - Name and Title
 - Home Address
 - Mailing Address (if different)
 - Contact numbers
 - Age
 - Occupation
 - Employer details
 - Position
 - Does client currently have securities that are:
 - certificated,
 - sponsored on CHESS, or
 - issuer sponsored
 - How is client going to pay/be paid
 - Any additional information considered necessary to know your client.

2. For a proprietary company:

- Name of company
- ACN or ARBN
- Registered address
- Mailing address (if different)
- Contact numbers
- Name of company officers or person authorised to place orders
- Does company currently have securities that are:
 - certificated,
 - sponsored on CHESS, or
 - issuer sponsored
- How is company going to pay/be paid

Procedures - Verification of Information

It is recommended that client identity be verified using information obtained from at least *two different sources*.

Verification can be provided by various means, for example, by sighting original documents of identity (eg passport, licence, identification card), by obtaining confirmation by a referee who has known the person for a sufficient length of time and who is prepared to vouch for the identity of the person or by way of confirmation from other independent sources of the client's identity. Evidence should be sought to verify any change of name.

It is recommended that at least one of the sources include photo identification for a natural person or in the case a proprietary company, certified constitution, a government issued business licence or partnership agreement. It is further recommended that in the case of a proprietary company that a search of Company Directors be carried out.

Market Participants should ensure that the verification procedures selected are sufficiently robust to confirm the true identity of the client. For this purpose, reference can be made to the point value of documents applicable to account opening by financial institutions subject to the Financial Transactions Reports Act 1988. (A list of documents and the points value under the Act are conveniently set out in Austrac's Standard 100 Point Weighting Form).

Australia has endorsed the 40 recommendations of the international Financial Action Task Force on Money Laundering (FATF) for a framework for global anti-money laundering efforts. Amongst other things, these may result in new obligations for financial institutions (including stockbrokers) to identify all clients, including any beneficial owners of property, and to keep appropriate records. The 40 recommendations are available from the FATF website (<http://www.fatf-gafi.org/>).

Qualification



ASX has published this note to promote commercial certainty and to assist Participants. Nothing in this note necessarily binds ASX in the application of the Rules in a particular case. In issuing this note, ASX is not providing legal advice and market participants should obtain their own advice from a qualified professional person in respect of their obligations. ASX may replace this Guidance Note at any time without further express notice to any particular person. Readers may contact ASX to ensure they have the latest version.

KEY TOPICS

1. Written Agreement
2. Signature
3. Identification of each party sufficiently for the purpose of the communication
4. Method must be reliable as appropriate in the circumstances
5. Execution by joint holders
6. Execution by Companies

ASX Market Rules

1. 7.1

Guidance Note History

Re-issued:
11 March 2004

Previously:
12 August 2003
OCH GN 3/03

ASX Policy

NEW CLIENTS – Electronic Client Agreements for Derivatives Market Transactions

Purpose

The purpose of this Guidance Note is to provide assistance to ASX Market Participants (“Market Participants”) in relation to their obligations to have entered into a written agreement with their clients which sets out the terms of their relationship in regards to the relevant Market Transactions.

Background

The ASX Market Rules and Procedures (“Rules”) require Market Participants, to enter into a written setting out the terms of their agreement.

Historically, the requirement to enter into a **written** agreement has been interpreted as a hard copy agreement signed by the client. However, to provide consistency with international and Australian trends will permit electronic agreements subject to minimum standards to protect investors, promote investor confidence and commercial certainty.

ASX’s policy in relation to electronic Client Agreements is based on three principles:

Functional equivalence

Paper Client Agreements and electronic Client Agreements are treated equally by the Rules and not given an advantage or disadvantage against each other;

Investor Protection

Ensure that investors entering into electronic Client Agreements are no worse off than those entering into paper based agreements (and vice versa);

Technological neutrality

The Rules do not discriminate between different forms of technology.



ASX prescribes the minimum terms Market Participants must incorporate into their client Agreements, although the Rules do not prescribe what medium Market Participants are permitted to use in executing these agreements.

ASX does not intend to prescribe particular acceptable electronic technologies, as it is of the view that it is more appropriate for Market Participants to assess suitable technology for their particular purposes.

Subject to the Market Participant complying with the conditions set out below, ASX is of the belief that Market Participants will discharge their obligations under the Rules. Failure to comply with the stated policy may be taken into account in determining whether a Market Participant has breached the Rules.

Conditions

1. The Market Participant's Client Agreements must contain the minimum terms prescribed by the ASX Market Rules;
2. The Market Participant must obtain executed hard copies of the Addendum to the Derivatives Client Agreement (Paperless Collateral) from its clients, and provide the original completed Addendum to the Clearing House;
3. The client must view the terms and conditions of the Client Agreement before executing the Client Agreement. The Market Participant must provide a hard copy of the Client Agreement if requested by the client.
4. The Market Participant must provide an explanation of the effect of the Client Agreement (that the client is entering into a contract) and the client must acknowledge that they understand the explanation. The explanation must be provided prior to the applicant entering into the Client Agreement. The explanation may be provided electronically and the acknowledgment may be made electronically.
5. Prior to the client executing the Client Agreement, the Market Participant must inform the applicant that they can discuss the terms and conditions of the Client Agreement with the Market Participant. The Market Participant must provide the client with contact details of a person at the Market Participant who can explain the effect of the Client Agreement and the terms and conditions. The contact details must be stated in the Client Agreement; and

6. Within 3 Business Days after execution, the Market Participant must provide the client with a copy of the executed Client Agreement including details of the time and date of execution and name and address of signatories. This may be provided electronically although the Market Participant must provide a paper copy if requested by the client.

Possible Electronic Methods

Detailed below are some possible methods a Market Participant may wish to consider fulfilling its minimum requirements in relation to electronic Client Agreements. Market Participants are advised that these methods are merely a guide, and that ASX recognises that other methods may fulfil the minimum standards.

The requirement for a “Written Agreement”.

Interpretation

The Rules require a written Client Agreement between a client and its Clearing Participant. Neither the Rules nor statutory legislation defines a “written agreement” although the Corporations Act and the Commonwealth Acts Interpretation Act (Cth) contemplates writing and documents in electronic form.

ASX considers that the Rule is fulfilled by a paper document or through using electronic methods that are reliable, appropriate and valid at law. The applicant must view a paper document, an electronic image capable of being printed out or viewed electronically, or an electronic image on-line, before executing the Client Agreement.

Possible Methods

Market Participants may:

- incorporate the Client Agreement into their web-site; or
- send applicants the Client Agreement by electronic mail, or hard copy.

Participants must provide a hard copy if requested by the client.

The requirement for a signature

Interpretation

There is no definition of the word “Signed” in either the Corporations Act or the Commonwealth Acts Interpretation Act. Whilst there is no express requirement for a signature contained in the Rules, under the law the requirement to enter into an *agreement* requires a “signature”. It is expected that entering into a Client Agreement will form part of Market Participants’ account opening procedures, and Market Participants should continue to have sufficient identification procedures in place to be able to identify their client.

The methods used to “sign” a Client Agreement must comply with the minimum requirements below:

The method must identify each party sufficiently for the purpose of the communication

Paper-based Client Agreements do not require a witness under the Rules. They require the applicant to provide their name and other identification required by the Market Participant. The electronic method is no more onerous. The electronic method need only identify the applicant, it does not require a witness.

Possible Method

Each applicant types their name onto the electronic Client Agreement and provides any additional identification required for Market Participants to sufficiently verify the identity of their client, such as age, drivers licence, passport number, ABN and/or ACN for a company.

Each electronic communication must incorporate a method to identify the person signing the Client Agreement and indicate the person’s approval of the information contained in the message

The method must indicate each applicant’s approval of the terms and conditions communicated.

The applicant must review the Client Agreement terms and conditions before execution and have the opportunity to accept or reject the terms.

An electronic Client Agreement should clearly state that the contract will be accepted if the client clicks on an acceptance button such as “I agree” or “Yes” on the website. If the applicant does not accept the terms and conditions of the Client Agreement, the applicant should not be able to proceed any further.

Possible method

The terms and conditions must be located before the execution section and each applicant must be able to accept or reject the terms and conditions. For example by having the option of clicking a button to indicate “I do not agree to be bound by the terms and conditions” or “I have read, understood and agree to be bound by the terms and conditions”. The Client Agreement is valid only if each applicant executes the contract by providing a digital signature or clicking on an acceptance button.

The method must be as reliable as appropriate in the circumstances.

ASX recognises that there are several methods for electronic execution available at present and that other methods may be developed in the future. It is inappropriate for ASX to prescribe a particular electronic execution technology. Market Participants are able to require execution of electronic Client Agreements using their preferred technology. However the method must be appropriate and reliable.

Possible method

Each applicant provides a digital signature, or each applicant types their name and clicks on a button indicating that they have read, understood and agree to be bound by the terms and conditions.

ASX recommends that Market Participants include a procedure which is able to show that only the person intended to be bound could have clicked the “I agree” button (such as password access through a Trading Account).

Whatever the method and whether the Client Agreement is in hard copy or electronic form, it must be valid and enforceable at common law.

Execution by joint holders

Interpretation

Where a Market Participant enters into a Client Agreement with joint holders on paper, each applicant is identified by writing their own name or their name is pre-printed on the document. Each applicant indicates their approval by signing the Client Agreement. On an electronic Client Agreement there should be provision for each applicant to separately provide their identity and indicate their approval of the terms and conditions.

Possible method

If execution is by clicking a button, there should be a separate place for each applicant to type their name and a separate button for each applicant to click to accept the Client Agreement. The Client Agreement must not proceed unless each applicant has provided a digital signature or there is a name and acceptance for each applicant and any further identity details required.

ASX recommends that Market Participants include a procedure which is able to show that only the person intended to be bound could have clicked the “I agree” button (such as password access through a Trading Account).

Execution by Companies

Interpretation

Where a Client Agreement is entered into with a company, the Market Participant is entitled to make the assumptions in section 129 of the *Corporations Act* in relation to dealing with a company. The Market Participant is advised to ask how the company executes contracts. That process should be adopted for executing the Client Agreement. The Market Participant may include a separate acknowledgment, to the effect that the Company has complied with its constitution and any provisions of the *Corporations Act*. ASX advises Market Participants to seek independent legal advice should they require clarification.

Possible method

The Market Participant should follow the process that the company requires for executing contracts. One possible method is to have two separate boxes for names to be typed (director and director/secretary), two acceptance buttons, and a declaration the Company has complied with its constitution and any provisions of the *Corporations Act*.

Copy of Client Agreements



Interpretation

The Market Participant must be able to provide each applicant with a copy of the Client Agreement terms and conditions that the applicant executed.

Possible method

The Market Participant may provide a method for the applicant to print a copy, make arrangements to send a copy, or a copy may be posted on the Market Participant's web-site in an area accessible only by the applicant. If the holder provides an e-mail address, a copy may be sent in electronic form to the e-mail address provided. , The Market Participant must provide a hard copy of the Client Agreement to the holder if the holder does not provide an e-mail address, or if the holder requests. The copy must include the time and date of execution, the name and address of all signatories and all account numbers that have been allocated to the holder.

Qualification

ASX has published this note to promote commercial certainty, and assist Market Participants. Nothing in this note necessarily binds ASX in the application of the Rules in a particular case. In issuing this note ASX is not providing legal advice and Market Participants should obtain their own advice from a qualified professional person in respect of their obligations. ASX may replace this Guidance Note at any time. Readers should contact ASX to ensure they have the latest version.

KEY TOPICS

1. Supervisory Procedures
2. Benchmarks
3. Content of Written Supervisory Procedures
4. Outsourcing
5. Review of Supervisory Procedures

ASX Market Rules

1. 3.6

Cross-reference

1. ASX Market Rule Procedure 3.5
2. PS 164
3. ASX MR GN - Ongoing Compliance & Supervision – Responsible Executive Initial Qualifications & Continuing Education
4. ASX MR GN - Ongoing Compliance & Supervision - Initial and Ongoing Recognition of Market Participants

Guidance Note History

Re-Issued:

11 March 2004 – New Rule Introduction

Previously:

25 November 2002 ASX GN 9/02

MANAGEMENT REQUIREMENTS

Purpose

The purpose of this Guidance Note is to provide assistance to participants to establish appropriate management structures, supervisory policies and procedures. It outlines the standards ASX expects of supervisory policies and procedures.

Background

The ASX Market Rules and Procedures (“Rules”) require Market Participants to have appropriate management structures in place at all times to ensure that its Responsible Executives have adequate supervision and effective control over all parts of the Market Participant’s business wherever it is located. Market Participants are required to maintain accurate records of the management structure and allocation of responsibilities among their Responsible Executives. The Rules also require these Market Participants to have appropriate supervisory policies and procedures and meet any standards prescribed by the Exchange.

The Rules require Market Participants relying upon the Affiliate Director supervisory structure until the “Recognition End Date” (16 July 2004) to have appropriate management structures in place to ensure that its directors (or partners) and Affiliates have adequate supervision and effective control over all parts of the Market Participant's business, wherever the business is located (and keep accurate records of its management structure and its allocation of responsibilities among its directors (or partners) and Affiliates).

Requirements for supervisory procedures

ASX is of the view that establishing, maintaining and enforcing compliance and supervisory procedures is the cornerstone of self-regulation within the financial services industry. A distinction can be drawn between compliance procedures and supervisory procedures. Written compliance procedures generally cover the applicable rules and policies and describe prohibited practices.

Written supervisory procedures document the supervisory system that has been established to ensure that the compliance procedures are being followed and to prevent and detect prohibited practices. A Market Participant should be able to evidence both its policies and procedures and the ongoing implementation of those policies and procedures.

ASX believes the following principles are applicable in Australian markets:

- Market Participants must ensure that adequate compliance and supervisory procedures are in place and that sufficient resources, both personnel and systems, are devoted to the implementation of those procedures; and
- supervisory responsibilities must be periodically reassessed in light of changes in the nature and size of the Participant's business.

These principles are recognised in the Rules. It is also implicit in the definition of Unprofessional Conduct, which can include “unsatisfactory professional conduct, where the conduct is such that it involves a substantial or consistent failure to reach reasonable standards of competence and diligence”.

ASX expects all Market Participants to adopt and implement management structures and supervisory procedures that are specifically tailored to the type and scale of the Market Participant's business. These should include documented supervisory procedures covering both market, clearing and settlement participants' operations. ASX expects that Responsible Executives or Affiliate Directors will be responsible for the “ownership” of the management structures and supervisory procedures and will be held accountable as such by ASX.

ASX believes that management structures and supervisory policies and procedures should be in writing and be designed to reasonably supervise the business and each person in the business. ASX also believes that evidence that these management structures and supervisory procedures have been implemented and carried out must be maintained and be available to ASX upon request. The documentation of management structures should also identify any internal committee structures.

The adequacy of a Market Participant's management structures and supervisory procedures is a factor ASX may take into account in considering disciplinary action. For example, ASX may take the view that a Responsible Executive or Market Participant may be considered not to have “failed to supervise” another person if:

- It can be evidenced that there have been established procedures and a system for applying those procedures which would reasonably be expected to prevent and detect, insofar as practicable, the breach; and
- the Responsible Executive has discharged the duties and obligations incumbent upon them competently; and
- there was no reasonable cause to believe that there was non-compliance with the procedures and systems.

ASX considers a “failure to supervise” by a Responsible Executive, Affiliate or a Market Participant to be one of the most serious matters for which ASX could take disciplinary action.

Benchmarks for appropriate supervisory procedures

When developing, implementing and reviewing compliance and supervision procedures should have regard to:

- ASX Market Rules & Procedures, ACH Clearing Rules and Procedures and ASTC Settlement Rules and Procedures (where applicable)

Content of Written Supervisory Procedures

At a minimum, ASX believes the written supervisory procedures should be based upon the framework set out below.

Focus

Market Participants should develop supervisory procedures tailored to their business and designed to ensure that the Market Participant remains compliant with its legal and Rule obligations. In addition, Market Participants should scrutinize each business area for places where the interests of “Representatives”¹ might diverge from those of the Market Participant or its customers. Any place where a Representative might gain significant benefits in a way that would be inconsistent with the customer's or the Market Participant's best interests is a place that requires close control and monitoring. Market Participants should be especially vigilant in this regard in areas where their business is unique in some way. Innovative business practices often require innovative supervisory structures, but the compliance risks inherent in a new business policy or practice are not always apparent before problems arise.

Recitation

The written supervisory procedures should not be dependant upon recitals of the applicable laws and rules. That is the role of the compliance procedures. Written supervisory procedures should primarily document the supervisory system that will ensure compliance with those laws and rules (set out in the compliance procedures) is achieved and be supported by cross-reference to those laws and rules.

Delegation of supervisory responsibilities

The written supervisory procedures should include:

- The specific identification of the Responsible Executives responsible for supervision by name or by title and position. Also, an internal record should

¹ Unless defined otherwise in the Rules, for the purposes of this Guidance Note, “Representative” means (a) Representative within the meaning of section 910A of the Corporations Act;

show both the appointment and cessation date of the person(s) holding these position(s).

- The supervisory steps and reviews to be taken by the appropriate Responsible Executive or Approved Representative, including the exception reports and/or other documents being reviewed and the substantive area being reviewed and any automated systems that are used as part of the firm's supervisory system.
- The frequency of supervisory reviews:
 - Describe as daily, weekly, monthly, quarterly or annually, depending upon the nature, type or level of firm activity in a particular area.
 - Allow for unscheduled reviews, particularly where there are indications of misconduct or potential misconduct.
- The documentation of supervisory reviews, in a manner sufficient to demonstrate to management and ASX that a review has been conducted. The procedures should describe how the supervisory review will be documented and provide for the documentation of steps taken as a result of the review.

Once the required supervisory tasks have been identified, each task should be assigned to a specific Responsible Executive. Market Participants may find it prudent to make a single Responsible Executive responsible for each task, rather than assigning responsibility jointly. Joint assignments should be avoided as they create the possibility that when problems arise, each Responsible Executive may assume another has taken responsibility for resolving the problem. In addition, ASX may initiate action against both Responsible Executives if they are jointly accountable.

The procedures should also specify which tasks Responsible Executives may delegate to administrative personnel or other persons taking into account any need for specific qualifications. Where a Responsible Executive delegates tasks to others, that delegation should be clearly documented.

Effective procedures place primary authority for most matters with a single supervisor. They also provide a way for the firm to check up on that supervisor's effectiveness. The procedures generally should place primary responsibility for oversight in the hands of individual senior supervisors.

ASX expects that the assignment of tasks and delegations would also be reflected on the records of management structure and allocation of responsibilities required in relation to the Rules regarding Management Structure.

Designation of Responsible Executive

The written procedures should clearly identify who has supervisory responsibilities. Each type of business in which a Participant engages should have a designated Responsible Executive and they should have the authority to carry out the supervisory responsibilities of the Market Participant.

There is a necessity to exercise strict supervisory control over Business Offices. ASX expectations of the responsibilities for supervision and conduct of Business Offices is expanded upon below. The Responsible Executives are not required to be located in the Business Offices but are accountable for the activities of those Business Offices.

ASX expects that this would also be reflected on the records of management structure and allocation of responsibilities required under the Rules.

Assignment of Representatives.

Market Participants should assign each Representative to one or more Responsible Executives who are qualified to supervise the activities of the Representatives. The assignment of a Representative to a Responsible Executive does not need to be a direct relationship. There may be an indirect relationship as a result of delegations and hierarchical management structures. In any event, the relationship must be identifiable.

Participants must continue to monitor the activities of Representatives and the qualifications of their Responsible Executives to ensure that the supervisors are properly qualified.

ASX expects that this would also be reflected on the records of management structure and allocation of responsibilities required under the Rules.

Qualifications of Supervisory Personnel

The written supervisory procedures should identify those qualifications the Market Participant has deemed important in determining whether a Responsible Executive can fulfil their assigned responsibilities, the procedures for determining whether the Responsible Executive possesses such qualifications, and the methods for monitoring the performance of the Responsible Executive.

All Responsible Executives should receive compliance training. Training should provide a clear description of the Market Participant's expectations.

Process For Monitoring And Control

The procedures should describe clearly what monitoring steps must be taken, and by whom. Where possible, the procedures should be designed to prevent breaches in addition to monitoring for breaches after they occur. For example:

- It is the view of ASX that it is inappropriate for advisers and other front office staff to have access to originals of confirmations or client account statements prior to their despatch to clients. This is a fundamental fraud prevention control. Where advisers wish to include other material (such as personalised notes) with confirmations or client account statements, that material should be provided to the back office for inclusion rather than providing the confirmation

or client account statement to the adviser. Where the advisers wish to check confirmation details against their records of transactions, advisers should be provided with copies, not originals. Where confirmations are produced in Business Offices for despatch to clients, unless Market Participants can demonstrate that advisers do not have access to them prior to despatch, that practice should be discontinued and confirmations should be produced centrally.

- Bookings of executed transactions should be segregated from those persons executing the transactions;
- advisers and other front office staff should not:
 - have access to incoming or outgoing client cheques,
 - have access to unopened incoming mail,
 - be allowed to personally deliver confirmations, statements, cheques, etc to clients;
 - be allowed to personally collect cheques from clients;
 - have access to confirmations, statements or cheques which have been placed into envelopes but have not yet been mailed.

Independent Checks On Activity

Participants should not permit persons to supervise themselves. For example, a trading supervisor who also has day-to-day trading responsibilities cannot also be responsible for the supervisory review of their own trading activity. Market Participants should design policies and procedures to monitor Representatives' activity and detect potential breaches.

Automated Systems

Market Participant's written supervisory procedures may incorporate the use of automated systems to assist in determining compliance with the applicable rules. However, the supervisory system must provide for a Market Participant's testing and monitoring of the automated systems to determine that they are operating properly. Additionally, any exception reports produced must be investigated and the results of the investigation documented. If a firm has an effective supervisory procedure reasonably designed to detect programming errors or software failures, it is unlikely that such problems would result in a charge of failure to supervise.

Specialised Procedures To Deal With Complex Products

Market Participants should pay particular attention to procedures regarding the supervision of new and complex products. Such products may require additional specialised and enhanced procedures. Responsible Executives, Affiliates and Approved Representatives must understand the nature of the products and activities in which the Representatives under their supervision are engaged.

Outsourcing

The Rules oblige Market Participants to be accountable for third party service providers. Therefore written supervisory procedures should include procedures for ensuring the Participant can satisfy itself that the performance of, and compliance by these parties, is appropriate.

Responsibilities of Responsible Executives for Branch Offices

Business Offices pose a special compliance challenge. Distance, time and a lack of a compliance culture of Business Office staff can defeat supervisory procedures that have been adopted with the best of intentions. Compliance issues originating in Business Offices represent a significant proportion of the disciplinary matters considered by ASX.

It will not be necessary for there to be a Responsible Executive in each Branch Office. How control is best effected is up to the Market Participant to determine bearing in mind that Participants and their Responsible Executives are subject to potential disciplinary action for failure to supervise their Representatives.

Where there is no Responsible Executive located in a particular branch office, it follows that some level of centralised compliance control is essential. It is not enough for Responsible Executives to delegate responsibility for Business Office operations and then not follow up on a regular basis whether that person carries out the assigned duties effectively. As an organisation grows more complex and as Business Offices grow more numerous, dispersed and distant, so does the need for central control by Responsible Executives. However, centralised control does not imply that there is no compliance role for the Business Office managers.

Responsible Executives are responsible and accountable for compliance in all Branch Offices and are viewed by ASX as being directly responsible and accountable for the conduct of employees within a Branch Office. With appropriate controls, Branch Office managers can add substantial value to a Participant's overall compliance operations and support the Responsible Executives in satisfying their obligations.

In striking a balance between central compliance control and local responsibility, Responsible Executives should clearly delineate who will be responsible for specific duties and then establish follow-up and review procedures to make sure all duties have been successfully completed.

Review of Supervisory Systems

Periodic Review of Supervisory System

The Board of each Market Participant should periodically review the supervisory systems and procedures to ensure they are reasonably designed to achieve the Market Participant's compliance with applicable laws, rules and regulations.

One method a Board may adopt to achieve this would be to designate and identify one or more Responsible Executives who are ultimately accountable for reviewing the supervisory system, procedures, and inspections implemented by the Market Participant. The designated Responsible Executives should be accountable for taking or recommending appropriate action reasonably designed to achieve the Market Participant's compliance with applicable laws, rules and regulations. Another method is to designate the compliance manager to review the supervisory system, procedures, and inspections implemented by the Market Participant and report on the effectiveness of implementation of them by the Responsible Executives.

Internal and Branch Office Inspections

On-site reviews are of critical importance. The review must be designed to assist in detecting and preventing breaches of, and achieving compliance with, applicable laws and rules. If carried out efficiently, with careful file reviews, they allow the Market Participant to obtain an accurate view of the Business Office's operations.

Each Market Participant should conduct a review of its businesses, and the offices in which it conducts these businesses, in accordance with a stated cycle. In determining the inspection cycle for a Business Office, a Market Participant must consider the nature and complexity of the activities for which the Business Office is responsible, as well as the volume of business conducted at the office and the number of Representatives at the office. Once a Participant determines its inspection cycle, it should document the cycle in its written supervisory and inspection procedures. A large number of geographically diverse offices present the potential that sales practice problems will not be as quickly identified as in larger, centralised offices. This increased potential must be taken into account when drafting supervisory procedures.

In some cases, unannounced visits may be necessary, particularly where there are indications of, for example:

- misconduct or potential misconduct,
- customer complaints,
- personnel against whom internal or external disciplinary action has been taken,
- excessive trade corrections or bookings to error accounts,
- high staff turnover, or
- staff not taking annual leave.

However, these should be kept to a minimum and be carefully managed since it can be counter-productive, in that it creates a level of distrust between staff and the Market Participant's Compliance team.

Review of customer files could lead to identification of fictitious account statements, unauthorised correspondence and redirected payments. In addition, onsite examinations enable the firm to observe and review records and activities related to the Business Office's other business activities. The review findings should be documented to create an audit trail and to provide evidence of supervisory procedures.

A Market Participant should have a rational plan for making Business Office visits. An arbitrary system, such as conducting visits only when the relevant person happens to be in the area, is of little compliance value.

On a regular basis a Market Participant should perform a number of supervisory procedures in order to monitor the business being conducted in its other offices. The extent of the supervision depends on a number of factors, including (but not limited to):

- types of functions performed in the Business Office;
- volume of trading;
- types of products traded;
- number of personnel in the office;
- experience of the personnel;
- nature of the customers (retail or institutional);
- perceived level of risk;
- number and nature of customer complaints; and
- length of time that the office has been established.

Repeated problems in one or more areas should heighten the level of supervision.

In reviewing the types of indicators given above, Market Participants are reminded of the comments from the report on Trading BEST Industry Overview in relation to “ostrich culture” and not to rely upon the fact that in a particular office “nothing has happened so far”, “quality of staff”, “been in the industry for over 30 years” and “know what to do”.

Market Participants should develop written procedures for the on-site review process including detailed steps to be followed during the visit. This will help ensure that the review process is performed in a consistent manner irrespective of changes in personnel. A Market Participant’s supervisory procedures should also address the number of visits to be made to a Business Office.

The personnel who make the visits should have the skills and experience to conduct reviews and be knowledgeable of the industry and the nature of the firm's business. Such personnel should be able to perform their work with an independent, objective perspective.

People independent from the supervision, control or bottom line performance of the Business Office should conduct reviews of the Business Office operations and controls.

Whether or not problems were identified during the on-site visits, written reports should be prepared promptly and the findings discussed with the regional managers and senior management. Reports should be presented to the Compliance Committee, senior management and the Board (depending on the structure of the Market Participant). Deficiencies identified should be corrected and follow up reviews carried out (where relevant) and documented.

Appropriate documentation of the supervisory process

When a Market Participant's supervisory efforts in a particular matter are called into question, it is almost always to the Market Participant's advantage to have a written record of the supervisory efforts that were undertaken. A written record will serve as helpful evidence that the supervisors considered the problem and made good faith judgments about the proper course of action. It is in the interests of the Market Participant, its Directors and Responsible Executives to be able to ensure these records are made. For this reason, the procedures should specify that when significant compliance-related issues arise, the Responsible Executive should generate a written record of the steps they took, possibly in consultation with the Participant's Compliance Executive or legal advisers.

Updating of written supervisory procedures

When a rule change necessitates modification of a Market Participant's supervisory system and written supervisory procedures, the Market Participant should prepare and distribute an internal memorandum or other similar document describing the modification or amendment and provide a method for updating the relevant supervisory materials within a reasonable period of time.

Distribution of procedures and amendments.

A copy of a Market Participant's written supervisory procedures must be kept and maintained (or be available at all times on a corporate intranet) in each Office and Business Office. Market Participants should also consider making copies of the ASTC Settlement Rules and Procedures, the ACH Clearing Rules and Procedures and Corporations Act available on the same basis.

Role of compliance personnel in supervisory processes

A line supervisor is one who has the power to hire, fire, punish or reward a subordinate employee. The line supervisor of a Representative is generally the Business Office manager. In larger Market Participants, the line supervisor of the Business Office manager may be a district or regional manager. The ultimate line managers will be the Responsible Executives.

Compliance personnel generally are not line supervisors for business unit employees, although they may be line supervisors with respect to employees in the compliance department.

Generally, the role of compliance personnel with respect to the activities of employees is to inform line supervisors of compliance related issues and to monitor the effectiveness of line

supervisors' compliance-related efforts. Compliance personnel may advise line supervisors about the hiring, firing and discipline of employees, but they generally do not make actual decisions in these areas.

ASX is of the view that Compliance personnel should not be Responsible Executives. Such a mixing of functions undermines the compliance officer's support and monitoring functions. The procedures should describe the compliance department's supporting functions (e.g. education, exception reporting, branch audits, conduct of compliance meetings) and line supervisors' responsibilities with respect to those functions (e.g., reviewing exceptions reports and responding to branch audit findings). However, ASX will accept compliance executives being appointed as Responsible Executives for the sole purpose of being responsible for compliance with the ASX Rules in relation to Capital Adequacy.

ASX acknowledges that, for various reasons, a Market Participant may wish to appoint a compliance executive as a Responsible Executive. A compliance executive will generally not be held liable by ASX for failure to supervise another unless they have the responsibility, ability and authority to affect the other person's conduct.

Content of Written Compliance Procedures

Market Participants should develop compliance procedures tailored to their business and reasonably designed to establish the compliance obligations to ensure that the Market Participant stays in compliance.

ASX's observation is that "rules based" compliance manuals (lists of do's and don'ts or recitation of the law or rules) have a limited role and do not address the root causes of compliance failings or effectively promote responsible behaviour. "Integrity" and behaviour based compliance manuals better promote responsible behaviour, encourage improvements in conduct and better establish internal peer standards.

In principle, ASX has no objection to externally sourced manuals and in many cases it is the most appropriate use of limited resources available. However, the limitations of their value need to be appreciated. Generic manuals are of limited use to a Market Participant, as they do not take account of the nuances and particular practices adopted by the Market Participant. They should be considered as a base document only, to be tailored to the type and scale of business being conducted. Generic, untailored manuals can be directly contradictory to the practices adopted.

Qualification

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replace this Guidance Note at any time without further express notice to any particular person. Readers may contact ASX to ensure they have the latest version.

KEY TOPICS

1. Reliance on APRA requirements

ASX Market Rules

1. 3.6.4
2. 3.6.5

Cross-reference

1. APRA Guidelines on Authorisation of ADI's

Guidance Note History

Introduced:

11 March 2004 –
New Rule Introduction

MANAGEMENT REQUIREMENTS – GOOD FAME & CHARACTER – Reliance on APRA Requirements

Introduction

To be admitted as a Market Participant of the ASX a body corporate is required to satisfy the Recognition Requirements. These recognition requirements include the requirement for Directors and Responsible Executives of a Market Participant to be of “of good fame and character and of high business integrity”.

Requirements

When appointing a Director or a Responsible Executive, the Market Participant is required to complete and lodge with ASX a “Notification of Appointment”, which contains a section regarding the “good fame and character” of the Director/Responsible Executive.

APRA requires senior Management and Directors within an ADI, to satisfy its “Guidelines on Authorisation of ADI's” which include fit and proper requirements.

On the basis that a Director or member of Senior Management of an ADI has satisfied, and continues to satisfy APRA's fit and proper requirements, ASX will recognise their continued recognition by APRA as satisfaction of the obligations of the Good Fame and Character and High business Integrity requirement under the Rules for that Director/Responsible Executive. The Market Participant must undertake to immediately notify ASX in the event they receive notice from APRA to the effect that APRA may consider a person to not be of good fame and character

Qualification

ASX has published this note to promote commercial certainty, and assist Market Participants. Nothing in this note necessarily

binds ASX in the application of the Rules in a particular case. In issuing this note ASX is not providing legal advice and Market Participants should obtain their own advice from a qualified professional person in respect of their obligations. ASX may replace this Guidance Note at any time. Readers may contact ASX to ensure they have the latest version.

KEY TOPICS

1. Notification to ASX Compliance Services
2. Monthly Reporting to ASX Risk Management
3. Self- Insurance by a related body corporate
4. Notification and Monthly Reporting of Claims
5. Amendment or Cancellation of Insurance
6. Failure to Obtain or Retain Professional Indemnity Insurance

ASX Market Rules

1. 4.6

Guidance Note History

Re-issued:

11 March 2004

Previously:

11 September 2003

ASX GN 4/03

INSURANCE REQUIREMENTS

Purpose

The purpose of this Guidance Note is to provide assistance to ASX Market Participants (“Market Participant”) on the interpretation of the ASX Market Rules (“Rules”) in relation to matters dealing with professional indemnity insurance.

Background

The Rules require Market Participants that act for any person other than itself or a related body corporate to take out and maintain professional indemnity (or equivalent) insurance. The professional indemnity insurance policy taken out by Market Participants must include cover against a breach of duty the Market Participant owes in a professional capacity. The policy may be specific to the Market Participant or may be a policy of a parent company or related body corporate which names the Market Participants as one of the parties covered.

Notification & Monthly Reporting of Claims

Notification to ASX Compliance Services

Participants are required to immediately notify ASX of details relating to any liability or potential liability referred to in the Rules. This must be at the time they notify their underwriter of “a circumstance” that may give rise to a claim and must be in writing.

It is common for insurance policies to require the notification of claims, potential claims or circumstances. The *Insurance Contracts Act (1984) Cth* provides that if an insured notifies the insurer (under the terms of the policy during the period of the policy) of a circumstance that may give rise to a claim, then any subsequent claim relating to the circumstance notified is covered by that policy, subject to the policy conditions. It is important matters be notified promptly in order to avoid any suggestion by an insurer that a claim, potential claim or circumstance has not been notified within a particular policy period.

In consideration of these provisions under professional indemnity insurance policies, ASX’s policy is that ASX Market Participants must, at the time they notify their underwriter of “a circumstance” that may give rise to a claim (whether under a notification clause in their

professional indemnity insurance policy, to obtain the benefit under the *Insurance Contracts Act (1984) Cth* or otherwise), immediately notify the Exchange in writing, of the details referred to in ASX Business Rule 5B.6.4 to in the Market Rules and preferably all of the details listed below.

At a minimum, the following should be notified **immediately** to ASX Compliance Services.

- Date that the Market Participant was first aware of a claim, potential claim or a “circumstance”.
- A full description of the claim, potential claim or “circumstance” including sufficient information to allow ASX to understand the basis of the client’s allegation.
- Gross contingent liability arising from the claim, potential claim or circumstance. This is the maximum potential exposure or claim made on the Market Participant.
- Net contingent liability arising from the claim, potential claim or circumstance. This is the gross contingent liability net of the available cover and excess (if any). (i.e. net contingent liability = gross contingent liability – (cover – excess)).
- Nature of insurance cover, if any.
- Full name of cover provider.
- Date claim, potential claim or circumstance was notified to cover provider.

Monthly Reporting to ASX Risk Management

This information should also be reported on a monthly basis in the capital liquidity returns , specifically, Section 12.41 – Legal Proceedings and Insurance Claims (this can be located via the following steps in v3.2 of ASX Returns: Financial Position Details (Section 12), Legal/Insurance/Encumbrances (Section 12.4), Legal Proceedings and Insurance Claims (Section 12.41)).

This ensures that ASX is kept up to date on an on going basis with any liability or potential liability and the accounts and financial position are accurately reported as required under the Rules.

Self- Insurance by a related body corporate of a Market Participant

Certificate Evidencing the Self-insurance

Where the professional indemnity insurance is provided by a related body corporate, the Rules require Market Participants to provide a certified copy of evidence to demonstrate that the insurer is a related body corporate of the Market Participant and a certified copy of the certificate evidencing the insurance or self-insurance.

At a minimum the certificate evidencing the self-insurance, should include:

- the name of the related body corporate and confirmation that it is a related body corporate within the meaning of the Corporations Act and the Rules;
- the level of cover;
- the level of excess; and
- the period of cover.

The certificate should also contain statements to the effect that:

- the related body corporate¹ does and will continue to guarantee payment of all liabilities of the Participant and its officers in respect of a breach of duty it owes in a professional capacity and has the financial capacity to do so;
- the guarantee is in lieu of taking out professional indemnity insurance and with the intention of "self insuring" for those risks;
- valid claims made against the Participants will be satisfied by the Market Participant or by the related body corporate if the Participant fails to pay; and
- the related body corporate will advise the Market Participant immediately of any material change in its financial circumstances that may impact on the ability to provide the insurance and that the Participating Organisation is required to notify ASX.

The Directors of the Market Participant are required to provide to ASX, in writing, an outline of how they formed the opinion that the level of insurance cover and excess is reasonable and how they have satisfied themselves, and will continue to satisfy themselves, that the related body corporate has adequately provisioned for the level of cover it is providing and hence the capacity to pay, in the event that it needs to. This should be provided to ASX within 14 days following the issue of the self-insurance policy and annually thereafter.

Notification and Monthly Reporting of Claims

Market Participants that are self-insured through a related body corporate, are still required to notify and report claims to ASX in accordance with the requirements set out earlier in this guidance note.

¹ If the related body corporate is a Participant of ASX, any guarantee provided would be subject to the Rule in relation to Guarantees and Indemnities. This Rule prevents a Participant from giving a guarantee outside the ordinary course of its (*emphasis*) business unless the amount of the maximum liability is specified in the guarantee. ASX is of the opinion that a guarantee given by a Participant for the purpose of another Participant's self insurance, is outside the ordinary course of its business. Hence if a Participant gives a guarantee for the purposes of insuring another Participant, the amount of the maximum liability specified in the guarantee would have to be treated as an Excluded Liability (refer the definitions section of the Rules in relation to Capital Liquidity) and then deducted 100% from Liquid Capital (refer the definitions section of the Rules in relation to Capital Liquidity).

Amendment or Cancellation of Insurance

Should the Market Participants' professional indemnity insurance policy be dishonoured, amended, cancelled or partially cancelled, the Market Participant should notify ASX Compliance Services immediately, in writing.

Failure to Obtain or Retain Professional Indemnity Insurance

The failure by a Market Participant to obtain or retain professional indemnity insurance, through either method, will cause ASX to consider taking immediate action to protect the interests of ASX, the market and the National Guarantee Fund.

Qualification

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KEY TOPICS

1. VWAP Calculation
2. Intrinsic Value
3. Guidelines

ASX Market Rules

1. 10.11.7

Market Rule Procedures

1. 10.11.7

Guidance Note History

Amended: 20 October 2005
Amendment of the Rules

Re-Issued:
11 March 2004
Introduction of new Rules

Previously:
25 September 1999
ASX GN 4/99

EXPIRY OF UNEXERCISED DELIVERABLE WARRANTS

Purpose

This Guidance Note outlines the guidelines used by ASX in determining whether to prescribe a different period for calculating the volume weighted average price ("VWAP") of the Underlying Instrument in the calculation of the assessed value payment pursuant to Market Rule 10.11.7 and Procedure 10.11.7.

Background

The Rule and Procedure apply to Deliverable Warrants and provides for an assessed value payment ("AVP") where, *inter alia*, a Warrant-Holder does not exercise the Warrant on or before the expiry date and the Terms of Issue refer to the Market Rules for the calculation of the AVP.

Holders are eligible to receive the AVP, where the intrinsic value of the Warrant is equal to or greater than 5% of the exercise price. The AVP amount is equal to at least 90% of the intrinsic value. If a Warrant has an intrinsic value of less than 5% of the exercise price, then the Warrant lapses and no payment is made to the Warrant-Holder. For these purposes, intrinsic value is the difference between the value of the Underlying Instrument and the exercise price of the Warrant.

Intrinsic value under this Rule is calculated in the following two ways, depending upon whether intrinsic value is calculated for the purposes of assessing eligibility, or for the purpose of determining the amount of the AVP.

- (a) To ascertain the eligibility of holders to receive an AVP, Procedure 10.11.7 specifies that the intrinsic value of the Underlying Instrument is to be calculated as the VWAP during the last two hours of Normal Trading **or such other period prescribed by ASX** excluding special sales and overseas sales on the expiry date.

- (b) In determining the amount of the AVP, the intrinsic value is calculated by reference to the VWAP of the Underlying Instrument over the 5 Trading Days following expiry.

Guidelines

ASX will consider the following guidelines in evaluating whether the last two hours of Normal Trading on the expiry date is appropriate for calculating the VWAP of the Underlying Instrument. As a general rule, if the Underlying Instrument meets these guidelines, then ASX will not prescribe another period.

The home exchange of the issuer of the Underlying Instrument is ASX and the Underlying Instrument is quoted on ASX at the time the Warrants expire.

A substantial number of the Underlying Instrument are, or in the opinion of ASX will be, widely held and actively traded in the underlying market. In looking at this matter ASX will take into account whether:

- (a) the market capitalisation of the Underlying Instrument as published by ASX is at least \$1 billion;
- (b) the liquidity of the Underlying Instrument relative to the market liquidity as published by ASX is 40% or more over the six months prior to consideration or since it was first listed (if it has been listed for less than six months).

ASX will consider each Warrant on a case-by-case basis and may prescribe another period even if the Underlying Instrument meets these guidelines. In most cases ASX will prescribe a longer period, but in exceptional circumstances, ASX may prescribe a shorter period.

It is also important to note that ASX may prescribe another period at any time and in particular immediately prior to expiry. This may be appropriate in particular circumstances, for example, where the Underlying Instrument no longer meets the guidelines or is suspended during the last two hours of Normal Trading.

Qualification

ASX has published this note to promote commercial certainty and to assist Participants. Nothing in this note necessarily binds ASX in the application of the Rules in a particular case. In issuing this note, ASX is not providing legal advice and market participants should obtain their own advice from a qualified professional person in respect of their obligations. ASX may replace this Guidance Note at any time without further express notice to any particular person. Readers may contact ASX to ensure they have the latest version.

KEY TOPICS

1. Disciplinary Obligations and Powers
2. Disciplinary & Appeals Tribunal
3. Expedited Disciplinary Proceedings
4. Disciplinary Powers
5. Publication of Determinations
6. Reporting to ASIC

ASX Market Rules

1. Section 28

Cross-reference

1. S 792A Corps Act
2. s 793B Corps Act

Guidance Note History

Re-Issued:
11 March 2004 –
introduction New Rules

Previously:
30 March 2001
ASX GN 3/01

DISCIPLINARY PROCEEDINGS

Purpose

This Guidance Note outlines for the benefit of Regulated Persons and their advisers the practices and procedures followed by ASX when it takes disciplinary action under the Market Rules in relation to a Regulated Person.

This Guidance Note does not address ASX's practices and procedures in relation to conducting an investigation under the Market Rules, concerning a Regulated Person, which may lead to disciplinary proceedings. That topic is addressed in a separate Guidance Note titled 'ASX Investigations'.

ASX has published this Guidance Note to promote commercial certainty and to assist Regulated Persons. Nothing in this note necessarily binds ASX in the application of the Rules in a particular case. Nor does anything in this note bind the Disciplinary Tribunal or the Appeal Tribunal or restrict either Tribunal in adopting such practices and procedures as each considers appropriate in its discretion from time to time. In issuing this note, ASX is not providing legal advice and Regulated Persons should obtain their own advice from a qualified professional person in respect of their obligations.

ASX Disciplinary Obligations and Powers

ASX is obliged by Section 792A of the Corporations Act to , among other things:-

- do all things necessary to ensure that its market is a fair, orderly and transparent market;
- have adequate arrangements for supervising the market; and
- have adequate arrangements for monitoring and enforcing compliance with its operating rules.

By Section 793B of the Corporations Act, ASX's Market Rules have effect as a contract between ASX and its Regulated Persons, under which all parties agree to observe and perform the provisions of the Market Rules which apply to them. ASX has included in the Market Rules arrangements for taking disciplinary action concerning Regulated Persons.

Market Rules – Overview

Section 28 (“Supervision, Disciplinary Matters, Tribunal Proceedings and Appeals”) of the Market Rules set out the formal arrangements ASX has put in place in relation to the conduct of disciplinary proceedings which ASX may commence in relation to Regulated Persons.

Rule 28.3 sets out details of the disciplinary action ASX may take in respect of a breach of the Market Rules.

Rule 28.4 sets out details of the disciplinary action ASX may take where it is of the opinion that a Market Participant no longer satisfies the requirements for recognition as a Market Participant.

In addition, Rules 28.4 and 28.6 set out details of the disciplinary action which ASX may take to suspend or cancel the recognition of a Market Participant or a Regulated Person (other than a Market Participant) respectively.

ASX Disciplinary and Appeal Tribunals

Contravention Notices and the Disciplinary Tribunal

By Rule 28.3.5, where ASX considers that a Regulated Person may have breached any of the Market Rules, it may instigate disciplinary proceedings by giving that person a contravention notice setting out the details on which the disciplinary action is based.

Disciplinary proceedings instigated against a Regulated Person under Rule 28.3.5 is heard by the Disciplinary Tribunal. The Regulated Person is entitled to be heard in answer to the contravention notice.

The Disciplinary Tribunal is a “peer” tribunal comprising 3 persons chosen by the chairperson of the Disciplinary Tribunal (or in that person’s absence the deputy chairperson) from a Tribunal Panel of not less than 10 persons (see Rules 28.13.1 and 28.14.4).

Where the Disciplinary Tribunal finds that a contravention is proven, it may impose a variety of sanctions. By Rule 28.3.7, the Disciplinary Tribunal may

- impose a censure; and/or
- impose a fine of up to \$250,000; and/or
- require part or all of any commission or profit from a transaction to be paid to it; and/or
- suspend the Market Participant from all or any privileges of being a Market Participant or a Trading Participant.

- prohibit the Regulated Person from transacting any business with ASX or with or through any Market Participant in respect of one or more Products or Trading Platforms for a period not exceeding 3 months, and/or
- require that the Regulated Person institute or upgrade an education and compliance programme designed to prevent future contravention of the Rules by the Regulated Person and its Employees, and/or
- where the contravention arose from conduct of a particular individual involved in the business of the Market Participant, direct that the Market Participant cease to permit that individual to remain involved or that the Market Participant change that individual's role in the business in some way, and/or
- terminate the admission of the Market Participant, and/or
- where the Regulated Person against which disciplinary action is taken is not a Market Participant, direct the relevant Market Participant to:
- suspend that person's role as a Regulated Person of that Market Participant for a period not exceeding 3 months upon such terms and conditions as the Disciplinary Tribunal thinks fit; or
- where the Disciplinary Tribunal makes a finding of Unprofessional Conduct, terminate that person's role as a Regulated Person of that Market Participant.

Appeals

A Regulated Person may appeal (see Rules 28.7.1 and 28.7.2) to the Appeal Tribunal from a determination made by the Disciplinary Tribunal under Rule 28.3.7, or a decision taken under Rule 28.4 to suspend or terminate the admission of a Market Participant. ASX may also appeal to the Appeal Tribunal if it is dissatisfied with a determination made or a sanction imposed by the Disciplinary Tribunal (Rule 28.7.1). The Appeal Tribunal comprises a chairperson (or deputy chairperson if any), who shall be a retired judge or a barrister or solicitor and 2 other persons selected by the chairperson (or the deputy chairperson) from the Tribunal Panel (Rules 28.16.3 and 28.16.4). Notice of an appeal must be received by ASX no later than 10 Business Days after receipt of the written reasons for the decision appealed against (Rule 28.15.1). There is no standard form of notice of appeal, but the usual practice is to refer to the determination of the Disciplinary Tribunal, state which part or parts of that determination is appealed from and specify the grounds of appeal, in particular how the Disciplinary Tribunal is said to have erred and what determination ought to have been made by the Disciplinary Tribunal.

Expedited Disciplinary Proceedings

For less serious alleged breaches of the Rules the Disciplinary Tribunal may determine a matter by considering only an Exchange Inspector's report (see the Guidance Note titled "ASX Investigations"), without written particulars of a contravention and without the parties or their legal representatives being present. This is referred to as an expedited proceeding. See Rule 28.3.2. The sanctions which the Disciplinary Tribunal may impose under an expedited

proceeding are limited to a fine of up to \$20,000, requiring part or all of any commission or profit from a transaction to be paid to ASX, imposing a censure or, in the case of a contravention by a Regulated Person other than a Market Participant, direct the relevant Market Participant to suspend that person's role as a Regulated Person of that Market Participant for a period not exceeding 1 month upon such terms and conditions as the Disciplinary Tribunal thinks fit. A Regulated Person who is dissatisfied with the outcome may, within 10 Business Days of notification of an expedited determination, require the matter to be heard by the Disciplinary Tribunal under Rule 28.3.5 referred to above.

ASX Disciplinary Procedures

Set out below is a description of practices and procedures which ASX commonly follows when it commences and pursues disciplinary action under the Rules. Many of these procedures are not formal rules. Participants should note that the procedures which ASX adopts in a particular case may vary from these procedures where appropriate, depending on all the relevant circumstances.

Contraventions

The decision as to whether to issue a Contravention Notice under Rule 28.3.5 is made by a member of ASX's senior management, pursuant to a delegation from the Board of Directors of ASX. The member of senior management who exercises the Rule 28.3.5 power is frequently ASX's National Manager, Investigations and Enforcement, although other senior managers may also exercise that delegated power.

If a decision is made to commence disciplinary proceedings, a written contravention notice will be given by ASX to the Regulated Person and to the Disciplinary Tribunal, which will specify the rule breach or Unprofessional Conduct which is alleged to have occurred, together with particulars of the facts which it is alleged give rise to the alleged breach.

In addition to the Contravention Notice, a copy of any report and any attached documents will also be provided to the Regulated Person and to the Disciplinary Tribunal.

Disciplinary Tribunal Communications and Directions

Following the provision of a Contravention Notice to a Regulated Person by ASX, the chairperson of the Disciplinary Tribunal or Counsel to the Disciplinary Tribunal (being a person appointed to assist the Disciplinary Tribunal in carrying out its functions) will advise the Regulated Person and ASX in writing of the date fixed for the hearing. The chairperson of the Disciplinary Tribunal or Counsel to the Disciplinary Tribunal will also advise the parties of the identity of the 3 persons who have been selected to hear the matter.

Communications to the Disciplinary Tribunal prior to a hearing should be addressed to Counsel to the Disciplinary Tribunal, and should always be copied to the other party.

If any party has any objection to any member of the Disciplinary Tribunal hearing a particular matter or has any other objection to a particular matter being heard by the Disciplinary Tribunal, that party should raise that objection at the earliest possible opportunity with Counsel to the Disciplinary Tribunal and should not wait until the hearing date before raising the objection.

Prior to a hearing, the Disciplinary Tribunal may give written directions to the parties, with a view to simplifying the matter and shortening the hearing time. Pre-hearing directions given by the Disciplinary Tribunal may address such matters as imposing deadlines for the supply to the other party of copies of documents which it is intended will be relied on at the hearing, imposing deadlines for identifying any persons who it is proposed will give oral evidence at the hearing, directing that written outlines of arguments be prepared and directions in relation to preparing a statement of agreed facts.

The above procedures apply equally before the Appeal Tribunal, except that the references to Counsel to the Disciplinary Tribunal should be read as references to Counsel to the Appeal Tribunal (being a person appointed to assist the Appeal Tribunal).

Electing to Refrain from Contesting a Contravention Notice

After receiving a written Contravention Notice, a Regulated Person should give consideration to whether it intends to contest the matter at a hearing.

Some of the factors which could have a bearing on that decision may include whether the Regulated Person accepts that it has contravened the Market Rules, the weight of the evidence, the wording of the relevant Rules and the expense and time involved in preparing for and attending a contested hearing. The Regulated Person may choose to consult with its professional advisers when giving consideration to these matters.

If a Regulated Person is interested in possibly refraining from contesting a Contravention Notice, it should contact ASX's Investigations and Enforcement unit as soon as possible to discuss the matter. Discussions with I and E may be held on a "without prejudice" basis, such that the matters discussed will remain confidential and will not be used in evidence against the Regulated Person before the Disciplinary Tribunal without the Regulated Person's consent.

Where a Regulated Person agrees with ASX that it will not contest a Contravention Notice in whole or in part, it may also seek to agree with ASX a submission to the Disciplinary Tribunal in relation to the sanction or sanctions it would be appropriate for the Disciplinary Tribunal to impose and, where the sanction involves a fine or a payment of commission or profit, the amount of that sanction. That submission may be made to the Disciplinary Tribunal in writing, in the form of a letter from the Regulated Person. The Regulated Person will usually consult with I and E regarding the form and content of such a submission.

Where a Regulated Person elects not to contest part or all of a Contravention Notice, the Disciplinary Tribunal must nevertheless be satisfied, having regard to the available evidence, that the breaches alleged in the Contravention Notice are made out, before it will make a finding that a breach of the Rules has occurred. In considering the evidence when no contested hearing

takes place, the Disciplinary Tribunal will have regard to any documents placed before it by ASX and by the Regulated Person, including any report. The Disciplinary Tribunal may also in its discretion require ASX and the Regulated Person to appear before it to provide further information or clarify any issue raised by the documents.

The Disciplinary Tribunal is not obliged to adopt a common submission from ASX and the Regulated Person as to the appropriate sanction to impose where an uncontested Contravention Notice is found to have been made out on the evidence. The Disciplinary Tribunal may impose a greater or lesser sanction than that submitted by the parties if it thinks fit. However, where a Contravention Notice is uncontested, the parties' entitlement to appeal from the Disciplinary Tribunal's determination as to the sanction to be imposed, is preserved.

Contested Hearings

Where a Contravention Notice is contested, a hearing will take place before the Disciplinary Tribunal and, in the event of an appeal, before the Appeal Tribunal, on a date nominated by the Disciplinary Tribunal (Rule 28.14.5), and where relevant, by the Appeal Tribunal (Rule 28.16.5), by notice in writing to the parties. For Disciplinary Tribunal hearings, the hearing date must be not less than 5 Business Days after the notice is received by the Regulated Person (Rule 28.14.5) and for Appeal Tribunal hearings it must be not less than 15 Business Days after the date of the notice (Rule 28.16.5).

Rule 28.17.3 provides that proceedings of the Disciplinary Tribunal and the Appeal Tribunal shall be conducted with as little formality and technicality, and with as much expedition, as a proper consideration of the matters before the relevant tribunal permit. While both the Disciplinary Tribunal and the Appeal Tribunal do not operate as a court, some court practices or procedures may be adopted by the Tribunals in hearings, for example, setting time-tables for the submission of material to the Tribunal and other parties.

The venue for a hearing is chosen by the relevant tribunal. The venue is often ASX's premises in the home state of the Participating Organisation. Alternatively, the Disciplinary Tribunal or the Appeal Tribunal may choose to hold a hearing by video or telephone conference.

If the Regulated Person does not want to appear in person or be represented before the Disciplinary Tribunal or Appeal Tribunal, it may lodge a written submission for consideration by the relevant tribunal. The submission must be lodged not less than 5 Business Days before the date of the hearing (Rule 28.17.2).

Hearings before the Disciplinary Tribunal and the Appeal Tribunal take place in private. However, 2 representatives of each of the Participating Organisation and ASX are entitled to be present and to make submissions (Rule 28.17.1). The relevant tribunal may also permit more than 2 representatives to be present. A representative may be a member or employee of the party appearing before the tribunal, or a barrister or solicitor or any other person approved by the tribunal (Rule 28.17.1).

At the commencement of a hearing, it is customary for the chairperson to:

- identify the members of the tribunal;
- request the parties and their representatives to identify themselves and in the course of doing so, draw to the parties attention that (if relevant) the proceedings are being recorded;
- ascertain whether there are any procedural objections, not previously raised, to the convening of the hearing or the composition of the tribunal; and
- ascertain whether the Regulated Person continues to contest the Contravention Notice brought against them.

Once it has ascertained that the contravention notice continues to be contested, the tribunal will invite ASX to put before it the evidence upon which ASX relies in support of the Contravention Notice and to address the tribunal in relation thereto. After ASX has presented its evidence and made its address, the tribunal will invite the Regulated Person to present its evidence and to address the tribunal in relation to the Contravention Notice. After the Regulated Person has completed its address, the tribunal will afford ASX an opportunity to address the tribunal in reply.

The tribunal will also invite the parties to address it on the question of any sanction which it would be appropriate to impose, in the event that it finds that the Rules have been contravened. It may call for addresses to be made on the question of sanctions as part of the submissions in support of or in opposition to the Contravention Notice, or it may ask that those submissions be made if and when it makes a finding that a contravention of the Rules has occurred. If the latter, the same order of addresses will apply as for addresses in support of or in opposition to the Contravention Notice.

A tribunal must determine a matter without bias and give both ASX and the Regulated Person a fair hearing and observe the rules of procedural fairness (Rule 28.17.4).

Apart from the obligation to observe the requirements of Rule 28.17, the Disciplinary Tribunal and the Appeal Tribunal may conduct proceedings as they see fit (Rule 28.17.3). Neither tribunal is obliged to observe formal rules of evidence and may give such weight to items of evidence placed before it as it considers appropriate and fair in all the circumstances. Evidence placed before the Disciplinary Tribunal and the Appeal Tribunal by ASX and by Regulated Person is commonly in written form, supported by oral submissions made by the parties. The written evidence commonly includes a report and trading or other business records of the Regulated Person. The Disciplinary Tribunal, and the Appeal Tribunal where relevant, may permit oral evidence to be led before them. It is a matter for the relevant tribunal's discretion whether to permit a person who provides oral evidence to be cross-examined. The relevant tribunal may itself choose to question a person who provides oral evidence.

The Disciplinary Tribunal and the Appeal Tribunal are not obliged to make a transcript of a hearing but may elect to do so (Rule 28.17.3). The usual practice is that the hearing is recorded

and the relevant tribunal subsequently makes a decision on whether to prepare a transcript from the recording. Any transcript made is required to be copied to the Regulated Person who is the subject of the hearing as well as to ASX (Rule 28.17.3).

A determination of the Disciplinary Tribunal or the Appeal Tribunal is made by a simple majority of votes of the 3 members of the relevant tribunal. Each member, including the chairperson, has one vote. The chairperson does not have a casting vote (Rule 28.17.5).

The relevant tribunal may make its determination immediately after the conclusion of submissions made to it by the parties or it may reserve its decision to a later date. In either case, the Disciplinary Tribunal and the Appeal Tribunal are each obliged to provide written reasons for their determinations within 30 Business Days after the determination is made (Rules 28.14.7 and 28.16.10).

The Rules contain provisions whereby the Appeal Tribunal can award costs, as follows:-

- if it considers that a party to the appeal, or to the proceedings the subject of the appeal, has acted vexatiously, frivolously or unreasonably, the Appeal Tribunal may order that party to pay to another party to the proceedings, the whole or part of the costs and expenses incurred by the other party (Rule 28.16.7), and/or
- if it considers that a decision of the Disciplinary Tribunal is unreasonable, the Appeal Tribunal may order ASX to pay to another party to the proceedings, the whole or part of the costs and expense incurred by the other party (Rule 28.16.8).

Where an order for costs is made, it may be for a specified or unspecified amount (Rule 28.16.9(a)). Where the amount is unspecified, the Appeal Tribunal must specify the basis on which the amount is to be determined (Rule 28.16.9(b)). The Appeal Tribunal may also specify the terms on which costs must be paid (Rule 28.16.9(c)).

Publication of Disciplinary Tribunal and Appeal Tribunal Determinations

Rule 28.8.3 provides that where a Regulated Person has had imposed on it or him/her a sanction under Rule 28.3 or 28.4 – for example a fine or a suspension – ASX may in its discretion make a public announcement of the name of the Regulated Person concerned and any other information that it considers relevant. ASX has delegated this power to the Disciplinary Tribunal and the Appeal Tribunal. The Disciplinary Tribunal, and where relevant the Appeal Tribunal, may decide in what form and in what manner the announcement should be made.

The usual practice is for an announcement, including a summary of relevant circumstances, to be published in the form of a “Blue Participant Circular” to Regulated Person and/or a “Green Derivatives Notice” to Derivatives Trading and Clearing Participants, under the heading “Disciplinary Matters”.

In addition, where a Regulated Person has been determined pursuant to Rule 28.3.7 to have contravened the Rules or has been suspended or had its recognition cancelled pursuant to Rule 28.4, ASX records details of the determination in a register (Rule 28.8.1). The register is available for public inspection during business hours by appointment.

It should be noted that by Rule 28.7.5 ASX and the Disciplinary Tribunal will not announce a determination made pursuant to Rule 28.3.7 or 28.3 or 28.4 until after expiry of the 10 Business Day appeal period after receipt of written reasons for the determination. Where an appeal is lodged with the Appeal Tribunal within that 10 Business Day period, ASX and the Appeal Tribunal will not announce the determination until the appeal is determined.

Report to Australian Securities and Investments Commission

If the Disciplinary Tribunal, and where relevant the Appeal Tribunal, takes disciplinary action against a Regulated Person, ASX is obliged by Section 792B(2) of the Corporations Act to lodge with ASIC written particulars of the name of the Regulated Person, the reason for and nature of the action taken.

Qualification

ASX has published this note to promote commercial certainty and to assist Participants. Nothing in this note necessarily binds ASX in the application of the Rules in a particular case. In issuing this note, ASX is not providing legal advice and market participants should obtain their own advice from a qualified professional person in respect of their obligations. ASX may replace this Guidance Note at any time without further express notice to any particular person. Readers may contact ASX to ensure they have the latest version.

KEY TOPICS

1. Client Order Priority
2. Limit Orders
3. Discretionary Trading
4. Allocation

ASX Market Rules

1. 7.5

Guidance Note History

Re-Issued:

11 March 2004 –
New Rule Introduction

Previously:

2 February 2000
ASX GN 1/00

CLIENT ORDER PRIORITY

Purpose

The purpose of this guidance note is to provide assistance to ASX Market Participant in the interpretation of the ASX Market Rule 7.5 in relation to Client Order Processing.

Background

A Market Participant is in a fiduciary relationship with its client as agent for the client. A fundamental obligation arising from that relationship is that the Market Participant must act in the best interests of the client. It follows from this that the Market Participant must not place itself in a position in which its personal interests and its duty are in conflict with the interests of its client.

The principles in Rule 7.5 provide flexibility to Market Participants in relation to trading of principal orders and orders on behalf of a Prescribed Person provided the over-riding obligation of the Market Participant to act in the best interests of its client is adhered to. In particular the Market Participant must not give unfair preference to itself, to any Prescribed Person or to any client, over another client.

Rule 7.5.1 outlines the meaning of dealing on “own account”. Market Participants should take note of this to ensure that their understanding of “own account” is consistent with the Rules.

Rule 7.5.2 outlines exceptions to the definition of “own account” for Market Participants in exceptional circumstances. Market Participants should make themselves familiar with these also.

Rule 7.5.3 requires a Market Participant to deal fairly and in due turn with:

- (a) clients’ orders; and
- (b) a client order and an order on its own account or on account of a Prescribed Person.

This primary obligation is then placed in context, by reference to a number of relevant factors set out in Rule 7.5.4. Each of these factors is discussed in the paragraphs below.

(i) ***The Market Participant acts in accordance with its instructions.***

This factor is self-explanatory. For example, Client A instructs the Market Participant to place a limit buy order. Client B subsequently instructs the Market Participant to place a buy order at market, which is currently at a price above the limit buy order. The Market Participant would not breach its obligations under the Rule if Client B's order was successfully filled at Market, since the Market Participant has carried out both clients' instructions.

The same principle would apply if it were the Market Participant's house account that had requested the "at market" buy order.

(ii) ***Orders that do not involve the exercise of discretion by the Market Participant in relation to the time or price or quantity of the order are entered in SEATS in the sequence in which they are received, and otherwise as expeditiously as practicable.***

In cases where the Market Participant has carried out instructions, there is no delay in entering the order (except on instructions), the price/time priority of SEATS determines which orders trade, and allocation is automatic, best execution can be said to have been obtained, even if the Market Participant's house order is satisfied ahead of a client's order. This is particularly the case where the Market Participant has no control over the placement of client orders onto SEATS such as when the client uses Automated Client Order Processing (ACOP). Similarly, orders received over the internet are generally placed on SEATS immediately they are received, minimising or eliminating opportunities for delay.

In such cases it remains a matter for the judgement and integrity of the Market Participant as to whether, notwithstanding that the Market Participant's house account had time priority, it re-allocates the house trade to a client who placed an order later in time via ACOP or the internet. ASX would expect clients (whether retail or wholesale investors) to be advised of the Market Participant's allocation policy between other clients, the Market Participant's house account and Prescribed Persons. This is most particularly the case where trades for the Market Participant's house account or for Prescribed Persons are dealt with and/or allocated on a price/time priority, in the same way as client trades.

(iii) ***Orders of a client (which is not a Prescribed Person) that involve the exercise of discretion by the Market Participant in relation to the time or price or quantity of the order are given preference over orders of the Market Participants' own account, unless the client otherwise consents. This means that from the time of receipt of the order until it is fully executed, the Market Participant does not enter into, on its own account, a Market Transaction for the same Products on the same terms unless:***

- A. the Products are allocated to the client in accordance with Rule 7.5.6(c); or***
- B the Products are allocated to the client pursuant to an allocation policy previously disclosed to the client to which the client consents, under which the***

Market Participant may buy or sell (and be allocated) the same Traded Products on its own account

However, a limit order which cannot be executed owing to price differences is not on the same terms.

The provision does not enable a Market Participant to place its own interests ahead of those of its client, as the Market Participant is still subject to the over-riding obligation to deal fairly and in due turn (as specified in Rule 7.5.3 (a)).

However in appropriate circumstances, the Market Participant may be dealing fairly and in due turn if with its client's consent, it shares a trade pro-rata between clients, the house account or a Prescribed Person. Appropriate circumstances might include one or more of the following:

- appropriate Chinese walls being in place between the Market Participant's principal trading desk and the client advisory side of the business. (Guidance Note 7/97 provides some guidance as to appropriate Chinese wall arrangements);
- Prescribed Persons are subject to appropriate trading restrictions such as embargoes on dealing in specified securities where the Market Participant or a related party is underwriting those securities or providing corporate advisory services to the issuer of those securities, "black out" periods such as where there is a change in the firm's research recommendation for those securities, trading by Prescribed Persons such as employees and securities representatives and their Associates is subject to the prior written consent of a partner, director or appropriate appointee in accordance with Business Rules 5.8(5) and (6);

However in appropriate circumstances, the Market Participant may be dealing fairly and in due turn if

- the orders are received at approximately the same time;
- the Market Participant believes on reasonable grounds that without its own participation as principal, it would not be able to effect those orders on such favourable terms or at all.

Similarly, in appropriate circumstances the Market Participant may be dealing fairly and in due turn if it executes a trade for the house account or for a Prescribed Person, prior to a trade for a client. Appropriate circumstances might include one or more of the following:

- appropriate Chinese walls) being in place between the Market Participant's principal trading desk and the client advisory side of the business. This should include meaningful restriction of access to electronic records, computer files and screens as well as physical separation;
- Prescribed Persons are subject to appropriate trading restrictions such as embargoes on dealing in specified securities, "blackout" periods and other trading restrictions (as noted above);

- it is clear that the orders of the Market Participant's house account or of the Prescribed Person were placed on SEATS earlier in time than the client orders.

In such circumstances, provided the Market Participant has not given unfair preference to itself or a Prescribed Person, the Rule will not mandate a give up of the trade in favour of the client.

In both cases the client must have been advised in **very clear** terms by the Market Participant as to its procedures for ensuring it deals fairly and in due turn in accordance with Rule 7.5.3 (a). Additionally the client must have consented as to the circumstances the Market Participant may buy or sell the Traded Products on its own account or on the account of a Prescribed Person on the same terms whilst there is an unfilled order of the client.

The Market Participant should keep a record of such disclosure to the client and of such client's consent if it is given. Where retail clients are involved, the Market Participant will need to be particularly careful to ensure that the client's consent is an informed one. The record may be kept electronically, noted on the order record, contained in a client agreement or as part of the account opening procedures employed.

It would be prudent for Market Participants which do not give up trades done on behalf of the house account or Prescribed Persons, in favour of their clients, to specify their procedures in some written format, such as in the client agreement. The consent may also be confirmed in contract notes, particularly where the client is a retail client. (If it is in the contract note, a provision along the lines of "Under the ASX Market Rules you have consented not to obtain the benefit of client order precedence" would suffice).

ASX would expect the disclosure by the Market Participant to its client to be comprehensive in that the Market Participant should also disclose to its clients whether orders on behalf of its house account may be placed with other Market Participants, and thus compete with a client's order indirectly.

Limit Orders

Both ASX Market Rule 7.5.4(c)(ii) and 991B(3)(a) the Corporations Act specifically acknowledge that a limit order, which cannot be executed owing to price differences, is not on the same terms.

However deliberate attempts by Market Participants to avoid their obligations under Rule 7.5.4(c)(ii) by placing bids at a higher price or offers at a lower price than those of their client, such that the market moves against their client's order are clearly not in the best interests of their client. Such actions may be considered as Unprofessional Conduct.

- (d) *if the sequence of entry of orders into the relevant Trading Platform is not clearly established by the time the orders were received, and one of the orders is for the Market Participant's own account, the Market Participant gives preference to the order of a client over any order for the Market Participant's own account.*



Where the sequence of entry of orders to the relevant Trading Platform is not clearly established, it may be necessary to give the client the benefit of favourable trades at the expense of the house account, or Prescribed Persons. This should be the case regardless of whether or not the client's order involves discretion by the Market Participant in relation to the time, price or quantity of the order.

Discretionary Accounts

Discretionary accounts and managed funds, which are operated by a Market Participant on behalf of a client, require special consideration. Such clients are much more reliant on the Market Participant to do the right thing by them (because of the extent of the discretion given to them) and the Market Participant therefore must be even more diligent in carrying out its obligation to act in the best interests of the client.

Accordingly, the most prudent approach for Market Participants, which trade as principal, while operating discretionary accounts and managed funds, is to give up all house trades on the same terms in favour of the client.

If any other procedure is to apply other than the strict client order precedence in such circumstances, then the Market Participant must ensure that it fully discloses that procedure to its client in a meaningful way, and the client gives an informed consent to that procedure being applied to the client's discretionary account or managed fund.

- (e) if the Market Participant has acted in accordance with its procedures to ensure that a person initiating, transmitting or executing a dealing who is aware of instructions of a client (which is not a Prescribed Person) to deal in the relevant Products that has not been entered in the relevant Trading Platform does not use that information to the disadvantage of that client.***

This provision is intended to prohibit front running either by the Market Participant, a Prescribed Person or other clients of the Market Participant.

- (f) the Market Participant buys or sells for a Wholesale Client;***

For some time there has been a carve out from the ASX Market Rules for Wholesale Clients (as defined in the Market Rules) where a Market Participant confines its clients to Wholesale Clients and executes each transaction to the best advantage of the Wholesale Clients.

This has been in recognition of the ability of Wholesale Client to make their own trading decisions independently of the Market Participant. It is also in recognition of the fact that many Wholesale Client benefit from Market Participant's trading on their own account, in that Market Participants are able to offer "principal facilitation" (i.e. take the other side of a trade with a Wholesale Client so as to provide liquidity for that Investor, in the knowledge that they are able to unwind the principal position they have taken on in the market). Many of the principles outlined in the above paragraphs dealing with Chinese walls will therefore not apply to "principal facilitation" business, where interaction



between the client advisory and the principal facilitation areas of the business is necessary and required by the Wholesale client.

While Business Rule 7.5.4 does not differentiate between categories of investor if a Market Participant has different client order precedence procedures for Wholesale Clients, as opposed to retail investors, then clearly this must be disclosed to the Wholesale Clients.

- (g) *allocation of sales or purchases occurs in accordance with Rule 7.5.5; and*
- (h) *a Market Participant keep a record of a client's consent under Rule 7.5.4(c)*

ALLOCATION (RULE 7.5.5)

Purpose

ASX Market Rule 7.5.5 has been written to provide a broad obligation to allocate purchases and sales fairly. Business Rule 7.5.6 sets out relevant factors in determining whether the obligation has been met. Rule 7.5.5 links into Rule 7.5.4.

Background

The Rule recognises that a “first in, first served” allocation policy, particularly between clients, may not always be the fairest way to deal with competition between clients for priority to trade. The Rule allows the Market Participant flexibility, provided the Market Participant has disclosed to its clients its allocation policy in a clear and meaningful way, prior to trading.

Disclosure of Principal Dealing

Under Market Rule 7.3.2, if a Market Participant acts as principal, they must disclose that fact to a client prior to entering into a transaction with that client. As such, Market Participants must ensure that where a client order is received electronically and the Market Participant will take the other side of an ensuing trade as principal, the client is contacted and the fact that the Market Participant is acting as principal and not as an agent, is effectively disclosed. Care must be taken in such circumstances inasmuch as a client might challenge the effectiveness of a disclosure transmitted to the client's e-mail address if the client has not actually read the e-mail message. Whatever arrangements a Market Participant adopts in this regard, they should be effectively communicated to clients prior to processing any electronic orders on their behalf.

Qualification

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qualified professional person in respect of their obligations. ASX may replace this Guidance Note at any time without further express notice to any particular person. Readers may contact ASX to ensure they have the latest version

KEY TOPICS

1. Relevant Provisions of the Rules and Corps Act
2. Policy and Procedure content

ASX Market Rules

1. 4.9
2. 7.11.2
3. 7.11.3

Cross-reference

1. s 981A(1) – Corps Act

Guidance Note History

Re-Issued:
11 March 2004
– New Rule
Introduction

Previously:
27 February 1998
ASX GN 1/98

CLIENT MONEY & PROPERTY – Client Funds Deposited with Third Parties

Purpose

The purpose of this guidance note is to provide assistance to Market Participants to understand their obligations in relation to clients who deposit funds (whether or not related to a particular transaction or transactions) with third parties ("depositees"). The scope of this guidance note is limited solely to situations in which the Market Participant can access these funds on the client's behalf.

Background

Client funds held in a Market Participant's Trust Account or a segregated account generally do not earn interest for Clients. Clients who wish to earn interest on their funds, may frequently elect to have their funds deposited with depositees (commonly known as Cash Management Trusts or CMT's) and, may or may not grant access to these funds to the Market Participant.

Relevant Provisions

No special provisions contained in either the ASX Market Rules or Corporations Act specifically regulate the deposit of client funds with a depositee, although the following provisions are relevant in the manner indicated.

1. Market Rule 4.9 and the relevant Procedure require every Market Participant to maintain sufficiently detailed records that show the particulars of all moneys received or paid by the Market Participant.

Rule 4.9 and section 981A(1) of the Corporations Act require that certain client funds received by the Market Participant are paid into the Trust Account (Trust Accounts for Traded Products and Options 7.11.2 & for Segregated Accounts 7.11.3).

These provisions do not normally require money received by the Market Participant for the express purpose of deposit with a depositee to first be paid into the Market Participants Trust Account. Section 981A(2) however, specifically excludes funds that are received from or on

behalf of a client and that are made payable to, or to the order of, a specific person or bearer with express or implied instructions that the funds are to be delivered to that party, from the Trust Account obligations of section 981A(2).

2. If a Market Participant manages a discretionary account then Rule 7.9 must be complied with. It requires the terms and conditions under which the Market Participant is to operate the account to be included in a written authorisation executed by the client before it is acted upon.
3. A Market Participant has a fiduciary duty to make full disclosure to a client of any interest in, or benefits received from, transactions arising from the placement of a client's funds.

Under ASX Market Rule 7.21, where a client lends money to a Market Participant or an entity managed or controlled by the Market Participant, the Market Participant is required to provide written notice to each such client that the general protection of the National Guarantee Fund may not apply to such money lent

Policy and Procedures

Market Participants that have access to client funds deposited with depositees, may, as a result, assume additional obligations and responsibilities. These Market Participants should therefore adopt effective policies and procedures in relation to the handling of such funds. These policies and procedures should be clearly documented and effectively communicated to relevant staff (especially those involved in the administration of the funds).

Irrespective of whether or not client funds deposited with a depositee are recorded through the Market Participant's Trust Account, in circumstances where the Market Participant will deal with, or otherwise have access to the funds, it is essential that the written directions of the client in relation to those funds first be obtained.

Listed below are selected issues to consider when developing, implementing and operating relevant policies and procedures:

1. Written authority in relation to trust funds to be withdrawn and paid to a depositee, must be received from the client prior to or at the time the funds are withdrawn from the Market Participant's Trust or Client Segregated Account;
2. If the Market Participant does not have a general written authority from the client to act on the client's behalf, written authority to deposit and withdraw funds must be received from the client each time such an action is taken;
3. If the account name and address is that of the Market Participant or its nominee, all account statements (either the originals or conforming copies) received from the depositee should be forwarded to the client as soon as practicable;
4. All client funds deposited with depositees should be lodged in either the client's name or in the name of the Market Participant's nominee company - <a/c client name> for the client's protection.

If a client account is in the format “Market Participant name - <a/c client>”, consideration should be given to changing this to “Market Participant’s nominee company - <a/c client>”. Similarly, consideration should be given to statements being sent directly to the client from the depositee. Structuring client deposits in this manner protects the client in the event of the Market Participant’s default or insolvency where complications may arise with respect to the client’s ability to promptly access its funds;

5. Where a Market Participant is authorised by the client to deposit and withdraw funds on the client’s behalf, a policy requiring at least two signatories within the Market Participant to effect withdrawals should be implemented. Such signatories should have senior administrative roles in the Market Participant. The Exchange considers it inappropriate for an adviser to be an authorised signatory with respect to a client’s deposit;
6. Effective controls should be in place to ensure adequate security of Personal Identification Numbers which are linked to client accounts with depositees;
7. Clients should be advised in writing that the funds placed on deposit with the depositee may not be covered by the National Guarantee Fund or the ASX Fidelity Fund;
8. In those circumstances in which both the client and the Market Participant can withdraw funds held by the depositee, the Market Participant should have in place arrangements which provide reasonable assurance that funds required for settlement will be available when needed (eg the depositee promptly notifies the Market Participant each time the client withdraws funds or a withdrawal requested by the Market Participant freezes the funds for the benefit of the Market Participant);

Qualification

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KEY TOPICS

1. Guidelines of establishing Chinese Walls

ASX Market Rules

1. 7.18

Guidance Note History

Re-Issued:

11 March 2004
Introduction of New Rule Book

Previously:

28 August 1997
ASX GN 7/97

PROHIBITION OF ADVICE TO CLIENTS

Purpose

The purpose of this guidance note is to provide assistance to Market Participants on the interpretation of ASX Market Rule 7.18 and to set out the ASX prescribed Chinese Walls guidelines for Market Participants pursuant to that rule.

This document does not deal with the provisions 3 of Part 7.10 of the Corporations Act which provides the statutory basis of the regulation of insider trading. Market Participants should refer to the provisions of sections 1043F “Chinese Walls arrangements by bodies corporate”, 1043G “Chinese Walls arrangements by partnerships” and the provisions of section 1043A “Prohibited conduct by person in possession of inside information” when considering the provisions of this guidance note.

Background

The term ‘Chinese Walls’ refers to procedures and policies that are designed to restrict the dissemination or passing of Financial Product information that is not generally available and might have a material effect on the price of the security if that information were generally available.

Chinese Walls are typically established to prevent insider trading activity and to avoid conflicts of interest within an organisation. Once established, Chinese Walls procedures require ongoing monitoring and maintenance.

Market Participants are not required by the Market Rules to establish Chinese Walls. However, Market Participants who have previously notified ASX that they have created Chinese Walls for the purposes of Market Rule 7.18 should review their procedures to ensure they conform to this guidance note. Further notification to ASX is not required unless the Chinese Walls are to be altered to conform to the requirements of this guidance note or if the Chinese Walls cease to exist.

Rule 7.18 provides an exception to this prohibition if the Market Participant has Chinese Walls in place and the particular person within the Market Participant who is advising the other client, is not in possession of such non-public price sensitive information.

ASX encourages Market Participant to take advantage of this exception by following the provisions of this guidance note.

Guidelines

The following procedures represent the guidelines prescribed by ASX for the establishment of Chinese Walls by Market Participant for the purposes of Business Rule 7.18.

Written policy statement and restricted communication flows

1. A written policy statement forbidding communication of non-public information to members of staff who offer Financial Product advice or trade Financial Products must be completed by the Market Participant.
2. Communication of non-public information (or information that is not generally available) across Chinese Walls is to be strictly prohibited. For example, between the investment/trading departments and the corporate advisory/underwriting departments.
3. Communication of general market information is not required to be restricted between departments or work units on opposite sides of the Chinese Walls.

Acknowledgment of Chinese Walls

4. The written policy statement is to be distributed to all staff.
5. All members of staff are to acknowledge in writing that they have read, understood and have agreed to comply with the Market Participant written policy statement.
6. The Market Participant is to retain these acknowledgments. Attachment 1 details a form of acknowledgment.
7. The staff acknowledgments are to be renewed annually.
8. New members of staff are to:
 - be informed of their obligations with respect to insider trading;
 - be informed of the Market Participant's Chinese Walls policies and procedures; and

Complete a personal acknowledgment, immediately on commencement of employment.

9. Partners/directors are to acknowledge in writing that they agree to be denied information regarding the Market Participant's business activities where the communication of that information would be in breach of the Market Participants Chinese Walls procedures. Attachment 2 details a form of acknowledgment.

Physical access restrictions

10. Access to documents (including electronic records and computer files) which may contain non-public information (or information that is not generally available), is to be restricted and the restriction monitored by a nominated officer(s) in the Market Participant. The nominated officer is to be referred to in the written policy statement.

Separate supervision of each department or work unit

11. The departments or work units on opposite sides of the Chinese Walls are to have separate management supervision on a day to day basis.

Physical separation

12. Departments or areas likely to be in possession of non-public Financial Product information (or information that is not generally available), will be physically separated and secured from Financial Product advisory and trading departments or areas.

Limits on transfer of staff between department or work units

13. Frequent transfers of personnel between corporate (and other like departments) and dealing/advising departments is to be avoided.
14. No member of staff who is in a position of knowing non-public information (or information that is not generally available), may participate in any investment committees (or similar bodies) or engage in activities involving the giving of Financial Product advice, including research reports and funds management.

Continuing education

15. The Market Participant is to facilitate the periodic (at least annual) training and education of members of staff in relation to the nature and implication of insider trading and other commonly encountered conflict of interests.

Monitoring and detection of breaches

16. The Market Participant is to arrange for periodic internal review (at least annual) and external (where warranted) auditing of the effectiveness of its written policy statement.

17. Where the integrity of the Chinese Walls is not maintained (ie. they are breached), the Market Participant must immediately (upon detection of the breach) initiate steps to ensure that members of staff who are in a position to use the non-public information (or information that is not generally available) are immediately prohibited from advising on or initiating dealings in any Financial Products whose market price is likely to be affected by the disclosure of that information.

Qualification

ASX has published this note to promote commercial certainty and to assist Participants. Nothing in this note necessarily binds ASX in the application of the Rules in a particular case. In issuing this note ASX is not providing legal advice and market participants should obtain their own advice from a qualified professional person in respect of their obligations. ASX may replace this Guidance Note at any time without further express notice to any particular person. Readers may contact ASX to ensure they have the latest version.



Attachment 1

Acknowledgment by Member of Staff of Chinese Walls Procedures and Policies

I _____, hereby state that I have read, understand and agree to comply with (a) the procedures and policies relating to the operation of Chinese Walls and (b) ASX Market Rule 7.18.

Signature

_____/_____/_____
Date



Attachment 2

Acknowledgment by Director/Partner

I _____, hereby state that I have read, understand and agree to comply with (a) the procedures and policies relating to the operation of Chinese Walls and (b) ASX Market Rule 7.18 and agree to be denied information regarding the Market Participants business activities where the communication of that information would be in breach of the Chinese Walls procedures.

Signature

_____/_____/_____
Date

KEY TOPICS

1. Trade Errors
2. Error Disputes
3. Cancellations

ASX Market Rules

1. Section 15
2. Rule 14.1.1
3. Rule 28.15 to 28.17

Guidance Note History

Re-Issued – 1 July 2004

Amended –
28 November 2005

**Previously: ASX
Guidance Note 03/02
and 04/02**

TRADE ERRORS, ERROR DISPUTES AND CANCELLATIONS

Purpose

The purpose of this Guidance Note is to provide guidance to Trading Participants as to the intent and general operation of ASX Market Rule 15 that deals with trade errors and the available rectification steps for all Products made available for trading by ASX.

This Guidance Note provides guidance to Trading Participants on those Rules in Section 15 that address Error Disputes. It does not provide guidance to Trading Participants on those Rules in Section 15 that address Dealing Disputes.

This Guidance Note supersedes Guidance Note 04/02.

Background

Section 15 empowers ASX:

- (a) to authorise and permit the cancellation or amendment of a trade entered into on the basis of an Error where such action is agreed to by the Trading Participants who effected the trade; and
- (b) to cancel or amend a trade entered into on the basis of an Error where:
 - (i) the Trading Participants who effected the trade are in dispute as to whether it should be cancelled or amended; and
 - (ii) ASX considers that the trade may give rise to circumstances contrary to the interests of a fair and orderly Market.

The following principles underpin these Rules:

- Trading Participants are responsible for all their transactions and should not rely on the dispute resolution process as a substitute for ensuring adequately trained and diligent personnel or the implementation of appropriate automated filters.
- ASX believes it is in the interests of all Market Participants that traded prices properly reflect prevailing market prices and that Market Participants should not seek windfall profits from trading which is not fair and orderly.
- A trade that would appear to any competent Designated Trading Representative (DTR) to be significantly outside prevailing market prices or volumes may be eligible for recognition as an obvious error.
- A Trading Participant must ensure the conduct of an orderly market. This includes not intentionally taking advantage of a situation where a breakdown or malfunction in ASX procedures or systems management results in an erroneous trade. These trades will constitute an Error for the purposes of these Rules.
- ASX believes it is in the best interests of all Market Participants that Trading Participants take immediate steps to minimise any flow-on effects of trades made in Error.
- The financial significance of the trading loss may be taken into account when deciding to refer an Error Dispute to a Dispute Governors Committee.

Obligations

A Trading Participant is obliged under Market Rule 15.2.1 to notify ASX of an Error if it wishes to have, or retain the right to request to have, the trade cancelled or amended by ASX (even if it is also conducting negotiations aimed at mutual agreement to resolve the erroneous trade in the meantime). Additionally, should an Error Dispute arise, the Trading Participant is obliged to comply with the direction given by ASX under Market Rule 15.4.7.

For the purposes of meeting these obligations, ASX Market Control will be the primary contact point within ASX for Trading Participants. Notification should be delivered through a recorded telephone call or email.



Timings

A Trading Participant that proposes to notify ASX Market Control of an Error under Rule 15.2.1 must do so within 15 minutes of the execution of the Market Transaction if it wishes to have, or retain the right to request to have, the trade cancelled or amended by ASX.

Where ASX is the initiator of a notification under Rule 15.2.2 that an Error has occurred and has requested a submission from a Trading Participant as to the facts surrounding the cause and subsequent trading implications of the transaction, this information must be delivered within 3 hours of the ASX request.

If Trading Participants cannot agree to resolve an Error a Trading Participant that chooses to refer the alleged Error to ASX under Rule 15.2.6 must refer the Error to ASX Market Control immediately and within 15 minutes of making the referral, provide a statement presenting details of the disputed transactions and the efforts used to try and achieve agreement (see ASX Market Rule Procedure 15.2.6 for further procedural requirements).

All communications relating to Errors and disputes involving erroneous trades must be carried out on the day of the event. Trading Participants are well aware of the practical constraints surrounding amendment or cancellation of trades and the need for timely action. In the case of trades in Derivative Market Contracts amendments or cancellations must occur before the close of trading on the Trading Day (T). Trades in Cash Market Products may be amended or cancelled up to the end of T+1, however this does not alter the timing for initial notification nor does it alter the principle of immediacy of action in order to minimise flow-on effects.

A Trading Participant that fails to adhere to these short time limits may not be able to refer a dispute to ASX under Section 15 Rules.

Errors resolved by Mutual Agreement

Transactions arising from erroneous orders may, with the consent of the counterparty, be resolved in accordance with ASX Market Rule 15.2.4. Where a Trading Participant is unable to identify a counterparty the Trading Participant may request ASX to facilitate agreement with a counterparty by following the procedure set out in Rule 15.2.8 and Procedure 15.2.8. ASX will notify the Trading Participant of the counterparty's response to a request that a trade be amended or cancelled as soon as reasonably practicable. If the counterparty acknowledges to ASX its agreement to the Trading Participant's request that a trade be amended or cancelled the parties will be taken to have agreed to the cancellation or amendment. If agreement cannot be reached, because the counterparty does not agree or ASX cannot contact the counterparty, the Trading Participant may refer the Error to ASX under Rule 15.2.6 (within 15 minutes of being notified) and ASX will decide whether to refer the Error Dispute to a Dispute Governors Committee.

ASX expects Trading Participants to agree to rectify obviously erroneous trades in appropriate circumstances, particularly where there may be unfair or disorderly market concerns. The scope of a rectification event may encompass all trades that specifically resulted from the identified error



transaction within a single Product made available for trading by ASX but may not extend to positions created in other Products as part of a broader trading strategy.

Some examples are:

- An erroneous trade in a Warrant, which has had an associated equity transaction to create a hedge position, is identified. After discussion between the Trading Participants involved in the Warrant trade, an agreed amendment to the price of the Warrant trade is struck in order to rectify the abnormality of the trade itself and permit the equity hedge to remain in place. This rectification methodology recognises the separation of Products and avoids fair and orderly market impacts on the related Trading Participant(s) involved in the other side of the equity hedge transaction.
- An Equity Combination order that matches against another Equity Combination order with an error in its pricing or volume will be treated as a single transaction. However, another Combination order that transacts against multiple individual Option orders may be treated as separate trades for each leg with only one leg being cancelled or amended. Again this methodology avoids fair and orderly market impact upon the Trading Participant(s) involved in the other side of a reasonable individual Option transaction.
- An obviously erroneous buy order entered for an equity that immediately transacts and generates 20 trades and pushes the sell side price up to 30 price steps away from the pre-existing spread. This event triggers a release of a buy order in another Product. The Trading Participant responsible for the erroneous order may propose to let trades within prevailing intra-day price volatility levels stand and seek cancellation for the remainder. The released buy order would be unknown and may not figure in this proposed solution.

Initiating the Dispute Process

As noted above, Trading Participants are obliged to correctly execute trades and so, as a general rule, ASX will not intervene in the first instance to rectify errors that can be resolved by mutual agreement. However, in some situations, a dispute arising from an erroneous trade may be dealt with under the dispute handling process in Market Rule 15.4.

The aim of the dispute resolution action is to resolve the dispute and restore the Market as rapidly as possible to a fair and orderly position. It is possible that this will be a different position from that which the market was in just prior to the occurrence of the erroneous transaction. Trading Participants should not expect the re-establishment of trading priority as a common solution for resolving erroneous trade disputes.



Market Rule 15.4 describes the powers of ASX and the role of a Dispute Governors Committee to resolve disputes. Market Rule 15.4.7 provides ASX with discretion to take any action necessary to restore a fair and orderly market. The sorts of actions that are contemplated include:

- a) ASX may cancel and amend a trade;
- b) ASX may restore an Order;
- c) ASX may direct Trading Participants to cancel, amend and enter into a new position in order to achieve a substantially similar result; and
- d) ASX may request a clearing facility to give effect to ASX's actions by cancelling or amending the registration of an Open Contract.

The Dispute Governors Committee considers and recommends action to resolve disputes between Trading Participants in relation to Error Disputes and Dealing Disputes.

For the purposes of invoking the dispute process pursuant to Rule 15.4, a recognised dispute must be based on either an Error Dispute where the relevant Trading Participants do not mutually agree to cancel or amend the transaction, or a Dealing Disputes between Market Participants arising in relation to any Dealing Rules. Disputes relating to errors with trades must be of sufficient market impact or financial consideration to warrant the convening of a Dispute Governors Committee.

In order to assess whether relevant dispute criteria have been met, the main characteristics and rules of each Product will be used and ASX will involve the appropriately skilled internal staff to provide opinion. It is not appropriate for ASX to be prescriptive on assessment criteria given the diversity of Products and causes involved although guidance may be provided to Trading Participants from time to time.

For example, in the case of an obviously erroneous transaction in an equity outside the S&P/ASX100 index in which multiple impacted Trading Participants have not been able to come to mutual agreement, criteria for considering an erroneous trade of sufficient substance to warrant convening a Dispute Governors Committee may be made as follows:

- The Trading Participant responsible for entering the erroneous order is carrying a trading loss;
- A reference price will be defined as the last traded price immediately before the erroneous transaction or another more appropriate price as the Product might dictate;
- A “reasonable pricing” range will be set using prevailing market prices as, say, 7 price steps above and below this reference price; and
- A minimum trading loss before a dispute may be recognised will be set at \$5,000 between the value of a trade if the disputed volume is priced at the reference price against the value of the trades under dispute.

Where the erroneous trades do not stretch outside the criteria relevant to the market for the Product involved, the trades will be considered as falling within the normal course of business and will not be entitled to any dispute action. The fact that an erroneous trade is outside the relevant criteria does not oblige ASX to refer the matter to a Dispute Governors Committee.

However, issues of maintaining a fair and orderly market would take precedence over the relevant criteria when appropriate.

Where it is decided that a Dispute Governors Committee shall be formed ASX will seek to include Governors with strong experience in the Product involved.

Errors that will not be referred as Error Disputes to the Dispute Governors

Simple errors in order entry by Trading Participants as a result of carelessness which result in trades at prevailing market prices may not trigger the dispute process. These types of errors should be resolved by agreement between all parties involved.

Some examples include:

For all Products

- Trading the incorrect Product at prevailing market prices;
- Buying a single Product at prevailing market prices when selling was the intention and vice versa;
- Trading at prevailing market prices more than once by entering the same order multiple times; or
- Trading reliant upon erroneous announcements by Listed Companies.

For Derivatives Market Contracts

- Trading a combination the wrong way around at prevailing market prices;
- Trading at prevailing market prices when price / quantity figures have been transposed; or
- Incorrectly pricing a spread that trades at prevailing market prices.

In examples such as these, failure to reach agreement means the transaction stands.

ASX is more concerned with whether a competent DTR would regard the price or quantity of the resulting trades to be unreflective of the prevailing market conditions in normal trading circumstances than the underlying reason for the error in its assessment as to whether an Error should be referred as an Error Dispute.

Steps in considering an Error Dispute

When an Error Dispute occurs timeliness is critical and ASX will endeavour to finalise action and, if necessary, restore a fair and orderly market as rapidly as possible.



Subsequent to contact through ASX Market Control and application of the appropriate assessment criteria, the following major dispute resolution steps result:

- ASX assesses whether the extent of the error is of sufficient market impact to warrant any immediate action, and in the extreme case to halt continuous trading in the relevant Product, on a fair and orderly market basis and takes action accordingly.
- ASX assesses whether the transaction in question should or should not be referred to a Dispute Governors Committee by application of the appropriate internal resources, rules and suitable assessment criteria given the circumstances.
- ASX convenes a Dispute Governors Committee comprising one ASX Dispute Governor and two non-conflicted non-ASX Dispute Governors.
- The Dispute Governors Committee examines the details and makes a recommendation to ASX for appropriate resolution of the dispute as soon as practical and on the same day as the dispute arose.
- ASX decides, under Market Rules 15.4.7 or 15.4.8, upon a course of action to resolve the dispute and informs all impacted parties of the decision. The impacted Participants and ASX perform all necessary actions.
- All relevant details of actions and decisions are recorded as they occur.

Appeals

A Trading Participant may appeal against a decision of ASX taken pursuant to Market Rules 15.4.7 or a decision not to refer a matter for dispute to a Dispute Governors Committee.

The appeals process and the powers of the Appeals Tribunal are set out under Market Rules 15.5 and 28.15 to 28.17.

Dispute Governors

ASX invites, and will continue to invite, individuals to perform this role for a period and on terms and conditions ASX considers appropriate. The role of the Dispute Governor is to bring their significant expertise as a market practitioner to provide a pragmatic and impartial resolution recommendation to ASX on a case-by-case basis in a timely manner.

The diversity of Product now tradeable and potential complexities involved in valid disputes requires Dispute Governors to be drawn from many and varied backgrounds in order for this important industry function to operate effectively.

Fees

Where a trade Error Dispute is referred to a Dispute Governors Committee, a fee will be charged to the Trading Participant (if any) who referred the dispute to ASX under Rule 15.2.6. The fee prescribed is set out in the Procedures supporting these Rules.

Both the dispute assessment criteria for each Product and the fee applied can be modified by ASX from time to time and applied as the circumstances of a particular transaction dictates. Changes to standard dispute fee levels will be notified to the market.

Confirmations and Client Relations

It is the responsibility of Trading Participants to manage the relationship with their clients where a transaction has been cancelled.

Clients may be confused by the cancellation of trades after they have been issued a confirmation and may object to having a trade resulting from the error of another Trading Participant cancelled or amended. It is a requirement, pursuant to Market Rule 15.8, that Trading Participants provide written notice to all clients, prior to submitting messages, that ASX has the power to cancel and amend Market Transactions.

Whilst ASX does not require Participants to modify existing client agreements to reflect these Rules, this is a highly recommended step to take, particularly for all new clients. It is also highly recommended that Trading Participants reinforce expectations that cancellations should occur by agreement in the first instance.



Role of DTRs

DTRs are reminded of their obligation to accurately enter orders. ASX may take disciplinary action, particularly in cases of repeat errors. DTRs who repeatedly enter orders in error may be required to be retested in order to retain their access rights or may be suspended from access for a period of time.

Potential Disciplinary Actions

ASX may take a range of disciplinary actions against a Trading Participant responsible for entering erroneous orders into the Market. These include, but may not be limited to, actions for:

- Doing anything which results in a Market for a Product not being both fair and orderly, or failing to do anything where that failure has that effect (Rule 14.1.1); or
- Unprofessional Conduct (Rule 28.3.7),

Disciplinary action will generally be directed towards the Trading Participant responsible for causing the dispute. However, it is possible that the circumstances of the transaction may require disciplinary action to be taken against other Trading Participants seeking to take advantage of the situation.

Qualification

ASX has published this note to promote commercial certainty and to assist Participants. Nothing in this note necessarily binds ASX in the application of the Rules in a particular case. In issuing this note ASX is not providing legal advice and Participants should obtain their own advice from a qualified professional person in respect of their obligations. ASX may replace this Guidance Note at any time without further express notice to any particular person. Readers should contact ASX to ensure they have the latest version.

Enquiries

Enquiries about this Guidance Note can be made to ASX Market Control
Phone: 1800 024 000

Email: seatsmarketcontrol@asx.com.au

KEY TOPICS

1. Principles for making waiver decisions
2. Information to be provided in support of a waiver application
3. ASX decision-making process
4. Publication of waivers

ASX Market Rules

1. 1.5

Cross-reference

1. ACH Guidance Note: “Waivers of ACH Clearing Rules”
2. ASTC Guidance Note: “Waivers of ASTC Settlement Rules”
3. ASX Guidance Note: “Waivers of ASX Market Rules – Warrant-Issuers”

Guidance Note History

Issued 7 May 2004

WAIVERS OF ASX MARKET RULES – Market Participants

Purpose

This Guidance Note is published to assist Market Participants and their advisers to understand how ASX deals with applications for waivers of the ASX Market Rules. This Guidance Note does not consider waivers for Warrant-Issuers pursuant to Section 10 “Warrants”.

Waiver provisions

The ASX Market Rules permit ASX to relieve any person or class of person from the obligation to comply with a provision of the Rules, either generally or in a particular case or category, and either unconditionally or subject to such conditions as ASX thinks fit. If any conditions on a waiver are imposed, all of the conditions must be complied with for the waiver to be effective. A failure to comply with a condition of a waiver constitutes a breach of the Rules. ASX may specify the period or specific event during which any relief from an obligation to comply with a provision of these Rules may apply.

ASX may withdraw a waiver at any time.

Decision-making principles

The broad principle underlying decisions regarding Market Rules relief is that ASX does not wish to inhibit legitimate transactions and business processes that do not undermine the core principles on which the Market Rules are based. In determining whether relief should be granted, ASX will balance commercial need with the need to maintain the integrity of the market.

Waivers will not be granted retrospectively.

Submissions for waivers

Any request by a Market Participant for a waiver must be in writing.

The Market Participant should initially consult with its ASX Compliance Adviser or, in relation to Section 6 “Capital Requirements” and Schedules 1A and 1B, its ASX Risk Management Analyst, regarding a matter or proposal.

The Market Participant, or its professional adviser acting on its behalf (for example, its legal adviser), may then make a request in writing for a waiver. In relation to Section 6 “Capital Requirements” and Schedules 1A and 1B, the request should be addressed to the Participant’s ASX Risk Management Analyst. All other requests should be addressed to the Participant’s ASX Compliance Adviser. If the ASX Market Rule for which a waiver is sought has an equivalent rule in the ACH Clearing Rules or the ASTC Settlement Rules the submission should, if appropriate, include a request for waivers of those other rules. The mere fact that a waiver has been requested does not constitute or imply consent by ASX or that a waiver will be granted.

In preparing a waiver application, the onus is on the Market Participant to establish that there is sufficient commercial and policy justification to waive a Market Rule and that a waiver of the Rule will not have adverse policy implications. A written waiver application should include:

- The start and end date of the requested waiver;
- The Market Rule to be waived;
- The rationale for the waiver in sufficient detail to enable ASX to fully assess the application for the waiver and ensure there are no adverse policy implications if it were to be approved.

Failure to provide this information in the first instance may lead to a delay in finalising the decision on the waiver application.

The ASX decision-making process

In determining waivers from the rules it is important that there be consistency in decision-making. Accordingly:

- decisions in relation to Section 6 “Capital Requirements” and Schedules 1A and 1B will be made by, or in consultation with, the National Manager Risk Management or Manager Risk Management and the National Manager Participant Integrity; and
- decisions in relation to other ASX Market Rules will be made by, or in consultation with, the National Manager Participant Integrity.



In certain circumstances (other than in relation to Section 6 “Capital Requirements” and Schedules 1A and 1B), ASX may decide to take “no action” in response to a request for a waiver rather than grant a waiver. A “no action” advice does not constitute a waiver of the relevant Rule. Whilst ASX may take “no action” to enforce compliance with a Rule, section 793C of the Corporations Act provides that the Courts may, if an application has been made pursuant to that section, enforce compliance with the Rule.

The Market Participant will be informed in writing of the decision as soon as practicable.

Where appropriate, waivers will have an expiry date. The maximum duration of a waiver will generally be 12 months. This provides ASX with an opportunity to review the ongoing need or desirability of the continuation of the relief.

“Decision” and “Basis for Decision”

Following consideration of a request for a waiver, a Market Participant will be informed in writing whether or not that waiver is granted. The format will include a “Decision” and a “Basis for Decision”.

The “Decision” will set out the details of the waiver granted. The “Basis for Decision” will set out the underlying policy behind the rule and the present application of the fact or situation relating to the Market Participant. The present application may include excerpts from the materials in support of the matter or proposal provided by the Market Participant.

Publication of waivers

The Market Rules require that waivers granted by ASX are published in a waivers register. The waivers register includes the details required by the Market Rules, the “Decision” and the “Basis for Decision”. The publication of the waivers register facilitates the transparency of decisions made by ASX.

If ASX grants a waiver sought by a Market Participant, it is expected that the details of the waiver will be on the public record on or about the 10th day of the month after the month in which the waiver is granted.

If the timing of public disclosure is cause for concern for reasons of commercial sensitivity and the Market Participant seeks comfort regarding whether or not a waiver would be granted if it were to apply at a time more acceptable to it, the Market Participant should consider seeking “In principle” advice.

The names of individuals will not be published in the waiver register but will be replaced by reference to “Person A” (or similar) for privacy purposes.



The waivers register is available from the ASX Customer Service centre (1300 300 279) and is updated monthly. ASX also reports all waivers to the Australian Securities and Investments Commission (“ASIC”).

“In principle” advice

In appropriate cases (for example where details of a proposed transaction are commercially time sensitive and a Participant seeks certainty but does not wish details of the transaction to be included on the public register ahead of the transaction occurring for commercially sensitive reasons) ASX may be prepared to give “in principle” advice on the position it is likely to take on a matter. The Market Participant will be required to make both a formal request for the “in principle” advice and a subsequent formal request for the waiver at the relevant later date. A Market Participant should consult with their Compliance Adviser or Risk Analyst if it is thought that an “in principle” submission may be appropriate.

“In principle” advice will be non-binding expressions of ASX’s intent based on facts as known at the time. They will be subject to certain conditions and warranties and will be for a limited time only.

Qualification

ASX has published this note to promote commercial certainty and to assist Participants. Nothing in this note necessarily binds ASX in the application of the Rules in a particular case. In issuing this note, ASX is not providing legal advice and market participants should obtain their own advice from a qualified professional person in respect of their obligations. ASX may replace this Guidance Note at any time without further express notice to any particular person. Readers may contact ASX to ensure they have the latest version.

KEY TOPICS

1. Principles for waiver decisions
2. Information to be provided in support of application
3. ASX decision-making process
4. Appeals
5. Publication of waivers

ASX Market Rules

1. 1.5
2. Section 10

Cross-reference

1. ACH Guidance Note: "Waivers of ACH Clearing Rules"
2. ASTC Guidance Note: "Waivers of ASTC Settlement Rules"
3. ASX Guidance Note: "Waivers of ASX Market Rules – Market Participants"

Guidance Note History

Re-Issued:
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11 March 2004
29 October 1998 ASX GN 6/98

WAIVERS OF ASX MARKET RULES – Warrant-Issuers

Purpose

This Guidance Note is published to assist Warrant-Issuers, Market Participants and their advisers to understand how ASX deals with applications for waivers of Section 10 of the ASX Market Rules. This Guidance Note only considers waivers for Warrant-Issuers pursuant to Section 10 "Warrants" of the ASX Market Rules.

Background

The ASX Structured Products unit is responsible for the warrants market operated by ASX. ASX Structured Products Management will make decisions concerning warrants under the Market Rules. This includes decisions about:

- approval of institutions to be Warrant-Issuers or guarantors;
- applications for admission to trading status for warrants (including the granting of waivers from the Market Rules);
- suspension, trading halts or removal of warrants from trading status; and
- requests for information or reports from Warrant-Issuers and/or guarantors.

Waiver provisions

The ASX Market Rules permit ASX to relieve any person or class of person from the obligation to comply with a provision of the Rules, either generally or in a particular case or category, and either unconditionally or subject to such conditions as ASX thinks fit. If any conditions on a waiver are imposed, all of the conditions must be complied with for the waiver to be effective. A failure to comply with a condition of a waiver constitutes a breach of the Rules. ASX may specify the period or specific event during which any relief from an obligation to comply with a provision of these Rules may apply.

ASX may withdraw a waiver at any time.

Decision-making principles



The broad principle underlying decisions regarding Market Rules relief is that ASX does not wish to inhibit legitimate transactions and business processes that do not undermine the core principles on which the Market Rules are based. In determining whether relief should be granted, ASX will balance commercial need with the need to maintain the integrity of the market.

Waivers will not be granted retrospectively.

Submissions for waivers

Any request by a Warrant-Issuer for a waiver must be in writing. The Warrant-Issuer should initially consult with ASX Structured Products regarding a matter or proposal.

The Warrant-Issuer, or its professional adviser acting on its behalf (for example, its legal adviser), may then make a request in writing for a waiver. The request should be addressed to the National Manager, Structured Products. If the ASX Market Rule for which a waiver is sought has an equivalent rule in the ACH Clearing Rules or the ASTC Settlement Rules the submission should, if appropriate, include a request for waivers of those other rules. The mere fact that a waiver has been requested does not constitute or imply consent by ASX or that a waiver will be granted.

In preparing a waiver application, the onus is on the Warrant-Issuer to establish that there is sufficient commercial and policy justification to waive a Market Rule and that a waiver of the Rule will not have adverse policy implications. A written waiver application should include:

- Identification of the Warrant Series to which the waiver application relates;
- The Market Rule to be waived;
- The rationale for the waiver in sufficient detail to enable ASX to fully assess the application for the waiver and ensure there are no adverse policy implications if it were to be approved.

Failure to provide this information in the first instance may lead to a delay in finalising the decision on the waiver application.

The ASX decision-making process

In determining waivers from the rules it is important that there be consistency in decision-making. Accordingly, decisions in relation to ASX Market Rules Section 10 will be made by, or in consultation with, the National Manager Structured Products.

In certain circumstances ASX may decide to take “no action” in response to a request for a waiver rather than grant a waiver. A “no action” advice does not constitute a waiver of the relevant Rule. Whilst ASX may take “no action” to enforce compliance with a Rule, section 793C of the Corporations Act provides that the Courts may, if an application has been made pursuant to that section, enforce compliance with the Rule.



The Warrant-Issuer will be informed in writing of the decision as soon as practicable.

“Decision” and “Basis for Decision”

Following consideration of a request for a waiver, a Warrant-Issuer will be informed in writing, whether or not that waiver is granted. The format will include a “Decision” and a “Basis for Decision”.

The “Decision” will set out the details of the waiver. The “Basis for Decision” will set out the underlying policy behind the rule and the present application of the fact or situation relating to the Warrant-Issuer. The present application may include excerpts from the materials in support of the matter or proposal provided by the Warrant-Issuer.

Publication of waivers

The Market Rules require that waivers granted by ASX are published in a waivers register. The waivers register includes the details required by the Market Rules, the “Decision” and the “Basis for Decision”. The publication of the waivers register facilitates the transparency of decisions made by ASX.

If ASX grants a waiver sought by a Warrant-Issuer, generally the details of the waiver will be on the public record on or about the 10th day of the month after the month in which the waiver is granted.

If the timing of public disclosure is cause for concern for reasons of commercial sensitivity and the Warrant-Issuer seeks comfort regarding whether or not a waiver would be granted if it were to apply at a time more acceptable to it, the Warrant-Issuer should consider seeking “In principle” advice.

The names of individuals will not be published in the waiver register but will be replaced by reference to “Person A” (or similar) for privacy purposes.

The waivers register is available from the ASX Manager Warrant Administration ((02) 9227-0508) and is updated monthly. ASX also reports all waivers to the Australian Securities and Investments Commission (“ASIC”).

“In principle” advice

In appropriate cases (for example where details of a proposed transaction are commercially time sensitive and a Warrant-Issuer or Market Participant seeks certainty but does not wish details of the transaction to be included on the public register ahead of the transaction occurring for commercially sensitive reasons) ASX may be prepared to give “in principle” advice on the position it is likely to take on a matter. The Warrant-Issuer or Market Participant will be required to make both a formal request for the “in principle” advice and a subsequent formal request for the waiver at the relevant later date. A Warrant-Issuer or Market Participant should consult with ASX Structure Products if it is thought that an ‘in principle’ submission may be appropriate.

“In principle” advice will be non-binding expressions of ASX’s intent based on facts as known at the time. They will be subject to certain conditions and warranties and will be for a limited time only.

Event	Day	Working day*
Management decision sent	Thursday	1
Appeal requested	Thursday, 5.00 pm	1
Consideration by Management	Friday	2
Listings Appeals Committee meeting	Wednesday	5

Appeals – Listing Appeals Committee

ASX has a Listings Appeals Committee that may hear appeals from entities on decisions by ASX Structured Products Management. The decisions that may be appealed are:

- whether to approve that entity as a Warrant-Issuer;
- whether to admit a series of warrants of that entity to trading status or the conditions of admission;
- the refusal to grant a waiver to that entity or the conditions of a waiver;
- the removal of a series of warrants of that entity from trading status.

For the Listings Appeals Committee to hear the appeal, the appeal application must be lodged with ASX Structured Products within 14 days after written advice of the decision is sent to the entity. The deadline is **receipt by ASX Structured Products** (marked to the attention of Manager, Structured Products) by 5.00 pm on the 14th day. These requirements assist certainty and finality in the decision-making process.

When an appeal application is lodged, a Listings Appeal Committee meeting will be arranged to hear the appeal. To provide an indication of likely timing, sample timelines follow. The first shows a minimum time frame and the second shows the maximum time frame. The timing of meetings and submissions may vary in a particular case. The precise timing should be discussed with the Manager Structured Products.

Example: A decision is made on Thursday to refuse to admit a warrant series to trading status. The application for an appeal must be received by 5.00 pm Thursday, two weeks later.

Sample timeline - minimum

*assumes no public holidays

Sample timeline - maximum

Event	Day	Working day*
Management decision sent	Thursday	1
Appeal request due with any additional information no later than	Thursday 5.00 pm	11
Consideration by Management	Friday	12
Listings Appeals Committee meeting	Wednesday	15

*assumes no public holidays

Appeal Procedures

An appeal from a Management decision involves a complete review of the matter. A fresh decision is made by the Listings Appeals Committee, independently of the decision made by Management. It is not a consideration of whether the original decision was the correct decision based only on the material that was before Management. The decision by the Listings Appeals Committee is made on the basis of all original information and any additional submissions (both written and oral) before the Committee.

Accordingly, you are encouraged to provide written submissions to the Committee, which should include any new material that was not available at the time of the original decision. Before the matter goes to the Listings Appeals Committee, the submissions are considered by Management. Management may change the original decision as a result of the additional submissions (for example, by admitting warrants to trading status which was previously refused). Then an appeal is not necessary. Otherwise the matter proceeds to the Listings Appeals Committee.

If you would like to attend the Listings Appeals Committee meeting to make submissions on an appeal or if you would like your advisers to attend you should let the Manager, Structured Products know as soon as possible so that the consent of the Chairman can be sought. Attendance generally is not necessary, except in particularly complex matters where the Committee may wish to ask questions. The Manager, Structured Products will discuss the question of attendance at the meeting with you.

Presentations are conducted informally and rules of evidence are not applied. If you attend, you will be given an opportunity to make submissions and members of the Committee may ask questions. In making submissions, you should bear in mind that the Committee members have read the materials you have provided, so it is not necessary to repeat these submissions in detail, only to highlight important points. After making submissions and answering any questions, you will be asked to leave the meeting so that the Committee can deliberate in private. Regardless of whether you attend, ASX Structured Products Management who considered the matter will leave the meeting during the Committee's consideration and decision-making.

The quorum for Listings Appeal Committee meetings is three members. Each member of the Listings Appeals Committee has one vote on an appeal. If there is an equal number of votes, the Chairman has a casting vote. The decision will be formally communicated to you after the minutes of the meeting have been finalised, usually on the following Friday afternoon.

Qualification

ASX has published this note to promote commercial certainty and to assist Warrant-Issuers and Market Participants. Nothing in this note necessarily binds ASX in the application of the Rules in a particular case. In issuing this note, ASX is not providing legal advice and market participants should obtain their own advice from a qualified professional person in respect of their obligations. ASX may replace this Guidance Note at any time without further express notice to any particular person. Readers may contact ASX to ensure they have the latest version.

KEY TOPICS

1. Warrant Market-Making Obligations
2. Limitations to Market-Making Obligations

ASX Market Rules

1. 10.3.11

Guidance Note History

Re-Issued:

7 May 2004 – New Rule Introduction

Previously Issued:

28 November 2003 ASX GN 7/03

SPREAD OF WARRANT HOLDERS AND WARRANT MARKET MAKING

Purpose

The purpose of this Guidance Note is to provide assistance to Market Participants on the interpretation of ASX Market Rule 10.3.11 in relation to Market-Making by Warrant-Issuers.

Market-Making and liquidity

ASX Market Rule 10.3.11 requires each Warrant Series to have an adequate and reasonable spread of holders to ensure there is a liquid market on SEATS. A liquid market allows warrant investors to find a buyer when they want to sell their warrants.

In satisfaction of this rule, ASX accepts a written undertaking from Warrant-Issuers to maintain continuous markets during the life of their respective warrants. This means that apart from the limited circumstances outlined later in this Guidance Note, there should always be a price quoted on SEATS at which holders of warrants will be able to sell at during normal trading hours.

The undertaking to make markets does not specify spread or volume requirements. This means that ASX does not prescribe the difference between a Warrant-Issuer's bid and offer order prices on SEATS, nor the order volumes. These parameters are set by each Warrant-Issuer, and are largely determined by the volatility of the underlying instrument and the competitive environment in which the Warrant-Issuer operates.

ASX will not require provision of an undertaking to maintain a market in a Warrant Series if the Warrant-Issuer can demonstrate to the satisfaction of ASX that the initial issue of warrants has generated a sufficient spread of holders. A sufficient spread of holders demonstrates a level of investor interest that should ensure that there is a liquid market for buyers and sellers of the Warrant Series.



At the time of writing, all Warrant-Issuers have provided an undertaking to make markets. An issuer's Disclosure Document (Offering Circular or Product Disclosure Document) should make clear the basis upon which liquidity is being provided in a Warrant Series.

What is the market-making obligation?

Subject to this Guidance Note, the minimum obligation for market-making is to display at least one bid order (i.e. a one-way market) throughout the trading day. These market-making orders should be amended or replaced as they are "matched out" by trades (ideally any delay in replacing a matched order should only reflect the inherent latency of the electronic market-making system).

It should be noted that this is merely the minimum requirement to fulfil the obligation. Warrant-Issuers will normally display both bid and offer orders for most warrant series during normal trading hours.

Warrant-Issuers may arrange for a Market Participant to handle the day-to-day running of the market in a Warrant-Series. In this case the Warrant-Issuer is still responsible for ensuring that the market-making obligation is fulfilled.

When does the market-making obligation apply?

The market-making obligation applies between the end of the Opening Phase of SEATS (approximately 10.09 am Sydney time) and the end of Normal Trading (approximately 4.00 pm Sydney time).

For the avoidance of doubt, the market-making obligation does not apply during the Closing Single Price Auction, or the Enquire and Pre-Open phases that precede it.

Limitations to the market-making obligation

There are limited circumstances in which a Warrant-Issuer would not breach the market-making undertaking if they have not displayed a bid order for a significant time during normal trading hours. These include when:

1. The Underlying Financial Instrument of a Warrant Series is placed in Pre-Open following the release of a price sensitive announcement, or is subject to a Suspension or Trading Halt. ASX halts trading in all relevant Warrant Series in these circumstances.
2. The Warrant Series is suspended at the request of the Warrant-Issuer to facilitate an adjustment to the warrant terms following a Corporate Action in the Underlying Financial Instrument.
3. The theoretical value of a Warrant Series is below the relevant minimum price step of SEATS (e.g. \$0.001).
4. The Warrant-Issuer would breach laws either in Australia or a relevant foreign jurisdiction by fulfilling its market-making obligations. In these circumstances a Warrant-Issuer must announce to the market the restriction on its ability to make markets and then endeavour to

obtain any necessary regulatory relief that will enable them to continue making a market in that Warrant Series. The Warrant-Issuer should attempt to contract out the market-making activity to a third party (assuming this would not also constitute a breach of law) while seeking to obtain the necessary regulatory relief.

5. The Warrant-Issuer (or its agent) experiences technical difficulties (including, but not limited to, the malfunction of automated market-making systems or disruption of utility services) that substantially prevent the timely and accurate entry of Market-Making orders into SEATS. The Warrant-Issuer must inform ASX of any such technical difficulties, and the actions taken to rectify them.

Warrant Bid and Offer Spreads

A Warrant-Issuer's undertaking to make a market does not prescribe an acceptable spread between the mandatory bid order price and any offer order price in SEATS. Furthermore, it is likely there will be circumstances during a trading day where the price spread for a Warrant Series may vary significantly, such as during fluctuations in the volatility of the Underlying Financial Instrument, or when there is a wide bid and offer spread in the Underlying Financial Instrument. Both circumstances are likely to cause wider bid and offer spreads for the warrant.

When orders on SEATS are not being automatically matched (such as during the Pre-Open phase) an overlap may develop in the bid and offer prices of the Underlying Financial Instrument. The Warrant-Issuer may compensate for the uncertain valuation of the underlying instrument by widening the spread. In this case the spread would usually narrow once normal trading commences.

Warrant-Issuers may display several bid and offer orders at price levels outside the current market. Orders at prices outside the current market are usually indicative of the increasing cost of hedging faced by Warrant-Issuers at higher order volumes.

In addition to variability in the bid and offer spread, the quantity of warrants that a Warrant-Issuer (or its market making agent) is willing to buy, or sell, may also vary (however this cannot be done with the intention of frustrating the disposal warrants by a particular warrant holder).



Qualification

ASX has published this note to promote commercial certainty and to assist Participants. Nothing in this note necessarily binds ASX in the application of the Rules in a particular case.

In issuing this note ASX is not providing legal advice and market participants should obtain their own advice from a qualified professional person in respect of their obligations. ASX may replace this Guidance Note at any time without further express notice to any particular person. Readers may contact ASX to ensure they have the latest version.

Enquiries

As this note is a guide to ASX practice, participants are advised to contact their Compliance Advisor to discuss their particular circumstances. General enquires can be made to:

ASX Structured Products

Telephone: (02) 9227 0657

email: warrants@asx.com.au

KEY TOPICS

1. Determination of Sanction – Principles & Factors
2. Seriousness of conduct
3. Multiple Contraventions
4. Agreed Settlements

ASX Market Rules

1. 3.6.5(d)
2. 4.1.1(w)
3. 28.3.7
4. 28.9
5. 28.14
6. 28.17

Cross-reference

1. Corporations Act section 792A
2. ACH Guidance Note “ACH’s Disciplinary Tribunals – Penalties”
3. ASTC Guidance Note “ASTC’s Disciplinary Tribunals – Penalties”

Guidance Note History

1. Issued 01/08/05
Replaces ASX Guidance Note - “ASX’s Disciplinary Tribunals – Penalties”

DISCIPLINARY TRIBUNAL SANCTION GUIDELINES

Purpose

This Guidance Note is issued by the Australian Stock Exchange Limited (ASX) on behalf of the Disciplinary Tribunal (the Tribunal).

The purpose of this Guidance Note is to provide information on the general principles and factors that the Tribunal takes into account when considering and determining sanctions for contraventions of the ASX Market Rules (the Rules).

This Guidance Note also serves to assist the Tribunal achieve consistency in its decision-making in imposing a sanction, and to provide Regulated Persons¹ with a general indication of the range of possible outcomes in disciplinary proceedings.

These Guidelines do not derogate from the Tribunal’s obligation to have regard to all relevant circumstances in any individual case. The Guidelines do not purport to state an exhaustive list of the principles or factors which may be taken into account by the Tribunal – they are simply intended to provide general guidance.

General principles in determining sanction

The following general principles are a guide to the Tribunal’s determination of disciplinary sanctions²:

- (a) Disciplinary sanctions should be remedial and imposed to protect the public, the interests of the ASX and the integrity of the market it operates.
- (b) Disciplinary sanctions should also serve as a deterrent to any future misconduct by the Regulated Person, and as a deterrent to all other Regulated Persons from engaging in the same or any similar misconduct.
- (c) The Tribunal will take into account the circumstances of the contravention, the seriousness of the misconduct, and any relevant mitigating or aggravating factors.
- (d) Disciplinary sanctions should be more severe for repeat misconduct, or where the relevant misconduct evidences a disregard for the Rules.

¹ A Regulated Person is defined under the ASX Market Rules as being either a “Market Participant” or a “Responsible Executive”.

² These general principles are not listed in any particular order of importance and are to be considered by the Disciplinary Tribunal where relevant to the case before it.

- (e) Disciplinary sanctions should be tailored to address the relevant misconduct.
- (f) The Tribunal will determine disciplinary sanction on the basis of the evidence and submissions before it, and exercise its powers fairly and impartially and with due regard for the principles of natural justice.

Principal factors in determining sanction

Where relevant, the following principal factors (in mitigation or aggravation) are to be considered by the Tribunal in determining an appropriate sanction:

- 1) The disciplinary history of the Regulated Person.
- 2) Disciplinary sanctions previously applied by the Tribunal in relation to the same or similar types of contravention/s, or in comparable circumstances.
- 3) Whether the Regulated Person fully assisted and cooperated with the ASX in its investigation, and whether the level of the assistance and cooperation provided by the Regulated Person minimised the time and costs of the investigation (or conversely, that there was a failure to assist or cooperate with the ASX in its investigation).
- 4) Whether the Regulated Person made an early decision not to contest the contravention/s brought against it, thereby saving time and costs, and assisting the Tribunal in the efficient administration of the disciplinary process.
- 5) The culpability of the Regulated Person including whether the misconduct was unintentional, negligent, deceptive, manipulative, fraudulent or intentional.
- 6) Whether the misconduct was an isolated instance or had occurred over an extended period of time.
- 7) Whether the misconduct was self-reported in a timely and comprehensive manner, or there was a failure to report (or an attempt to conceal) the relevant misconduct.
- 8) Whether the relevant misconduct was systemic or indicative of a pattern of non-compliance with the Rules.
- 9) The size of any commercial advantage or financial benefit obtained as a result of the misconduct.
- 10) Whether a corporate culture conducive to compliance with the Rules is evident e.g. effective educational and compliance programs.
- 11) Whether the misconduct resulted in loss or injury to other parties (e.g. retail investors, members of the public, other market participants etc.), and if so, the nature and extent of that loss or injury, any steps taken to redress the loss or injury, or whether any exploitation or unfair advantage was evident due to the lack of the financial sophistication of the party/parties affected.
- 12) Whether the Regulated Person had placed reasonable reliance upon its receipt of independent professional and considered accounting or legal advice.

- 13) Whether, at the time of the contravention, the Regulated Person had appropriate supervisory, operational or technical procedures/controls in place.
- 14) Whether the Regulated Person had taken steps or measures to prevent any recurrence of the contravening conduct.
- 15) Whether the relevant conduct damaged, or had the potential to damage, the reputation and integrity of the ASX and the market it operates.
- 16) The totality principle (refer to “*Consideration of multiple contraventions*” below).

Seriousness of conduct

The Tribunal will consider the level of seriousness by reference to the circumstances of the matter and the conduct involved together with any relevant mitigating or aggravating factors.

The Categories of Seriousness Table at Annexure ‘A’ has been adopted by the Tribunal as a general guide for the purpose of promoting consistency and fairness in the determination of an appropriate sanction, and to provide the market with guidance as to the seriousness of the relevant conduct. The three levels and categories of seriousness are:

- Level 1 (Contravention of Concern)
- Level 2 (Serious Contravention)
- Level 3 (Very Serious Contravention)

The above terms categorising the levels of seriousness of conduct are referred to for the purposes of this Guidance Note only. In the event of any conflict, the context or any definition of such terms within the ASX Market Rules will prevail over this Guidance Note.

The Tribunal retains the discretion to impose what it considers to be appropriate sanction even if it falls outside of the possible ranges specified in the table at Annexure ‘A’.

Unprofessional Conduct

The Rules require that Market Participants and Responsible Executives shall not engage in Unprofessional Conduct³. A finding of Unprofessional Conduct can be made by the Tribunal irrespective of the level or category of seriousness of the relevant conduct. It is important to note, dependent on the circumstances of the particular conduct, that Unprofessional Conduct may not necessarily be categorised as a “serious” or “very serious” contravention. Unprofessional Conduct is defined under the ASX Market Rules as:

³ Rule 3.6.5(d) for Responsible Executives; Rule 4.1.1(w) for Market Participants.

- conduct which amounts to impropriety affecting professional character and which is indicative of a failure either to understand or to practise the precepts of honesty or fair dealing in relation to other Market Participants, clients or the public;
- unsatisfactory professional conduct, where the conduct involves a substantial or consistent failure to reach reasonable standards of competence and diligence; and
- conduct which is, or could reasonably be considered as likely to be, prejudicial to the interests of ASX or its Market Participants.

Suspension and termination sanctions

Under the Rules, the Tribunal has jurisdiction to apply a suspension to deny access to the trading, clearing and settlement systems⁴. Pursuant to Rule 28.3.7, these powers include:

- Suspend the Market Participant from all or any of the privileges of being a Market Participant or Trading Participant for one or more Products or Trading Platforms under these Rules.
- Prohibit the Regulated Person from transacting any business with ASX or with or through any Market Participant in respect of one or more Products or Trading Platforms for a period not exceeding 3 months, upon terms which the Tribunal considers appropriate.
- Where the contravention arose from conduct of a particular individual involved in the business of the Market Participant, direct that the Market Participant cease to permit that individual to remain involved or that the Market Participant change that individual's role in the business in some way.
- Terminate the admission of the Market Participant.
- Where the Regulated Person against which disciplinary action is taken is not a Market Participant, direct the relevant Market Participant to suspend that person's role as a Regulated Person of that Market Participant for a period not exceeding 3 months upon such terms and conditions as the Tribunal thinks fit; or where the Tribunal makes a finding of Unprofessional Conduct, terminate that person's role as a Regulated Person of that Market Participant.
- In circumstances where the Regulated Person who contravened the Rules is not a Market Participant, make an order that the Regulated Person not be employed, or otherwise be appointed, as a Responsible Executive for a period that the Disciplinary Tribunal thinks fit.

In making an order to impose suspension or termination, the Tribunal would have regard to at least the following:

- the seriousness of the misconduct of the Regulated Person and/or individual/s involved;

⁴ This is separate to the power of the ASX to terminate or suspend a Market Participant which is in default (see ASX Market Rule 28.4).

- the history of that type of behaviour by the Regulated Person;
- the financial impact that such an order is likely to have on the Regulated Person or to any individual/s involved; and
- the effect that suspension is likely to have on the ability of the Regulated Person to meet various clearing and settlement obligations.

Consideration of multiple contraventions

Under the totality principle, where the Tribunal has imposed a number of sanctions it may consider the aggregate of those penalties to determine whether that sanction is appropriate, taking into account all the circumstances.

What this would mean is that the Tribunal may impose sanction in respect of each contravention but choose to apply an overall financial sanction instead, which may be lower than the total sum of the individual financial sanctions. Whether this course of action is adopted is at the discretion of the Tribunal.

Under the Rules, a Tribunal has jurisdiction to simultaneously hear matters that relate to contraventions of Rules from different Rule books⁵. For example, one set of facts may result in contraventions of the Market Rules, the Clearing Rules and the Settlement Rules. Again, the Tribunal may impose a financial sanction in respect of each contravention or apply an overall financial sanction, which is lower than the total of the individual sanctions imposed.

⁵ E.g. ASX Market Rules; ASTC Settlement Rules; ACH Clearing Rules.

Proposed settlements and sanction

In cases where a Regulated Person does not contest a matter, the Tribunal normally considers the matter on the basis of the material before it (usually the Contravention Notice, Final Inspection/ Investigation Report and any accompanying submissions/material) and forms a view as to whether:

- (a) The contraventions are made out on the basis of the information contained in the relevant documentation; and
- (b) In respect of settlement matters, that the sanction/s proposed by the parties are considered by the Tribunal to be appropriate.

If the Tribunal chooses not to accept a proposed settlement, or any part thereof, it may determine the matter and impose such sanction/s it considers appropriate. In relation to financial sanction, the Tribunal may impose a financial sanction which is lower than that proposed in the settlement of the parties.

Where the Tribunal forms a preliminary view that the financial sanction proposed should be higher, or where a substantial variance exists between the sanction/s proposed by the parties and the sanction/s considered appropriate by the Tribunal, the Tribunal will adjourn the matter and provide the parties with the opportunity to make further submissions on the issue of appropriate sanction.

The basis of any proposed settlement and its effect on reducing financial sanction may be noted in the Tribunal's reasons for decision and public Circular.

Qualification

The ASX has published this Guidance Note on behalf of the Tribunal to promote commercial certainty and assist Regulated Persons. Nothing in this Guidance Note necessarily binds the Tribunal in the application of the Rules in a particular case. In issuing this Guidance Note, neither the ASX nor the Tribunal is providing legal advice and Regulated Persons should obtain their own advice from a qualified person in respect of their obligations. The ASX may replace this Guidance Note at any time. Readers should contact ASX or the Tribunal to ensure they have the latest version.

ANNEXURE "A"
CATEGORIES OF SERIOUSNESS (Indicative Guidelines)

Level 1 (Contravention of Concern)

Examples of Conduct (not exhaustive)	Characteristics of Contravention (Examples of factors)	Indication of range of financial sanction	Other possible sanctions
<ul style="list-style-type: none"> Minor Annual/Audit Account record contravention Failure to notify of business address changes Minor record-keeping contravention Isolated Order Record contravention Account/Audit record contraventions Trust Account contraventions Unprofessional Conduct (amounting to a contravention of concern) 	<ul style="list-style-type: none"> Disciplinary history of the Regulated Person e.g. first contravention Minor nature of contravention Self-reported Isolated occurrence Unintentional/Inadvertent/ Accidental No damage or loss occasioned to any third party Action taken to remedy contravention Reasonable reliance placed on professional legal or accounting advice 	<ul style="list-style-type: none"> Nil to \$20,000 	<p>Consider remedial sanctions including, but not limited to:</p> <ul style="list-style-type: none"> Censure Implementing/upgrading of education and compliance programme <hr/> <p>Sanctions available under an expedited disciplinary procedure pursuant to Rule 28.3.2 are:</p> <ul style="list-style-type: none"> censure payment of commission or gross profit to ASX fine of up to \$20,000 order suspension of Regulated Person for up to 1 month

Level 2 (Serious Contravention)

Examples of Conduct (not exhaustive)	Characteristics of Contravention (Examples of factors)	Indication of range of financial sanction	Other possible sanctions
<ul style="list-style-type: none"> Trading Rule contraventions Order Record contraventions Automated Order Processing contraventions (e.g. failure to certify system; failure to ensure appropriate filters in place) Discretionary Account contraventions (Failure to gain client authorisation to manage/operate a discretionary account without authority) Capital Liquidity contraventions Account/Audit record contraventions Trust Account contraventions Failure to supervise an Advisor Unaccredited Advisor Unprofessional Conduct of a serious nature 	<ul style="list-style-type: none"> Disciplinary history of the Regulated Person Repeat contravention or displays disregard for Rules Systemic problem or indicative of a pattern of non-compliance Intentional/Deliberate/Reckless Failure to rectify Conduct impeded ASX inquiries and investigations. Conduct threatened the integrity and efficiency of the market Damage or loss (or potential) to another party 	<ul style="list-style-type: none"> \$20,000 to \$100,000 per contravention 	<p>In all cases consider remedial sanctions if appropriate including, but not limited to:</p> <ul style="list-style-type: none"> Censure Implementing/upgrading of education and compliance programme Suspension of Regulated Person; Order Regulated Person to terminate involvement/change role of offending individual; Payment of commission or gross profit to ASX;

Level 3 (Very Serious Contravention)

Characteristics of Conduct (not exhaustive)	Characteristics of Contravention (Examples of Factors)	Indication of range of financial sanction	Other possible sanctions
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<ul style="list-style-type: none"> • Market Manipulation • Insider Trading • Trust/Discretionary Account contraventions involving damage/loss to third party • Fraudulent Conduct • Automated Order Processing contraventions (e.g. failure to certify system; failure to ensure appropriate filters in place) • Failure to supervise an Advisor • Unprofessional Conduct of a very serious nature 	<ul style="list-style-type: none"> • Systemic or indicative of pattern of non-compliance. • Attempt to conceal contravention • Intentional/Deliberate • Knowingly Fraudulent/Deceptive conduct • Conduct which resulted in loss or damage to another party • Contravention which damaged or detrimentally affected the fair and orderly operation of the market. • Contravention that threatened (or had the potential to threaten) the integrity and efficiency of the market • Repeat contraventions • Complete disregard for the Rules 	<ul style="list-style-type: none"> • \$100,000 to \$250,000 per contravention 	<p>In all cases consider remedial sanctions if appropriate including, but not limited to:</p> <ul style="list-style-type: none"> • Payment of commission or gross profit to ASX; • Suspension of Regulated Person; • Order Regulated Person to terminate involvement/ change role of offending individual; • Prohibit Regulated Person from transacting business with ASX
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KEY TOPICS

1. Automated Order Processing
2. Certification

ASX Market Rules

1. 13.3.4

Cross-reference

1. ASX Guidance Note: "Automated Order Processing: Operational Requirements"
2. ASX Guidance Note: "Automated Order Processing: Authorised Persons"

Guidance Note History

Issued: 1 July 2004

Previously: ASX Guidance Note 11/02 "SEATS Automated Order Processing: Certification" dated 6 December 2002

AUTOMATED ORDER PROCESSING: CERTIFICATION

Purpose

The purpose of this Guidance Note is to elaborate ASX's expectations in relation to Trading Participants' compliance with the Automated Order Processing ("AOP") requirements.

Background

This Guidance Note is one of a series relating to Automated Order Processing ("AOP").

The philosophy behind requiring the certification of AOP systems is to provide Trading Participants with maximum flexibility in the way that they structure their systems while at the same time providing ASX with comfort that compliance issues have been addressed.

For the avoidance of doubt, the requirement to certify compliance with Automated Order Processing Requirements under the Market Rules is distinct from any validation process required to permit connectivity to the Trading Platform pursuant to an Access Agreement.

Certification

Before using a system for AOP, a Trading Participant must provide to ASX a certification by appropriately qualified persons in relation to that system. Each certification after the date of this Guidance Note must be in the form attached to this Guidance Note.

ASX will not accept a qualified certification.

In addition, ASX may request that a Trading Participant provide other information regarding its compliance with the AOP Requirements.



ASX recognises that some AOP systems are developed internally by Trading Participants and others are developed by independent service providers. In many cases, one or more Trading Participants use an AOP system provided by a common independent service provider. Many elements of a system will be common to all its users and many will be unique to the environment in which it is implemented.

The fact that an AOP system has been certified does not absolve the Trading Participant of its underlying compliance responsibility in relation to ensuring the conduct of an orderly market and that they do not knowingly assist or facilitate manipulative trading.

Trading Participants should continually evaluate the effectiveness of their systems used to comply with the various requirements for access to the relevant Trading Platform and to ensure that the Trading Participant will be in a position to satisfy ASX that it complies with the Market Rules.

Nature and Scope of Certification

The nature and scope of a particular certification will depend largely on the specific business operations of the Trading Participant and the features of the AOP system utilised.

The version of the AOP system that has been certified must be clearly stated in each certification. For each new version of the system that is materially changed from the most recently certified version, ASX must (unless it agrees otherwise) be provided with either a new certification or confirmation that the material change does not detract from the previous certification immediately prior to implementation of that new version.

Appropriately Qualified Persons

ASX does not intend to publish a list of persons who are appropriately qualified, or specify minimum qualifications. It is the responsibility of the directors of the Trading Participant to satisfy themselves that the persons signing Schedules A, B and C to the Certification are appropriately qualified. Directors may wish to rely upon different appropriately qualified persons signing each of Schedules A, B and C. Directors may also wish to have more than one person sign a Schedule depending upon their qualifications. Ideally, a Responsible Executive should be a signatory to the Certification.

However, Trading Participants and systems providers should consider the following qualifications when relying upon one or more persons to sign a schedule:

- (a) relevant experience in broking operations, systems design, operational management and systems security;
- (b) familiarity with relevant Rules of ASX (eg provisions relevant to AOP and dealing rules, in particular, orderly markets issues) and applicable law (eg market manipulation provisions); and/or

- (c) technical qualifications – due to the technological nature of some compliance related systems, some indication of the person’s qualifications in this regard (eg Certified Information Systems Auditor issued by the Information Systems Audit and Control Association or its equivalent, “Systems Assurance Partner” of an accounting organisation, tertiary qualification in computer science or a similar academic discipline and a minimum number of years experience in information systems audits).

Material Changes

The Market Rules may require further certification prior to implementation of any proposed material changes to an AOP system, prior to implementation of those material changes.

The term “material” is a broad concept and must be considered in the context of the size and nature of the business being conducted by each Trading Participant. Broadly, a “material change” is considered to be a change to the system that may increase the potential for the Trading Participant to fail to comply with its obligations under the Market Rules. Trading Participants and systems providers will need to take a pragmatic approach when determining whether a particular modification (or series of modifications) to their AOP systems constitutes a “material” change.

Factors to be considered when assessing the materiality of a change include (but are not limited to):

- (a) the ability of the Trading Participant to meet the Operational Requirements of the Market Rules;
- (b) the potential for a change to interfere with the efficiency and integrity of the market provided by ASX;
- (c) the potential for a change to result in a breach of ASX Market Rule 13.4 (manipulative trading); and
- (d) the potential for a change to interfere with the proper functioning of the relevant Trading Platform.

For example:

- (a) A change from a third party provided system to a new third party provided system would be considered a material change.
- (b) Changes to upgrade from a “basic” system to a “complex” system (eg from a single market to a multi-markets system; from an automated principal order processing system to an ACOP system) would be considered a material change.
- (c) A series of incremental changes to a system over a period of time may, when considered together, constitute a “material” change from the system at the time of its last certification.
- (d) A change that increases the risk of orders being entered or amended which could create a disorderly market or manipulative trading would be considered a material change.
- (e) A change to permit clients to utilise more complex trading strategies would be considered a “material” change.

- (f) Changes in the Trading Participant's staff will not normally be considered "material" provided the change does not adversely affect the Trading Participant's ability to comply with the Rules (eg the absence of a designated compliance person).
- (g) A mere change to the appearance of the computer screen used to access the relevant Trading Platform would not be considered material.

When a Trading Participant or systems provider is in doubt, it should consult ASX to ascertain whether or not, in its opinion, the change detracts from the most recent certification provided to ASX.

To monitor a Trading Participant's ongoing compliance with the AOP Requirements, ASX requires immediate notification of "material" changes to the organisational and technical resources employed to ensure compliance in accordance with the Market Rules relating to AOP. Given the important market integrity role served by the certification of a Trading Participant's compliance capabilities in the AOP environment, ASX must be informed of any change which may adversely affect these capabilities.

Where ASX believes that a material change has the potential to diminish the Trading Participant's compliance capabilities, it may require the Trading Participant to provide -

- (a) confirmation from an appropriately qualified person that the material change does not detract from the most recent certification provided to ASX; or
- (b) a further certification concerning compliance with the AOP Requirements by an appropriately qualified person.

Where ASX requires either a confirmation or further certification, these may be performed by the same person who provided the most recent certification to ASX. ASX also has the right to request a further certification at any time.

Trading Participants should ensure that change management procedures are implemented for any changes made to AOP software. Inadequately tested software, software implemented in error or software that is implemented without proper authorisation may result in orders entering the market which have by-passed filters or have been "modified" in error by the software.

Trading Participants should have procedures in place such that:

- (a) software changes are adequately tested before implementation;
- (b) only authorised changes can be implemented;
- (c) new software can only be implemented into the production environment after sign off by a person of authority; and
- (d) filters and filter parameters can only be changed in the production environment after sign off by a person of authority.

Security

A non-exhaustive list of the factors which ASX would expect to be included considered in assessing the security of its AOP systems and to be reflected in the Certification methodology for an AOP system include:

- Encryption
 - Is encryption used?
 - If so, detail components using encryption
- Perimeter Security
 - Does the system interact with public networks such as the Internet?
 - Are firewalls used to isolate the AOP system from other networks?
 - Is the system a part of an existing secure network?
 - If yes above, discuss how long has the existing network been in place and what security measures are in place.
 - Are the AOP systems located in physically secure location?
- Security Patching
 - Is there an effective security patching process in place?
 - Are regular audits undertaken to ensure appropriate patch levels?
 - Is regularly updated virus protection software running on the AOP systems?
- System Access
 - Is access to the AOP systems restricted?
 - What authentication methods are in place for access to the AOP system?
 - Are the AOP systems located in physically secure location?
 - Who has access to the AOP system
- Change Management
 - Is there a change management process in place for the AOP systems?
 - Who has access to make system configuration changes?
- Review
 - Is the AOP system part of an internal audit schedule?
 - Is the AOP subject to external audit schedule to ensure security of the system is regularly accessed?
- Architecture
 - Provide a high level diagram of the components that make up the AOP system.
 - Outline how components interact with each other and ASX systems.

Qualification

ASX has published this note to promote commercial certainty and to assist Market Participants. Nothing in this note necessarily binds ASX in the application of the Rules in a particular case. In issuing this note ASX is not providing legal advice and market participants should obtain their own advice from a qualified professional person in respect of their obligations. ASX may replace this Guidance Note at any time without further express notice to any particular person. Readers may contact ASX to ensure they have the latest version.



APPENDIX 1

AOP certifications should be provided on the letterhead of the Market Participant to ASX as follows:

National Manager Compliance Services
Australian Stock Exchange Limited
20 Bridge St
Sydney NSW 2001

CERTIFICATION

Certification of representations of compliance by [Market Participant] with Australian Stock Exchange Limited (“ASX”) Market Rule 13.3.4

We have examined our obligations under the relevant Market Rules of ASX including those relating to Automated Order Processing (“AOP”) and related Guidance Notes issued by ASX. We have also examined our corresponding obligations under the Corporations Act. In relation to version [*insert version number*] of the [*insert name of system*] (“the AOP system”) which provides connectivity to [*insert SEATS or DTP*] (“the relevant Trading Platform”) we have performed a review of our policies, procedures, system design documentation – including our procedures for implementation of subsequent changes to the AOP software, filters and filter parameters - and other relevant documentation concerning our compliance with Business Rule 13.3. Our review included all matters considered by us to be necessary in the circumstances.

We confirm that, based on the representations set out in Schedules A – D and our own enquiries:

- The AOP system [*does/does not*] permit ACOP.
- The AOP system has in existence organisational and technical resources - including having appropriate automated filters, filter parameters and processes to record any changes to the filters or filter parameters – considered by us to be necessary to enable Trading Messages to be submitted into the Trading Platform without interfering with the efficiency and integrity of markets provided by ASX or the proper functioning of the Trading Platform;
- The AOP system has in existence arrangements - including having appropriate automated filters, filter parameters and processes to record any changes to the filters or filter parameters – considered by us to be necessary to enable the ready determination of the origin of all orders and trading messages;



- The AOP system has in existence security arrangements considered by us to be necessary to monitor for and prevent unauthorised persons having access to the relevant Trading Platform or to a computer or other device connected to the relevant Trading Platform, and to ensure that the AOP system does not interfere with the efficiency and integrity of markets provided by ASX or the proper functioning of the relevant Trading Platform;
- Nothing has come to our attention during the course of our review which would indicate that we are unable to comply with the ASX Business Rule 13.3; and
- The representations in Schedules A – D have been made by persons whom we consider to be suitably qualified and experienced in relation to the controls for which they are making those representations.

This certificate is intended for the use of ASX.

_____	_____	_____
Name of Director	Signature	Date
_____	_____	_____
Name of Director	Signature	Date

Schedule A – Organisational and Technical Controls

I confirm that, based on my own enquiries:

- The AOP system has in existence organisational and technical resources - including having appropriate automated filters, filter parameters and processes to record any changes to the filters or filter parameters – considered by us to be necessary to enable Trading Messages to be submitted into the relevant Trading Platform without interfering with the efficiency and integrity of markets provided by ASX or the proper functioning of the relevant Trading Platform; and
- Nothing has come to my attention during the course of our review which would indicate that [*Market Participant*] is unable to comply with the ASX Business Rule 13.3.

_____	_____	_____
Name	Signature	Date



Schedule B – Trading Management Arrangements

I confirm that, based on my own enquiries:

- The AOP system has in existence arrangements - including having appropriate automated filters, filter parameters and processes to record any changes to the filters or filter parameters – considered by us to be necessary to enable the ready determination of the origin of all orders and Trading Messages; and
- Nothing has come to my attention during the course of our review which would indicate that [*Market Participant*] is unable to comply with the ASX Business Rule 13.3.

_____	_____	_____
Name	Signature	Date

Schedule C – Security Arrangements

I confirm that, based on my own enquiries:

- The AOP system has in existence security arrangements considered by us to be necessary to monitor for and prevent unauthorised persons having access to a Gateway or an Open Interface Device or to a computer or other device connected to an Open Interface Device, and to ensure that the AOP system does not interfere with the efficiency and integrity of markets provided by ASX or the proper functioning of the relevant Trading Platform; and
- Nothing has come to my attention during the course of our review which would indicate that [*Market Participant*] is unable to comply with the ASX Business Rule 13.3

_____	_____	_____
Name	Signature	Date

Schedule D – Certification Methodology

Attached is a copy of the methodology used by the persons identified in Schedules A – C to enable them to make the representations in those schedules.

KEY TOPICS

1. Automated Order Processing
2. Crossings

ASX Market Rules

1. 13.2
2. 17.2.2

Cross-reference

1. Guidance Note: “Automated Order Processing: Operational Requirements”
2. Guidance Note: “Automated Order Processing: Certification”
3. Guidance Note: “Automated Order Processing: Authorised Persons”

Guidance Note History

Issued: 1 July 2004

Previously: ASX Guidance Note 2/00 “AOP Crossings during normal trading” dated

2 February 2000

CROSSINGS OF TRADED PRODUCTS: AUTOMATED ORDER PROCESSING

Purpose

The purpose of this guidance note is to provide assistance to Trading Participants in the interpretation of the ASX Market Rules relating to crossings arising from the use of Automated Order Processing.

Background

The crossing rules in Section 17 of the ASX Market Rules are aimed at achieving three broad objectives:

- (a) investor protection – that is requiring orders to be subject to a market process so as to endeavour to ensure that the price at which the crossing occurs is at, or close to, the market;
- (b) market quality – that is, requiring orders to be subject to a market process such as the establishment or existence of a crossing market and appearing at the crossing price so as to promote price discovery, transparency and liquidity; and
- (c) to provide incentives to Trading Participants to bring orders and, therefore, liquidity to the market.

The regulatory concern is to protect clients by ensuring that they receive the best possible price. Because of a potential conflict of interest, clients may be disadvantaged if a Trading Participant matches two client orders, or a client order and a principal order on SEATS. The rule seeks to protect the client by requiring the Trading Participant to appear at the price at which it wishes to cross and establish a crossing market.

The increased use by Trading Participants of automated systems has increased the likelihood that “accidental” crossings will occur. Such crossings may occur in a number of circumstances such as where an order which is entered into SEATS by a client or clients using Automated Client Order Processing (“ACOP”), matches a pre-existing, opposite order from a Trading Participant.

In these circumstances, the regulatory concern to protect clients referred to above, is not applicable. This is because when the client itself uses ACOP, the client dictates the terms and time of entry into SEATS of its order. In such circumstances an ACOP order that matches a pre-existing, opposite order from the Trading Participant will not involve the Trading Participant taking advantage. The same can be said in the opposite case of a Trading Participant's order matching automatically with an opposite order entered earlier by a client using ACOP, provided the Trading Participant's order was not calculated to achieve that result.

Crossings using Automated Order Processing

Market Rule 17.1.2 provides an exception to the rule for crossings during Normal Trading. The exception will not apply if the Trading Participant's filters redirect the client's ACOP order to a Designated Trading Representative ("DTR") and the order is manually entered into SEATS by the DTR.

No Pre-arrangement

The AOP exception in Market Rule 17.2.2 will apply if the Trading Participant has not pre-arranged the entry of the orders. The Market Rules do not define "pre-arrangement". This is deliberate, as the facts which may constitute "pre-arrangement" will differ from case to case. ASX does not wish to inadvertently limit the scope of this proviso by attempting to exhaustively set out circumstances that will constitute pre-arrangement. Clearly, where the Trading Participant is indifferent as to the identity of the party and as to the timing of placing the Bid or Offer on SEATS, there is no pre-arrangement. This generally should be the case where a trade occurs as a result of an order generated through ACOP, where the client has chosen the timing of order entry and price.

ASX considers that the organisation of orders so that they enter the market to cross with another order of the Trading Participant (as agent or principal) in an advantageous way for the Trading Participant or one of its client would be pre-arrangement. In such cases the exception does not apply and consequently the Trading Participant would be in breach of the crossing rule. Examples include:

- Where a Trading Participant trading as principal and a client who uses ACOP have colluded in relation to the price of the Bids or Offers in the same Traded Product in order that their Bids and Offers may be matched on SEATS;
- Where a Trading Participant contacts a client and organises for its order to be immediately followed by the client's order (using ACOP);
- Where a Trading Participant operates program trading and the system is designed to take advantage of client orders.

(See also below for limitation where a representative of a Trading Participant is an "Authorised Person".)

Disclosure to Client



The exception in Market Rule 17.2.2 also requires a Trading Participant to have made disclosure to the client under Market Rule 7.7.

Such disclosure should be made to the client in a clear and meaningful way. The Trading Participant is required to keep a record of disclosure under Rule 7.7. It may be convenient, for example, to incorporate the disclosure in a client agreement or as part of the account opening procedures employed. A record may also be made by electronic means, for example an electronic acknowledgement by the client of the terms of use of ACOP. This would meet the requirement for recording of the disclosure.

Representatives of a Trading Participant as Authorised Persons

The definition of “Authorised Person” includes a person acting as agent of a client. This includes a representative of a Trading Participant whose duties include trading and dealing in Traded Products. This allows client advisers of a Trading Participant to place orders on SEATS using ACOP on behalf of clients.

However the self-dealing exemption in Rule 17.2.2(c) does not apply to an Authorised Person who is a representative of a Trading Participant which places both a Bid and Offer in the same stock using ACOP. In these circumstances such Authorised Person must comply with the crossing rules.

Qualification

ASX has published this note to promote commercial certainty and to assist Market Participants. Nothing in this note necessarily binds ASX in the application of the Rules in a particular case. In issuing this note ASX is not providing legal advice and market participants should obtain their own advice from a qualified professional person in respect of their obligations. ASX may replace this Guidance Note at any time without further express notice to any particular person. Readers may contact ASX to ensure they have the latest version.

KEY TOPICS

1. Automated Client Order Processing
2. Authorised Persons

ASX Market Rules

1. 13.3.2
2. 13.3.3

Cross-reference

1. ASX Guidance Note: "Automated Order Processing: Operational Requirements"
2. ASX Guidance Note: "Automated Order Processing: Certification"

Guidance Note History

Issued: 1 July 2004

Previously: ASX Guidance Note 10/02 "SEATS Automated Order Processing: Authorised Persons" dated 6/12/02

AUTOMATED ORDER PROCESSING: AUTHORISED PERSONS

Purpose

The purpose of this guidance note is to provide assistance to market participants on the interpretation of the Exchange's expectations in relation to compliance with the requirements applicable to Automated Client Order Processing ("ACOP").

Background

This Guidance Note is one of a series relating to Automated Order Processing ("AOP").

Authorised Persons for *ACOP*

The Authorised Person requirement is intended to ensure that a Trading Participant has considered, and is satisfied with, the market related knowledge of each person allowed access to its proprietary system for *ACOP*. Trading activity originating with Authorised Persons must be conducted by appropriately knowledgeable persons.

The manner in which each Trading Participant chooses to accredit Authorised Persons will be determined by them and may vary depending upon the nature and scope of access afforded Authorised Persons and the financial products in which they can trade. For example, the requirements for a retail client who can only enter, amend and delete orders will be different from the accreditation requirements for an institutional client who can conduct more complex strategies.

Matters to be considered by a Trading Participant in satisfying itself that an Authorised Person can demonstrate suitable knowledge having regard to the type of financial products and order submission facilities they are given might include:

- (a) developing and providing Authorised Persons with a copy of the Trading Participant's system user's manual relevant to *ACOP*;
- (b) providing Authorised Persons training in -
 - 1) the operation of the Trading Participant's order entry system;
 - i. order input details;
 - ii. order modification procedures (eg amendment and cancellation);
 - iii. system security;
 - iv. system access requirements;
 - 2) the operation of the relevant Trading Platform;
 - 3) the Rules, Procedures and practices of ASX;
 - 4) the Trading Participant's obligations under the Rules (and the client's corresponding obligations to the Trading Participant);
- (c) testing of the client or where applicable its staff, regarding knowledge of the above; and
- (d) implementing review procedures to ensure that an Authorised Person's knowledge level remains satisfactory.

ASX encourages Trading Participants to enter into appropriate written agreements with their Authorised Persons. This is particularly important in circumstances where an Authorised Person is acting on behalf of a client of the Trading Participant. The execution of a written agreement by the Trading Participant and the client will ensure that the client is liable to the Trading Participant for obligations arising from the Authorised Person's actions on the client's behalf.

Trading Participants that allow ACOP should ensure that Authorised Persons (and where they are acting as agent, clients) understand all relevant aspects of ACOP. For example, whether ACOP will only operate during normal trading hours. ACOP will not be available for late trading which will continue to be conducted by Trading Participant's DTRs. Authorised Persons (and where applicable, clients) who wish to trade late, will need to instruct the Trading Participant accordingly. If this is not done, automated orders entered after normal trading hours will stand in the Trading Participant's order book until the next trading day.

Records to be maintained

A Trading Participant is required to maintain, for 7 years as set out in the Procedures, records relating to Authorised Persons. These records represent a critical aspect of the audit trail relating to the operation of ACOP.

In addition, a Trading Participant must retain records of the security arrangements regarding access by an Authorised Person to the Trading Participant's proprietary systems.



Where the location of a particular computer or other device of an Authorised Person may change, the Trading Participant must have in place effective policies, procedures and systems which can continuously identify all such devices.

Qualification

ASX has published this note to promote commercial certainty and to assist Market Participants. Nothing in this note necessarily binds ASX in the application of the Rules in a particular case. In issuing this note ASX is not providing legal advice and market participants should obtain their own advice from a qualified professional person in respect of their obligations. ASX may replace this Guidance Note at any time without further express notice to any particular person. Readers may contact ASX to ensure they have the latest version.

KEY TOPICS

1. Automated Order Processing
2. Operational Requirements
3. Filters

ASX Market Rules

1. 13.1
2. 13.3
3. 13.4

Cross-reference

1. ASX Guidance Note: "Automated Order Processing: Certification"
2. ASX Guidance Note: "Automated Order Processing: Authorised Persons"
3. ASX Guidance Note: "Crossings Of Traded Products: Automated Order Processing"

Guidance Note History

Issued: 1 July 2004

Previously: ASX Guidance Note 12/02 "SEATS Automated Order Processing: Operational Requirements including filters" dated 6/12/02

AUTOMATED ORDER PROCESSING: OPERATIONAL REQUIREMENTS

Purpose

The purpose of this Guidance Note is to provide assistance to Trading Participants on the interpretation of ASX's expectations in relation to their compliance with requirements applicable to Automated Order Processing ("AOP"). It expands upon the Operational Requirements in relation to AOP. It sets out ASX expectations in relation to the general responsibilities and the Operational Requirements to be considered by Trading Participants who use AOP. Compliance with the Operational Requirements represent ongoing obligations.

The Open Interface ("OI") provides Trading Participants with the ability to access Trading Platforms. This includes establishing an interface between their own proprietary trading systems (whether developed in-house or supplied by a third party) and the Trading Platforms. This capability can accommodate, among other things, computer generated trading and client order routing.

The issues outlined in this Guidance Note are not an exhaustive representation of the potential controls and procedures that could be implemented to ensure compliance with the Rules. The complexity of the Operational Requirements necessary to support any particular AOP system depend upon the system's purpose, the source, size and price of orders passing through the system, the Trading Platform to which the AOP system is connected, the products traded and the business attributes of the system.

Background

This Guidance Note is one of a series relating to Automated Order Processing ("AOP").

AOP systems can enhance the ability of Trading Participants to route and execute order. However, their use can also result in increased market volatility, financial risk and regulatory risk to those Trading Participants.



Accordingly, all Trading Participants using AOP systems should have written and implemented internal control and supervisory procedures, regardless of whether the Trading Participant is utilising its own proprietary system or that of an outside vendor.

Whilst this Guidance Note applies to Automated Order Processing systems, the supervisory standards for order entry do not change with the medium used (manual or AOP) but how those standards are satisfied may be affected by technology.

For the avoidance of doubt, the requirement to comply with AOP Requirements under the Market Rules is distinct from any validation or connectivity process required under a Trading Platform Access Agreement.

Market Integrity

The primary obligation of Trading Participants, whether processing orders manually or pursuant to AOP, is to not interfere with the conduct of an orderly market and to not assist or facilitate manipulative trading. The Operational Requirements serve to support that obligation in an AOP environment. The fact that an AOP system has been certified does not absolve the Trading Participant of its underlying compliance responsibility in relation to these primary obligations. Nothing in this Guidance Note should in any way be interpreted as detracting from this primary obligation. ASX Market Rules 13.4 and 13.5, and the Guidance Note on “Trading Practices” apply equally to orders entered into a Trading Platform whether manually by a DTR or directly using AOP.

Participant to determine and manage its risk

Trading Participants are responsible for all Trading Messages submitted into a Trading Platform via their respective electronic interfaces (Gateways). It is the obligation of each Trading Participant to identify and implement controls (including appropriate filters) to manage their regulatory risk (including the risk to its ability to satisfy its primary market integrity obligations), satisfy the Operational Requirements and comply with the other Market Rules. As such, each Trading Participant must have in place effective mechanisms to detect potential or actual manipulative activity and, where discovered, to then have available the means to take appropriate action.

Whether the Trading Participant relies solely on its own operational controls (including filters) or relies on a combination of its own operational controls (including filters) and the filters that exist within the Trading Platforms is a matter for the Trading Participant to determine based upon its system capabilities and its regulatory risk profile.

ASX Surveillance monitors all activity in the markets provided by ASX. ASX Surveillance may identify activity which may interfere with the conduct of an orderly market or which may assist or facilitate manipulative trading. Organisational and technical resources comprehensively designed and implemented by Trading Participants will minimise the occurrence of these activities being identified by ASX Surveillance. ASX will consider more favourably those instances of potential interference with the conduct of an orderly market or manipulative trading which are identified, addressed and notified to ASX by the Trading Participant prior to identification by ASX.



Key Concepts

AOP

AOP is the automatic processing of orders directly into a Trading Platform. The types of AOP include those orders submitted via either Automated Client Order Processing (“ACOP”), Automated Principal Order Processing (“APOP”) or any other form of automated order processing system.

AOP is the process by which orders are registered in or created by a Trading Participant’s proprietary or third party computer system and subsequently submitted as corresponding Trading Messages without being “keyed or re-keyed” by a Designated Trading Representative (“DTR”). The concept of being “keyed or re-keyed” is critical to the distinction between manual processing and AOP. Any time a DTR is required to exercise discretion and key or re-key an order into a Trading Platform after registration in, or creation by, a Trading Participant’s proprietary computer system the order is no longer AOP.

APOP

APOP is the process by which orders are automatically submitted into Trading Platform from:

- the Trading Participant’s proprietary computer order generating system (principal market making and principal program trading systems); and
- a representative (other than a DTR) of a Trading Participant whose duties include trading or dealing in Traded Products on behalf of the Trading Participant as principal.

ASX accepts that APOP systems are limited to principal trading and market making only. Accordingly, a different type and standard of filters will apply to these systems than would otherwise apply to ACOP.

ACOP

ACOP is the process by which orders are automatically received from Authorised Persons, registered by a Trading Participant’s proprietary system and, if accepted for submission to a Trading Platform, subsequently submitted as corresponding Trading Messages without being “keyed or re-keyed” by a DTR. That is, ACOP orders are not keyed, re-keyed or subject of any form of DTR intervention. ACOP is not available to Principal Traders as Principal Traders may only act on their own behalf.

Before an ACOP order is transmitted to a Trading Platform, it will need to be subject to various Operational Requirements, including automated filters and controls. Since a Trading Participant is responsible for all Trading Messages submitted into the Trading Platforms, it is important for Trading Participants to effectively filter all orders submitted by Authorised Persons. For this reason, the setting of, and ongoing control of, the filter parameters is as important as the nature of the filters themselves.

The diagram below represents the concepts of APOP, ACOP and Authorised Persons.

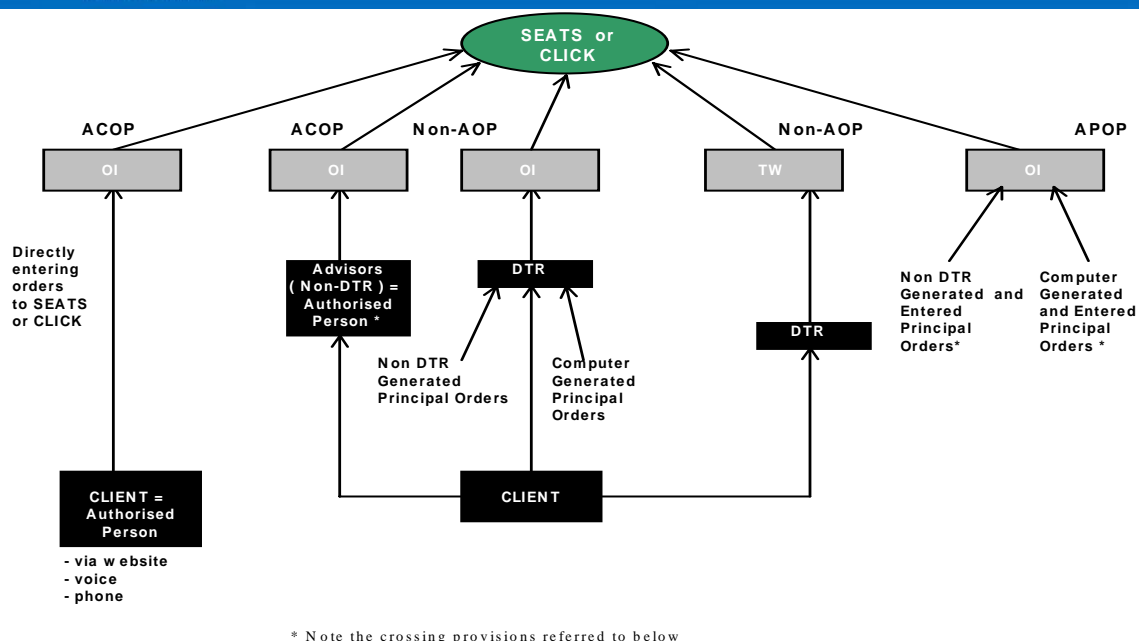


Figure 1 - Different Channels of order entry into the Trading Platforms

Proprietary Systems

Proprietary systems are trading, order entry or order routing systems (whether developed in-house or supplied by a third party) other than SEATS or DTP Trader Workstations.

Filters

Filters are that set of rules inherent in an AOP (including ACOP and APOP) system that determine which orders (or series of orders) meet a pre-defined set of criteria and can then pass into the Trading Platform.

Filter parameters

Filter parameters are those variables within the filters that can be changed to modify the effectiveness of the filters without changing the rule to which the filter applies. The filter parameters result in orders being handled differently according to factors such as, for example, the source, size or price of the order. A filter parameter may apply at a number of different levels (ie, at financial product, client or dollar value level). For example:

- A filter may exist to identify orders which exceed a certain dollar value. The filter parameter may allow a different dollar value to be set for different financial products or for different clients; or
- A filter may exist to identify orders which are a number of price steps away from the market. The filter parameter may allow orders to be placed at different price steps away from the market for retail and institutional clients.

In many AOP systems filter parameters may be changed on an intra-day basis.



AOP Requirements

Rule 13.1.1 outlines the general responsibilities of Trading Participants with regard to trading in financial products. It covers areas such as a Trading Participant's responsibility for the "accuracy", "the integrity" and "bona fides" of all orders entered into the market, and a Trading Participant's responsibility to ensure the "efficiency and integrity of the markets" and "the proper functioning" of any Trading Platform.

These responsibilities exist for a Trading Participant whether or not they are using AOP. In an AOP environment orders may be entered by clients rather than by representatives of the Trading Participant. The Trading Participant must rely on appropriate organisational and technical resources to perform the role of ensuring the "efficiency and integrity of the market".

When Trading Participants use a vendor's AOP system, it is incumbent upon the Trading Participant to ensure that the system has the requisite controls in place and that the vendor's system complies with all ASX requirements.

Operational Requirements

The Market Rules require that a Trading Participant which uses its system for AOP must at all times comply with the Operational Requirements, including having appropriate automated filters. The Operational Requirements include:

- organisational and technical resources;
- trading management arrangements; and
- security arrangements.

Compliance with the Operational Requirements is an important foundation supporting the market integrity obligations outlined above. Each of the Operational Requirements are considered below.

Operational Requirement 1 – Organisational & Technical Resources

Whilst the Rules specifically highlight the need to implement "appropriate filters" as one of the most important organisational and technical resource issues, filters are only one element of the organisational and technical resources that a Trading Participant needs to address when considering how best to manage its risks. The following section addresses a number of those organisational and technical resource issues.

Organisational and technical resources for filtering orders

The primary obligation of Trading Participants, whether processing orders manually or pursuant to AOP, is to not interfere with the conduct of an orderly market and not facilitate manipulative trading. ASX Market Rules 13.4 and 13.5 apply equally to orders entered into a Trading Platform whether manually or pursuant to AOP. Trading Participants should refer to the Guidance Note on “Trading Practices”.

There is a range of controls that can be adopted to satisfy the Operational Requirements. The Rules specifically highlight one of those controls: the need to implement “appropriate filters”.

In any system used for AOP (whether APOP or ACOP), filters and filter parameters provide the principal means by which each order is checked to ensure compliance with Market Rules requirements. Filters are intended to establish points at which orders are tested and, by exception, action other than passing them directly into the market is taken. In practical terms, an automated filter can do one of four things in relation to any given order (depending on the settings of the filter parameters):

- reject the order outright;
- pass the order to a DTR for review and a decision as to whether the order can be placed in the market;
- pass the order into the market but identify it as an exception on exception reports generated by the system for subsequent analysis; or
- pass the order into the market.

ASX recognises that, given the differences in the size, complexity of operations, and nature of the business conducted by Trading Participants there must be some degree of flexibility in determining what constitutes “appropriate filters” for each one. ASX does not prescribe the filters on which a Trading Participant must rely. ASX does not provide advice upon the design and construction of filters. It is ASX policy to leave the exact form of the filters to each Trading Participant, thereby providing the Trading Participant with flexibility to design pre-execution filters and procedures to suit the Trading Participant’s business (subject at all times to the market integrity issues addressed above). The nature and scope of the filters adopted is a matter for the Trading Participant to determine based upon its system capabilities and its regulatory risk profile. Many of the issues the Trading Participant needs to consider are set out in the Market Rules and the “Trading Practices” Guidance Note.

Important elements of the Operational Requirements are the processes and controls over changes to the technical resources (including filters). A substantial part of the certification requirements are directed towards those control processes. ASX would not accept that an AOP system is compliant with the Market Rules,¹ where there are poor processes and internal controls over changes to filters, filter parameters and exception reports or where filters, filter parameters and exception reports could be disabled (or turned off).

¹ ASX recognises that in certain circumstances it may be desirable (or even required) that the AOP system itself be turned off (see Suspension, Limitation or Prohibition of AOP below). In such circumstances, ASX would expect all orders to be entered by a DTR.

Organisational and technical resources for minimising errors

An AOP system should include organizational and technical resources for minimizing the opportunity for erroneous orders to be entered in the market.

SEATS contains certain filters primarily to prevent the entry of erroneous orders. These filters generate warning messages if they are triggered by an order. Trading Participants may rely on the price step filters to minimize the opportunity for the entry of erroneous orders or orders too far from the market. To do this, the Trading Participant will need to ensure that its AOP system recognizes and appropriately acts upon those warning messages. Care will also need to be exercised when solely using these warning messages during pre-open phases on SEATS owing to the possibility of overlapping bids and offers. Trading Participants should consider additional filters to manage their risk in that regard. SEATS provides for liability limits however, these limits are not suitable as they are set at the DTR level. It is a commercial decision for Participants to determine the level of risk they will accept.

Organisational and technical resources for Trading Records

An AOP system must ensure that all trading records comply with the requirements of the ASX Market Rules and the Corporations Act². These Rules refer to all orders received whether they are entered or rejected for input to a Trading Platform.

ASX expects that an AOP system that did not capture all the information required by the Market Rules (subject to the matters set out in the “Trading Records” Guidance Note) would not be certified. Provision of a certification for a system which does not satisfy all the requirements of the trading record rules will also be viewed seriously by ASX.

Organisational and technical resources for handling of orders rejected to DTRs

Where an order is passed to a DTR for review, ASX expects that the DTR brings professional judgement to bear on the issue of whether there is any risk of non-compliance with the ASX Market Rules. This may require that the DTR makes further enquiries before passing the order into the market, including checking with the client as to their trading intentions, reviewing past trading activity in the security by the client or otherwise seeking further explanations.

The mere fact that an order has been passed to a DTR for review, or has been placed on an exception report, does not absolve the Trading Participant of its underlying compliance responsibility in relation to the order. Where an order has been passed to a DTR for review, ASX expects that a contemporaneous record will be maintained of the action taken by the DTR in considering whether or not to pass the order into the market. The record of the action taken is an integral part of the order records audit trail referred to above. Where a DTR has authorised the entry into the market of an order rejected by an AOP filter, that order is no longer considered an AOP order.

Where an order is passed into the market and placed on an exception report, ASX would expect that a compliance officer or other appropriately qualified person would be available for the DTR to consult and would also monitor the exception report on a regular basis, that is, at least daily.

² See section 991D and Regulation 7.8.19

The following data should be captured, either within the AOP system or separately:

- any error messages and related amendments or cancellations associated with an order returned automatically to clients for action; and
- any phone calls and related actions, such as DTR overrides, amendments or cancellations, relating to the rejected orders passed to DTRs for action.

Organisational and technical resources for Crossings

ASX Market Rule 17.2.2 sets out how orders entered via AOP may be crossed in the SEATS Trading Platform. These are further discussed in the Guidance Note on “Crossings of Traded Products: Automated Order Processing”.

Organisational and technical resources for client order priority

If a Trading Participant is accepting client orders for entry by DTRs, as well as operating AOP into a Trading Platform, its allocation policy is extremely important. Procedures must ensure that the Trading Participant deals fairly and in due turn with client orders in accordance with ASX Market Rule 7.5. Trading Participants should have controls to manage this.

Organisational and technical resources for trading as Principal – especially automated market making and/or arbitrage

The obligations in relation to principal trading apply equally to orders entered manually or via AOP. AOP enables Trading Participants to connect their own proprietary trading systems to the Trading Platforms. These systems may be integrated with the Trading Participant’s back office and risk management systems, and further may feature computer generated order capabilities. Where a Trading Participant intends to develop computer programs designed to generate and submit buy, sell or combination orders to a Trading Platform automatically (without the need for manual intervention) upon the happening of certain pre-defined events, the Trading Participant must take special care to ensure that its compliance capabilities remain effective. This is particularly true with respect to the prevention of manipulative trading. Matters to be considered include:

- monitoring and reviewing all computer programming aspects including the development staff involved and the programme parameter specifications;
- evaluating the manner in which the programme will operate under various market scenarios to ensure compliance with the Market Rules;
- having procedures in place to ensure that prior to effecting a particular programme strategy, changes in market conditions are assessed to ensure compliance;
- regular reviews of the effectiveness of monitoring systems, and where warranted, appropriate adjustments made to ensure their continued effectiveness;
- setting (and adjusting where necessary) appropriate system monitoring parameters (alerts) designed to detect potential manipulative or other unusual (eg improper short selling) activity;
- generation of ad hoc and exception reports to be reviewed by designated staff (eg management and compliance), and procedures established with respect to appropriate follow-up action; and
- involvement of appropriate staff (eg management, compliance and internal audit) in the development of the programme strategy prior to its being available for use.

Organisational resources for “contingent” client instructions

AOP enables Trading Participants to develop and connect systems featuring the ability to “pre-load” contingent client instructions designed to generate and submit buy, sell or combination orders to a Trading Platform automatically (without the need for manual intervention) upon the happening of certain pre-defined events (for example, contingent “stop-loss” instructions, momentum instructions, etc). When implementing these systems the Trading Participant must take special care to ensure that its compliance capabilities remain effective. This is particularly true with respect to the prevention of manipulative trading. In addition to the matters to be considered for trading as Principal – especially automated market making and/or arbitrage – as set out above, Trading Participants should consider, at least, the following:

- monitoring of the magnitude and nature of contingent instructions to avoid unusual movements in market price or increased volatility;
- monitoring of the magnitude of contingent instructions to avoid generation of large numbers of concurrent orders which may result in a load which could have an adverse impact on the performance of the Trading Platform;
- involvement of appropriate staff with access to information on the magnitude of contingent instructions and the Chinese Walls required to manage that information; and
- the application of appropriate filters to both the entry of the “contingent” instruction and any resultant order.

Organisational and technical resources for Suspension, Limitation or Prohibition of AOP

Trading Participants must also ensure that they can suspend, limit or prohibit AOP or ACOP in respect of one or more Authorised Persons. Further, Trading Participants must be able to suspend, limit or prohibit ACOP generally or all AOP in accordance with ASX Market Rule 13.3.8. The requirement to suspend, limit or prohibit AOP may be pursuant to a Trading Participant’s own initiative, or as directed by ASX to ensure the efficiency and integrity of the markets, and the proper functioning of the Trading Platforms.

Organisational and technical resources for review of exceptions

The Trading Participant must have the facilities and skilled personnel to regularly analyse historic order and trading patterns to identify circumstances that may warrant compliance review and adjust the relevant automated filters and processes where appropriate. In this regard, reference should be made to the Guidance Note on “Trading Practices”.

Organisational and technical resources for controls over, and records, of changes to filters and parameters

As noted above, ASX draws a critical distinction between filters and filter parameters. Filter parameters are those variables within the filters that can be changed to modify the effectiveness of the filters without changing the nature of the rule to which the filter applies. In many AOP systems filter parameters can be changed on an intra-day basis. ASX is of the view that it is important that Trading Participants be able to control, monitor and reconstruct any changes to any filters or parameters within an AOP system and identify which filters are enabled and which are not enabled at any point in time. These records may also be required to be produced as part of an ASX investigation.

The AOP system should capture and record any changes to the filters or filter parameters. This includes intra-day changes to the filter parameters. Generally, these will be maintained in system log files.

It is important that any “material” changes to filters are reported to ASX in accordance with ASX Market Rule 13.3.5.

Organisational and technical resources for change

The Trading Participant must have in place information technology management and technical capabilities that are commensurate with the demands of operating in the AOP environment (eg the ability to adapt within a reasonable period of time to changes to the OI specifications prescribed by ASX).

The Trading Participant should consider having procedures in place such that:

- software changes are adequately tested before implementation;
- only authorised changes can be implemented;
- new software can only be implemented into the production environment after sign off by a person of authority; and
- filters and filter parameters can only be changed in the production environment after sign off by a person of authority.

Organisational and technical resources for capital liquidity requirements³

Trading Participants must at all times comply with the capital liquidity requirements contained in the ASX Market Rules Schedule 1A. However, AOP presents opportunities for efficiency gains in the automation of monitoring and reporting of the capital liquidity requirements.

In a non-AOP environment, DTRs monitor the size, volume and frequency of orders being entered into the market and bring orders of exceptionally large value, quantity or frequency to the attention of the relevant people for authorisation. Similar procedures need to be put in place in an AOP environment bearing in mind that AOP has far greater capacity for order flow than manual processing. Consideration should be given to automated processes able to generate warnings if the organisation is at risk of breaching its capital liquidity requirements. Processes that may assist in ensuring compliance with the capital liquidity requirements include:

- an interface to a system which, using the risk measurement methods of Schedule 1A, monitors client credit risk, including counterparty large exposure risk, and which takes into account financial capacity and credit limits, on a real time basis; or
- an interface to a system which, using the risk measurement methods of Schedule 1A, monitors position risk, including issuer large exposure risk, on a real time basis.

³ This section of the guidance note does not apply to an entity that is a Principal Trader only, as ASX does not prudentially supervise those Trading Participants. However as Clearing Participants that clear for Principal Trader must calculate a counterparty risk requirement for the trading executed by the Principal Trader (as a Principal Trader is a client of a Clearing Participant) this section of the guidance note does require consideration by Clearing Participant's with respect to the trades they clear on behalf of Principal Trader.

The kinds of processes used and the associated limits implemented are a commercial judgement for the Trading Participant. Factors that will influence that judgement include:

- the current level of Liquid Margin;
- the sophistication of the Trading Participant's risk and capital liquidity monitoring arrangements, and in particular whether they are real time or not; and
- the sophistication of the Trading Participant's credit risk assessment process and methodology in relation to clients who have access through the system.

In connection with credit and risk-management controls, Trading Participants must adopt and enforce written procedures reasonably designed to prevent customers from entering into trades that create undue financial risks for the Clearing Participant. In particular, the procedures should address pre-execution and post-execution controls and how to determine which controls apply to a particular customer, special considerations for authorizing use of direct access systems, and on going review of the controls imposed.

Organisational and technical resources for corporate actions

Trading Participants which provide ACOP access for retail clients by way of internet access, voice recognition or other non-human interfaces should consider having the facilities to indicate to the client the basis of quotation of financial products for which the client wishes to place an order. This will allow the retail client to ensure that all orders reflect any change in price or quantity as a result of the corporate action. Ideally, the client should be able to readily determine the basis of quotation (eg ex dividend, ex entitlement, reconstruction) on which the financial products are trading on a Trading Platform prior to the client placing an order in the ACOP system.

For example, after a financial product goes ex-dividend a Trading Participant's system should display or flag to the client that the financial products are trading on an ex-dividend basis for the same duration as the status appears on the relevant Trading Platform. Similarly for financial products which have been reconstructed, either through a share split or consolidation, a Trading Participant's system should display or flag to the client that the financial products are trading on a reconstructed basis for the same duration as the status appears on the relevant Trading Platform. Failure to display the basis of quotation may lead to erroneous trades and impact upon the integrity of the market.

Trading Participants should also consider having the facilities to indicate to the client why their orders have been removed from the ACOP system where those orders have been purged by a Trading Platform as a result of a corporate action to avoid them entering mis-priced orders.

In the case of reconstructions the passing of all orders for the financial product to a DTR for checking of price and quantity might be considered prudent to avoid the situation where financial products change hands at dramatically wrong prices or quantities due to a lack of knowledge or a misunderstanding of the corporate action by inexperienced or uninformed clients.



Organisational and technical resources for multi-market AOP systems

AOP systems may provide access to more than one Trading Platform in more than one Financial Product (for example, traded products and options; or traded products, options and futures).

Obviously, the characteristics of the Financial Products differ.

ASX expects that the organisational and technical resources and the controls that are applied within a multi-product AOP system will differ according to the product to which access is provided and according to the characteristics of the products traded. For example, the pricing characteristics of Derivatives are different to the pricing characteristics of Traded Products and the organisational and technical resources need to reflect those differences.

Trading Participants will need to undertake their own analysis as to how to achieve this. For example, it may be possible to establish a single client account with access to multiple products with appropriate controls applying to orders entered in relation to each of those products. Alternatively, it may be necessary to establish multiple accounts for a client according to which products the client may access. This latter alternative may, in itself, make identification of inappropriate trading practices more difficult. Fields within ASX data signals may also help to identify different types of financial products.

Operational Requirement 2 – Trading Management Arrangements

All AOP systems must have the capacity to capture the information required by Market Rule 13.1.6.

Trading Participants must adopt and enforce written procedures reasonably designed to maintain adequate personnel and facilities for the timely and efficient delivery of customer orders and reporting of executions. In this regard, the procedures should cover capacity reviews, disaster recovery and redundancies, and advance disclosure to customers of both potential systems problems and alternative procedures for customers to use if problems occur.

Operational Requirement 3 - Security Arrangements

The open interface and AOP require Trading Participants to ensure the security and integrity of access to the trading systems. For this reason, security of any AOP system is of paramount concern to ASX.

Market Rule 13.1.7 refers to security issues. Market Rule 13.1.2 makes it explicit that all orders entered in Trading Platform are taken to have been submitted by and with the knowledge of the Trading Participant. Trading Participants must maintain and enforce at all times appropriate security procedures which are designed to prevent unauthorised entry of Trading Messages in a Trading Platform. If the Trading Participant's security is inadequate and allows orders into the market without their knowledge (for example, as a result of computer "hacking" or poor internal password controls), those orders will still carry their broker number and be their responsibility. It is the Trading Participant's responsibility to ensure that this does not happen.

Trading Participants who accept orders must adopt and enforce written procedures reasonably designed to protect the reliability and confidentiality of orders and account information at all points during the order-routing process. To that end, Trading Participants should have procedures regarding authentication of users, encryption of information, firewalls, authorisation of users, periodic testing of the Trading Participant's security systems, and who will administer system security.

There are ranges of variables that can impact upon the security of an AOP system. The security of third party systems can vary between different installation sites depending upon the security of the local environment. ASX expects that a Trading Participant will obtain comprehensive assurances of the security integrity of the operating system and the application from the system provider. ASX also expects that the Trading Participant will independently consider the security integrity of that system and its implementation in its environment.

The security of a Trading Participant's AOP system accessing the Trading Platforms via an Open Interface gateway should be assessed against security standards such as AUS/NZS 4444 and ISO/IEC 17799.

Should a Trading Participant have inadequate security arrangements for its AOP systems, it may be in breach of the ASX Market Rules.

A non-exhaustive list of the factors which ASX would expect to be included considered in assessing the security of its AOP systems and to be reflected in the Certification methodology for an AOP system and which are set out in more detail in the Guidance Note "Automated Order Processing: Certification" include:

- Encryption
- Perimeter Security
- Security Patching
- System Access
- Change Management
- Review
- Architecture

Qualification

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KEY TOPICS

1. Explanatory booklets
2. Linking to explanatory booklets
3. Updates to explanatory booklets

ASX Market Rules

1. 7.1.1

Cross-reference

1. ASX Market Rule – New Clients – Electronic Client Agreements for Derivatives Market Transactions

Guidance Note History

Issued: 1 July 2004

Previously: ASX Guidance Note 1/03 – 22 May 2003

NEW CLIENTS OR CLIENTS TRADING IN NEW PRODUCTS FOR FIRST TIME – Despatch of ASX Explanatory Booklets

Purpose

The purpose of this Guidance Note is to provide ASX Market Participants (“Participants”) with guidance in relation to the provision of ASX Options, LEPOs and Warrants Explanatory Booklets to clients, whilst satisfying their obligations under ASX Market Rule 7.1.1.

Background

ASX Market Rule 7.1.1 require Participants to provide their clients (other than Wholesale Clients unless expressly requested) with ASX Explanatory Booklets for Options, LEPO’s and Warrants prior to accepting the initial order for the relevant ASX Financial Product.

ASX Options, LEPO’s and Warrants Explanatory Booklets (“Explanatory Booklets”) are available for download from the ASX website (www.asx.com.au). The availability of the Explanatory Booklets on the ASX website provides Participants with a number of methods for the provision of the relevant ASX Explanatory Booklets to their clients.

ASX Policy

Explanatory Booklets

Subject to the Participant complying with all of the conditions set out below, ASX believes that any of the following mechanisms for the distribution of Explanatory Booklets to clients will enable Participants to discharge their obligations under the Market Rule 7.1.1;

1. Send clients a hard copy of the Explanatory Booklet;
2. Send clients an email containing a URL which links directly to the relevant Explanatory Booklet on www.asx.com.au; or
3. Post a URL on the Participants website which links **directly** to the relevant Explanatory Booklet on www.asx.com.au

The requirement for Participants to link directly to the ASX website ensures clients always have



access to the latest version of the Explanatory Booklet. This also reduces the administrative burden on Participants, on the basis that any changes made to the Explanatory Booklet are made to the source document, and do not affect the URL to the relevant Explanatory Booklet. As the URL does not change, Participants do not need to make any changes to the URL on their websites.

Linking to Explanatory Booklets

To create a link to an Explanatory Booklet, Participants must first create the section on their site where users will access the file, the Participant then creates the hyperlink from the relevant point in the text to the address of the relevant Explanatory Booklet, as follows;

Understanding Options Trading

<http://www.asx.com.au/markets/pdf/UnderstandingOptions.pdf>

Understanding Trading and Investment Warrants

<http://www.asx.com.au/markets/pdf/Warrants.pdf>

Low Exercise Price Options (“LEPO”) Explanatory Booklet

<http://www.asx.com.au/markets/pdf/UnderstandingLEPOs.pdf>

Prior to Participants providing their clients with the relevant Explanatory Booklet via a direct link to the ASX website, Participants should refer to the Terms of Use on www.asx.com.au, which provides further information regarding ASX general policy on linking to the ASX PDF Explanatory documentation and other publications.

Updates to Explanatory Booklets

If ASX publishes an update to the current version of an Explanatory Booklet, it may (in accordance with ASX Market Rule Procedure 7.1.1(a)):

- require that the updated Explanatory Booklet be provided to new Options, LEPO, Warrants clients only;
- notify Participants that they are required to provide a copy of the updates to all of its current Options, LEPO or Warrants clients; or
- require that an updated version of the Explanatory Booklet be provided to all of the Participants' Options, LEPO or Warrants clients.

Prior to implementing an update to a current version of an Explanatory Booklet, ASX will release an ASX Market Circular detailing the proposed release date of the updated booklet and ASX's required action in relation to the provision of the updated booklet to clients. ASX will ensure that Participants are provided with sufficient time to enable orders to be placed for supplies of printed copies of the updated Explanatory Booklet.



Participants may provide clients with the relevant updates or updated Explanatory Booklets electronically (via electronic methods detailed above), providing that the Participant meets all of the conditions below.

Conditions

If a Participant elects to provide its clients with the relevant Explanatory Booklets in any of the electronic means set out above, the following conditions must be satisfied to ensure that the Participant is discharging its obligations under the ASX Market Rules:

1. the client must be advised that they may request a hard copy of the booklet and the procedures to follow if they wish to do so. (If the client requests a hard copy, then the Participant must provide the client with a hard copy);
2. the link (URL) is a direct/deep link to the relevant booklet (i.e. it is not just a link to the ASX homepage, or the page on the website where a series of booklets are available);
3. the Participant must not accept an initial client order to buy or sell Options, LEPOs or Warrants if the Participant has reason to believe that the investor did not access the relevant ASX Explanatory Booklet; and
4. the Participant must keep records adequate to demonstrate that it has complied with the relevant Market Rules.

These requirements seek to ensure that investors who receive an electronic Explanatory Booklet or update are no less informed than those who receive a hard copy of the Explanatory Booklet or update.

Qualification

ASX has published this note to promote commercial certainty, and assist Market Participants. Nothing in this note necessarily binds ASX in the application of the Rules in a particular case. In issuing this note ASX is not providing legal advice and Market Participants should obtain their own advice from a qualified professional person in respect of their obligations. ASX may replace this Guidance Note at any time. Readers should contact ASX to ensure they have the latest version.

KEY TOPICS

1. Procedure for Granting Extensions
2. Due Dates for Self Assessment Returns
3. Late Fees
4. ASX Monitoring

ASX Market Rules

1. 1.15

Cross-reference

Nil

Guidance Note History

Issued: 30 September 2004

Previously: ASX Guidance Note 14/01- Self Assessment – Granting of Extensions for Lodgement of Returns and Fees for Late Returns – Rules 1A.3.1 and 5A.7.1

FEES AND OTHER CHARGES – Self assessment late fees and granting of extensions

Purpose

The purpose of this Guidance Note is to outline ASX policy in relation to the lodgement of ASX Self Assessment returns.

Background

Self Assessment is a key method by which ASX monitors the standards of compliance, management control and operations risk identification in the industry. This assists ASX to monitor the integrity of the markets it operates and minimise the likelihood of a Market Participant failing to meet its obligations.

For these reasons, the return of Self Assessment responses in a timely manner is important for ASX to perform its responsibilities. In the opinion of ASX, eight weeks is a reasonable time from the date of dispatch of a Self Assessment package by ASX for a Market Participant to complete and return it. In the case of Continuing Education Self Assessments for the period ending 30 June each year, Participants have a one month period until 31 July to finalise and lodge that Self Assessment.

However, ASX understands that problems beyond the control of the Market Participant can be experienced, and therefore ASX may grant extensions from the return date as specified. It should be noted however that extensions will only be granted for valid reasons.

Procedure for Granting Extensions

To ensure that requests for extensions are processed and monitored efficiently, and late Self Assessment returns are accurately determined, Compliance Services requests that Market Participants observe the following procedures when seeking an extension from ASX for the lodgement of the Self Assessment returns.

Prior to the due date, a Market Participant seeking an extension must make a request in writing to ASX's Compliance Services department. An email request is to be addressed to **compliance@asx.com.au**. Included in the email must be:

- reason(s) for the late lodgement of the return;
- the proposed date for lodgement. (It is unlikely that an extension for a Self Assessment return will be granted for more than two weeks. If the return is received after the revised due date then a late lodgement fee will apply from this date); and
- contact details for the person(s) responsible for the completion of the return.

ASX will respond to the Market Participant in writing (wherever possible by return email) to confirm the receipt of the email and to approve or refuse the extension. Until such time as the Market Participant receives this confirmation, an extension has not been granted and the original due date continues to apply.

Extensions will not be granted orally. It is the responsibility of the Market Participant to ensure it does not assume an extension has been granted until written confirmation has been received from ASX.

ASX believes this revised procedure will assist both ASX and Market Participants, creating an audit trail of extensions requested and granted.

Due Dates for Self Assessment Returns

The expected due date of a Self Assessment return will be stated in the Self Assessment package. It will generally be eight weeks from the date of despatch by ASX. Continuing Education Self Assessments are due on 31 July each year. Where 31 July falls on a non-Business Day, the Self Assessment will be due on the first Business Day after 31 July.

Late Fees

Pursuant to ASX Market Rule 1.15, ASX has prescribed a late fee of \$100 per day for each Business Day for the first two weeks the return is late. This fee will increase to \$200 per day for each Business Day after the first two weeks. Should any return remain outstanding for greater than four weeks in total, disciplinary action may be initiated in addition to, or in lieu of, late fees.

Late lodgement of a return will also increase the likelihood of ASX visiting the Market Participant and conducting an on-site review of its compliance with ASX Market Rules.

ASX Monitoring

ASX will monitor requests for extensions for lodgement of Self Assessment returns. ASX will only take into account valid reasons for an extension, particularly if unusual or extraordinary circumstances prevent the Market Participant completing the return by the due date. Requests for extensions on the basis that the Market Participant has insufficient resources to ensure that returns can be completed are



unlikely to be favourably considered. Requests for extensions lodged on the due date for return of the Self Assessment are also unlikely to be favourably considered.

Qualification

ASX has published this note to promote commercial certainty, and assist Market Participants. Nothing in this note necessarily binds ASX in the application of the Rules in a particular case. In issuing this note ASX is not providing legal advice and Market Participants should obtain their own advice from a qualified professional person in respect of their obligations. ASX may replace this Guidance Note at any time. Readers should contact ASX to ensure they have the latest version.

KEY TOPICS

1. Investigatory Obligations and Powers
2. Who Conducts ASX Investigations?
3. Who Refers Matters to I and E for Investigation?
4. Enforcement of ASX Investigatory Powers
5. Procedures During I and E Investigations
6. Notification of and Scope of Investigations
7. Access to Documents
8. ASX Interviews
9. Confidentiality
10. Public Disclosure
11. Legal Professional Privilege
12. Privilege Against Self-Incrimination
13. Inspection / Investigation Reports
14. Procedural Fairness

ASX Market Rules

1. 3.8.1
2. 3.8.2
3. 28.1.1
4. 28.1.2
5. 28.1.3
6. 28.3.5
7. 28.3.7

Cross Reference

1. ASX Market Rule Guidance Note – Record of Action & Announcement – Management Letters Publication

MONITORING COMPLIANCE – Investigations

Purpose

The purpose of this Guidance Note is to promote awareness among Market Participants of the practices and procedures followed by ASX's Investigations and Enforcement unit ("I and E") when conducting an investigation under the ASX Market Rules ("Rules") concerning a Regulated Person.

This Guidance Note does not address ASX's practices and procedures in relation to disciplinary proceedings, which may be commenced by ASX following an ASX investigation. That topic is addressed in a separate Guidance Note titled 'ASX Disciplinary Proceedings'.

Background

Investigatory Obligations and Powers

ASX considers that one of its core functions is to promote and maintain a high level of market integrity in the interests of market participants and the broader economic community.

ASX is also obliged by Section 792A of the Corporations Act to, among other things to the extent it is reasonably practicable to do so, do all things necessary to ensure that its market is a fair, orderly and transparent market and have adequate arrangements for monitoring and enforcing compliance with its market operating rules.

The Rules provide ASX with broad powers to monitor, investigate and obtain information from Regulated Persons in the course of complying with its Corporations Act obligations and for the purpose of promoting and maintaining market integrity.

Pursuant to Rules 28.1.1 and 28.1.2, ASX may require Regulated Persons to provide any information known to the Regulated Person and provide or permit inspection at the offices of the Regulated Person or any other place notified by ASX of any records which may relate to a matter which is the subject of an ASX investigation.

Other provisions in the Rules enable ASX to require Regulated Persons to produce particular documents, for example, Rule 13.1.10 (identification of order source).

Pursuant to Rule 28.1.3, during an investigation ASX may also require a Regulated Person to cause one or more of its Employees to appear before ASX or a Tribunal for interview in connection with matters relating to the business of the Market Participant.

Who conducts ASX investigations?

ASX investigations are carried out by I and E, which forms part of ASX Market Integrity. I and E frequently conducts formal interviews and calls for the production of documents during the course of its investigations.

Who refers matters to I and E for investigation?

ASX's Surveillance unit, which also forms part of ASX Market Integrity, calls for information and the production of documents in carrying out its role of monitoring trading on ASX markets. Surveillance refers matters of possible regulatory concern regarding Regulated Persons to I and E, which, after an initial assessment, may commence an investigation. Other ASX units which request Regulated Persons to provide ASX with information, as part of satisfying ASX's obligation to monitor compliance with its Rules, include Compliance Services and Risk Management. These units may also refer matters of possible regulatory concern to I and E for assessment and possible investigation.

Enforcement of ASX Investigatory Powers

ASX's investigatory powers under the Rules, in particular its powers to require Regulated Persons to produce documents and to cause its Employees to appear for interview, may be enforced under sections 793C and 1101B of the Corporations Act. If a Regulated Person fails to comply with a direction from ASX to produce documents or appear for interview, ASX may apply to a court under those provisions for orders that it does so.¹ As the Rules have contractual force (see section 793C of the Corporations Act), ASX may also treat a failure to comply with such a direction as a breach of contract and seek redress from a court for such breach.

A failure by a Regulated Person to comply with a direction from ASX in the course of an investigation, may also constitute a breach of the Rules. ASX may elect to bring disciplinary proceedings in respect of any such failure.

Procedures During I and E Investigations

Where a matter is referred to I and E for investigation, I and E makes an initial assessment as to the seriousness of the allegations and whether the matter warrants an investigation.



I and E considers the available information and may approach the Regulated Person concerned for further documents and information, with a view to preparing an 'Inspection/Investigation Report'.

Notification of and Scope of Investigations

The Rules do not oblige ASX to notify a Regulated Person that its conduct is being investigated. However, ASX's practice is to notify a Regulated Person at an appropriate time that its conduct in relation to a particular matter is being investigated.

When ASX advises a Regulated Person that an investigation is under way, it will inform the Regulated Person as to the general subject matter of the investigation and, if known, the date range within which the circumstances being investigated are believed to have occurred. I and E's primary task is to ascertain the relevant facts concerning the circumstances which are being investigated. Having regard to ASX's general obligation to monitor compliance with the Rules, I and E will not necessarily limit its inquiries to the information referred to it for investigation. Nor is it I and E's role to limit its inquiries to only those facts which might support a preconceived view as to whether a particular breach of the Rules has occurred.

I and E will not be in a position to express an opinion as to whether a breach of the Rules or the Corporations Act has occurred until at or near the conclusion of an investigation. Accordingly, and having regard to ASX's general monitoring obligation, I and E's practice is to refrain from expressing a view on whether I and E considers any particular breaches may have occurred when commencing an investigation. This practice may differ from that of ASIC in the course of its investigations, having regard to sections 13 and 19(3) of the ASIC Act, in relation to identifying which contraventions of the law it suspects may have occurred.

Access to Documents

At the commencement of and during an investigation, I and E may write to the Regulated Person requesting copies of particular documents or documents within a particular class, which may be relevant to the matters under investigation.

Alternatively, I and E may elect to visit the Regulated Person's offices and request that its original documents be produced for inspection. In limited and appropriate circumstances, I and E may make such a visit with little or no notice, depending on the urgency of the matter and any other relevant circumstances.

In some instances, a matter concerning a Regulated Person which is being investigated by ASX, may also be the subject of an investigation by ASIC. If relevant documents have already been provided by the Regulated Person to ASIC, I and E may seek to minimise inconvenience to the Regulated Person by obtaining access to those documents by arrangement with ASIC. In those instances, I and E will consult with the Regulated Person as necessary with a view to inspecting or obtaining copies of the documents in ASIC's possession.

ASX Interviews

Obligation to Appear

In the course of an investigation, I and E may conduct interviews of Employees of the Regulated Person pursuant to Rule 28.1.3. That Rule requires a Regulated Person to cause its Employees to appear before ASX and to give such information as may be required by ASX relating to the business of the Regulated Person. A refusal by an Employee to comply with a reasonable direction from a Regulated Person to appear before ASX for interview may constitute a breach of the Employee's contract of employment, as well as being a breach of the Rules by the Regulated Person.

Conduct of Interview

Rule 28.1.3 interviews are conducted by I and E. The time and venue for an interview will be determined by I and E, usually after consultation with the Regulated Person.

Subject Matter of Interview

Prior to a Rule 28.1.3 interview, ASX will notify the relevant Regulated Person of the general subject matter of the investigation. The Regulated Person should communicate this information to the interviewee before the interview takes place. In conducting an interview, I and E will be seeking the assistance of the interviewee in establishing the relevant facts concerning the matter under investigation. The information generally sought from an interviewee will relate primarily to his or her personal knowledge of the circumstances which are under investigation.

Obligation to Tell the Truth

The Rules do not require the interviewee to take an oath or make an affirmation. However, ASX expects that the interviewee, to the best of their recollection, will answer truthfully all questions put



by I and E in the interviewee's own words, consistent with a Regulated Person's obligation under the Rules to provide information to ASX relating to its business.²

Qualified Privilege

ASX considers that statements made by interviewees in the course of Rule 28.1.3 interviews are protected in actions for defamation by a defence of qualified privilege, both at common law and by section 1100C of the Corporations Act.

Presence of Representatives of the Regulated Person

Rule 28.1.4 allows representatives of the Regulated Person (other than the person being interviewed) to be present at an interview of another person at the discretion of I and E. In permitting such attendance, I and E may do so subject to conditions, for example, that the person so attending first undertakes to keep the contents of the interview confidential until the conclusion of all interviews to be conducted during the investigation. It may be necessary, in some circumstances, for I and E to decline to permit a particular representative to be present, for example, where that representative is to be interviewed at a later stage of the investigation.

Presence of Legal Advisers

The practice of I and E is to permit, at its discretion, an interviewee's legal adviser and/or the Regulated Person's legal adviser, to be present during the interview, again possibly subject to conditions such as the prior provision of an undertaking as to confidentiality. I and E will afford such legal advisers an opportunity to address I and E on any relevant issue and, before the conclusion of the interview, to clarify any outstanding matters by asking the interviewee further questions regarding any of the matters on which he or she has been interviewed. I and E reserves the right to exclude from the interview any legal adviser who disrupts or obstructs the interview.

Recording of Interviews and Transcripts

ASX's practice is to record Rule 28.1.3 interviews. A transcript of the recording may be prepared in cases where I and E forms a view that a transcript is necessary. Upon request, a copy of the transcript (or a copy of the recording if a transcript has not been prepared) will be provided to the Regulated Person, but usually not before the conclusion of all interviews conducted in the course of the investigation.

A copy of the transcript (or the recording) may be provided to a Regulated Person at an earlier time upon request, subject to conditions such as an appropriate confidentiality undertaking.

When the transcript is provided to a Regulated Person, the interviewee and the Regulated Person will each be afforded an opportunity to correct any errors it contains.

ASX does not require an examinee to sign his or her transcript of interview.

The contents of the interview may be relied on by I and E in preparing an Inspection/Investigation Report and, if so, a copy of the recording and/or transcript will be attached to a draft Inspection/Investigation Report provided to the Regulated Person for its



comment at the conclusion of the investigation. The contents of the interview may also be relied on by ASX at any disciplinary hearing which may subsequently take place before the Disciplinary Tribunal and Appeal Tribunal in relation to matters which were the subject of I and E's investigation.

Confidentiality

ASX treats information which it receives from Regulated Persons pursuant to its investigatory powers as being confidential and seeks to maintain the confidentiality of that information in accordance with its obligations under the Rules. ASX considers that the obligation to maintain the confidentiality of confidential information which becomes known in the course of an ASX investigation also applies to Regulated Person. Thus ASX considers that its reports and records of interviews should not be disclosed to persons other than officers, employees or agents of a Regulated Person without ASX's written consent.

Rule 1.7.2 obliges ASX to take all reasonable measures to protect from unauthorised use or disclosure information provided to ASX in confidence by or on behalf of a Market Participant pursuant to the Rules. Accordingly, ASX seeks to ensure that all confidential information provided to it by Market Participants in the course of an investigation remains confidential in ASX's hands, except for such limited disclosure permitted by the Rules as may be appropriate.

In particular, Rule 1.7.1 and 1.7.2 permit ASX to disclose confidential information, which it obtains from Market Participants, to regulatory authorities (eg ASIC and the Reserve Bank of Australia) in relation to dealings in securities, pursuant to reciprocal arrangements with those regulatory authorities. Limited disclosure outside ASX, to persons such as expert witnesses and legal representatives, is also permitted when it is made for the purpose of monitoring compliance with or enforcing the Rules (eg when required for a disciplinary hearing before ASX's Disciplinary Tribunal).

Disclosure to persons outside ASX is also permitted under Rule 1.7.1 and 1.7.2, where ASX is required to produce confidential documents for inspection pursuant to a court order.

However, where ASX considers that it would not be in the public interest for particular confidential information to be made public (eg where the disclosure could compromise an ASX investigation or surveillance methodologies), ASX may seek to oppose such production, relying on the doctrine of public interest immunity. ASX's standing to decline to disclose such documents and information in appropriate cases on public interest immunity grounds has been recognised by the courts.³

ASX may seek to place conditions on the persons to whom a permitted disclosure is to be made by, for example, restricting the number of individuals who may have access to the information and regarding what use may be made of the information.

Public Disclosure

ASX's practice during an ongoing investigation is to refrain from commenting publicly on the substantive issues which are being examined by I and E in the course of the relevant investigation. However ASX may, in appropriate cases, confirm publicly that a matter is the subject of an ASX investigation, in particular where there is a substantial public interest.

Legal Professional Privilege

In conducting an investigation under the Rules, pursuant to its obligations under the Corporations Act referred to above, ASX seeks to ascertain all of the relevant facts and circumstances relating to the matter being investigated, with a view to promoting and preserving the integrity of its market.

Accordingly, and having regard to the difficulties often involved in ascertaining all of the relevant facts and circumstances, ASX's powers under Rules 28.1.1 and 28.1.2 to require production of documents and disclosure of information from Regulated Persons are broad.

Where a Regulated Person is compelled, as part of an investigation under the Rules, to produce documents and disclose information to ASX which they consider may be protected from production or disclosure by legal professional privilege, the Regulated Person should seek independent legal advice as to whether the privilege attaches to the documents and/or information in question.

Where a Regulated Person claims they are exempt from producing some of the documents or disclosing some of the information that ASX has requested on the basis that the documents or information are subject to a claim for legal professional privilege, they must inform ASX of the nature of the documents or information and the basis upon which the claim for legal professional privilege is made.

Privilege Against Self-Incrimination

No exemption from disclosure is made in the Rules for relevant documents and information which a Regulated Person might seek to withhold from disclosure on the basis of a common law claim of privilege against self-incrimination.

Documents and information which a Regulated Person might otherwise claim to be protected from disclosure on the grounds of a claim of privilege against self-incrimination must be disclosed to ASX in the same way as any other relevant documents and information which are required for the purposes of an investigation. ASX notes that, quite apart from the position under the Rules, the common law does not in any event recognise an entitlement by corporations (as opposed to individuals) to rely on the privilege. Thus, for Regulated Persons which are corporations, such a claim could not be maintained even if the availability of the privilege was not curtailed by the Rules.

Inspection/Investigation Reports

Is a Report Necessary?

After I and E has considered all relevant information which becomes available during an investigation, a view is formed as to whether any regulatory issues which arose during the investigation regarding the Regulated Person's business or conduct are of sufficient concern to warrant the preparation of a formal "Inspection/Investigation Report". As part of that process, I and E may consult with the Regulated Person regarding his or her understanding of the relevant factual circumstances. In some instances I and E may prepare a written statement of facts and seek confirmation from the Regulated Person as to whether it agrees that the facts stated are correct.

Draft Report

If a view is formed that any regulatory issues arising are of sufficient concern, I and E prepares an Inspection/Investigation Report in draft form, which sets out the relevant facts and issues. The Draft Report may include I and E's tentative view as to whether a breach of the Rules or the Corporations Act may have occurred. Documents relied on by I and E in preparing the Draft Report are attached to the Draft Report.

The Draft Report is provided to the Regulated Person to afford it an opportunity, if it chooses, to provide I and E with written comments on the Report's contents within a reasonable time. Any comments received are taken into account by I and E in forming a considered opinion of the matter and in finalising the Report. A full copy of the Regulated Person's comments are attached to the Final Report. I and E may also choose to respond specifically to some of the Regulated Person's comments, either in a separate attachment to the Final Report or in the body of the Final Report.

After I and E has taken into account any comments received, or if no comments are received within the time specified, I and E will finalise and sign the Report as a Final Report.

Final Report

A copy of the Final Report is provided to the Regulated Person and to relevant members of ASX's management. ASX may have regard to the contents of the Report in considering whether to issue a Contravention Notice against the Regulated Person pursuant to Rule 28.3.5 for hearing before the Disciplinary Tribunal. However, any opinion of I and E which may be expressed in the Report will not be the sole determinant of whether a Contravention Notice is issued or of the ambit of that Notice. Those are matters which are wholly within the discretion of ASX, having regard to its regulatory obligations and all other relevant circumstances. For less serious matters, the Report may be considered by the Disciplinary Tribunal as ASX's delegate under Rule 28.3.2 without a formal Contravention Notice being prepared and without the Regulated Person and I and E being present (known as an expedited disciplinary proceeding).

A Regulated Person may choose to, but is not obliged to, provide ASX with any comments it may wish to make regarding the contents of the Final Report at any time, whether before or after a Contravention Notice (if any) is issued or a matter is assigned to an expedited disciplinary proceeding.

Effect and Status of Final Report

It is important to note that I and E's opinion in a Final Report as to whether a breach of the Rules or the Corporations Act has occurred will not necessarily result in disciplinary action being commenced by ASX against the Regulated Person concerned. Nor does it follow if disciplinary action is commenced, that ASX's Disciplinary Tribunal will adopt or agree with the Final Report in the course of a disciplinary hearing. If the Final Report is taken into account in the course of a disciplinary hearing, it is entirely a matter for the Disciplinary Tribunal as to how much weight it will give to the Report and to any other evidence which is placed before it by ASX or by the Regulated Person. However, ASX's practice is to seek to rely on the facts and circumstances set out in a Final Report, including any attachments to the Report, at hearings before the Disciplinary Tribunal and during expedited disciplinary proceedings.

Procedural Fairness

ASX's practice when conducting an investigation regarding the conduct of a Regulated Person is to have regard to and comply with the requirements of procedural fairness to the full extent that those requirements apply to investigations by ASX⁴ (and bearing in mind that the requirements of procedural fairness in respect of investigations may differ from the requirements of procedural fairness in respect of disciplinary actions and hearings). The requirements of procedural fairness will also vary according to the circumstances of each matter.



In conducting its investigations, ASX is conscious that a balance needs to be achieved between the legitimate interests and expectations of a Regulated Person and ASX's obligation to preserve the integrity of its investigations in the public interest and to maintain the integrity of its market on behalf of all Market Participants.

Qualification

ASX has published this note to promote commercial certainty, and assist Market Participants. Nothing in this note necessarily binds ASX in the application of the Rules in a particular case. In issuing this note, ASX is not providing legal advice and Market Participants should obtain their own advice from a qualified professional person in respect of their obligations. ASX may replace this Guidance Note at any time. Readers should contact ASX to ensure they have the latest version.

¹ *Australian Stock Exchange Ltd v Hudson Securities Pty Ltd* (2000) 35 ACSR 55

² Note that section 1309(1) of the Corporations Act provides that an officer of a corporation (this would include an officer of an incorporated Market Participant) who furnishes or permits the furnishing of information to a securities exchange (this would include ASX) relating to the affairs of the Market Participant, which to the knowledge of the officer is materially false or misleading, is guilty of an offence. By section 1309(2), if the officer of the Market Participant does not know that the information so furnished is materially false or misleading, but has not taken reasonable steps to ensure that the information is not false or misleading, then he or she is also guilty of an offence.

³ *CTC Resources NL and Ors v Australian Stock Exchange Ltd and Anor* (1998) WASC 22. See also *Law Institute of Victoria v Irving* [1990] VR 429, *Finch v Grieve* (1991) 22 NSWLR 578 and *Goldberg v Ng* (1994) 33 NSWLR 639

⁴ *McLachlan v Australian Stock Exchange Ltd and Anor* (1998) 30 ACSR 26 at 36; *Shaw Stockbroking Ltd v Australian Stock Exchange Ltd* (1998) 26 ACSR 702 at 718-9.

KEY TOPICS

1. ASX Policy
2. collection statements
3. consents
4. accuracy of information
5. accessing information
6. Further Information on ASX Privacy Statements

ASX Market Rules

1.7

Cross-reference

1. ACH Guidance Note – ACH approach to privacy laws
2. ASTC Guidance Note – ASTC approach to privacy laws
3. Privacy Act 1988

Guidance Note History

Issued: 11 October 2004

Previously: ASX Guidance Note ½

New privacy provisions

ASX APPROACH TO PRIVACY LAWS

Purpose

The purpose of this Guidance Note is to provide assistance to Market Participants (“Participants”) in understanding ASX’s approach to the obligations under the Privacy legislation concerning the handling of personal information.

Whilst Participants need to obtain their own advice concerning compliance with the Privacy laws, this Guidance Note may assist Participants to identify a number of ASX Market Rules, the operation of which impact upon ASX’s approach to dealing with personal information and how those matters will, as a consequence, impact upon Participants.

Background

The privacy provisions in the *Privacy Act* 1988 (Cth) affecting the way private sector organisations collect, use, keep, secure and disclose personal information came into effect on 21 December 2001. The laws concern all Participants, unless they come within one of the exemptions.

Determining what compliance measures Participants will need to implement for the purposes of the Privacy laws involves consideration of the ten National Privacy Principles (NPPs) set out in Schedule 3 of the legislation.

ASX Policy

ASX and other related entities of ASX collect personal information through Participants and use or disclose this information, as provided for under the *Corporations Act* 2001 (Cth) and the ASX Market Rules (the ‘Rules’). Generally, that collection may arise in a number of ways under the Rules, including, for example:

- processing applications seeking recognition as a Participant (Rule 3.1);
- Participants notifying ASX of a new Responsible Executive, Director or Controller (Rules 4.3.2);
- Capital returns completed for the purposes of ASX Schedule 1A;
- processing applications seeking accreditation as an Approved Derivatives Advisor (Rule 8.2).

Participants are obliged under the Rules to provide information to ASX and the Privacy Laws do not alter those obligations. Once personal information is provided to ASX or a related entity pursuant to the Rules, ASX is responsible for ensuring the security of this information, its appropriate use and disclosure and providing access where appropriate in accordance with its Rules and legislation including the *Privacy Act*.

ASX play a fundamental role in ensuring the integrity of Australia's financial markets. The Rules require ASX to collect personal information, to promote and maintain market integrity. ASX has determined that after receiving personal information it may be used by ASX to fulfil its regulatory responsibilities under the *Corporations Act* and the Rules.

Collection Statements

Under the Privacy Laws, organisations are required to make individuals aware that they are collecting personal information about them, the purposes for which it is collecting the information and who they might pass the information on to (NPP 1 - Collection).

Given that ASX collects personal information concerning the clients of Participants through Participants themselves, Participants will need to provide collection statements to their clients, or otherwise inform them, that their personal information may be disclosed to ASX and may be used by ASX as set out in Rule 1.7.

Participants are encouraged to develop their own collection statements, given that the statement sets out the use that will be made of the personal information and this may vary between Participants.

NPP 1.3 sets out that a collection statement should include:

- (a) the identity of the organisation and how to contact it; and
- (b) the fact that the person is able to gain access to the information; and
- (c) the purposes for which the information is collected; and
- (d) the organisations (or the types of organisations) to which the organisation usually discloses information of this kind; and
- (e) any law that requires the particular information to be collected; and
- (f) the main consequences (if any) for the individual if all or part of the information is not provided.



An example of where a collection statement could be employed by a Participant is in broker-client agreements. ASX also includes a collection statement on emails to external clients.

Participants will also need to inform their employees that their personal information may be collected by ASX in circumstances such as applications for admission, disciplinary proceedings or in the course of ASX's compliance process.

Consents

Participants may also like to consider obtaining consents from clients at the time an agreement is signed or including opt-out provisions, to avoid breach of NPP 2 (Use and Disclosure), for example the consent to receive direct marketing material from the Participants.

Accuracy of Information

The Privacy Laws also require that an organisation ensures personal information held by it is accurate, complete and up-to-date (NPP 3 – Data Quality). Participants will also need to ensure that any such information provided to ASX satisfies this requirement.

ASX considers this is implicit in the Rules dealing with client record keeping including Rules 4.10.

Accessing Information

NPP 6 (Access and Correction) provides an individual with a right of access to information held about them by an organisation and to correct that information. Participants should be aware, that for security reasons and to ensure that ASX does not breach NPP 4 (Data Security), regarding unauthorised access to personal information, clients should be informed that access to their personal information is obtainable through the individual's Participant.

Further Information on ASX Privacy Statements

For more information about ASX's information handling practices, you can view ASX's Privacy Statement on www.asx.com.au.

More information on the National Privacy Principles and privacy in general can be found on the Federal Privacy Commissioner's website at <http://www.privacy.gov.au>.

Qualification

ASX has published this note to promote commercial certainty, and assist Market Participants. Nothing in this note necessarily binds ASX in the application of the Rules in a particular case. In issuing this note ASX is not providing legal advice and Market Participants should obtain their own



advice from a qualified professional person in respect of their obligations. ASX may replace this Guidance Note at any time. Readers should contact ASX to ensure they have the latest version.

KEY TOPICS

1. Responsible Executives
2. Supervisory Systems
3. Business Offices

ASX Market Rules

1. 3.6
2. 4.1

Cross-reference

1. ACH Guidance Note: "Ongoing compliance and supervision-responsibilities of Responsible Executives"

Guidance Note History

Issued:
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Re-Issued:
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Re-Issued
12 July 2005

ONGOING COMPLIANCE AND SUPERVISION – RESPONSIBILITIES OF RESPONSIBLE EXECUTIVES

Purpose

The purpose of this Guidance Note is to set out ASX expectations of Responsible Executives ("REs") and of Market Participants in relation to REs.

Background

ASX expects all Market Participants to have executives responsible for supervision of, and control over, the operations and processes in place to achieve satisfaction of the Market Participant's obligations related to the business that the Market Participant conducts in a market operated by ASX. Such people must be suitably experienced and qualified to oversee satisfaction of those obligations.

ASX recognises that most Market Participants will be obliged to have appointed Responsible Officers ("ROs") under the terms of their Australian Financial Services Licence ("AFSL"). In order to minimise regulatory overlap with AFSL requirements, ASX will rely upon the Responsible Officer standards as set out by ASIC to the extent it considers appropriate.

The regulatory objectives of the Responsible Executive requirements in the ASX Market Rules and Procedures ("Rules") are:

- (a) to complement the obligation in the Rules that a Market Participant is responsible for all actions and omissions of its employees (including Responsible Executives);
- (b) to ensure there are identifiable people responsible for the supervision and control of the ASX markets related business of a Market Participant so that they can supervise the activities of the Market Participant in a meaningful way;
- (c) to ensure that those people responsible for supervision and control of the ASX markets related business of the Market Participant are competent by requiring that they have the appropriate level of knowledge and experience relevant to the Australian market;

- (d) to ensure that those people responsible for supervision and control of the ASX markets related services business of the Market Participant are of good fame and character and high business integrity; and
- (e) to reinforce the personal responsibility of those people by requiring that they be accountable for the design, implementation, functioning and review of the Market Participant's operations and processes for compliance with the Rules of ASX and be bound by the Market Rules.

Participant to determine and manage its risk

Market Participants are responsible for ongoing compliance with the Market Rules. Market Participants are also responsible for all actions and omissions of their employees (including Responsible Executives). It is the obligation of each Market Participant to identify and implement internal controls to manage their regulatory risk and comply with the Market Rules. As such, each Market Participant must have in place effective mechanisms to establish, document, maintain, review, test, remedy and modify compliance and supervisory policies and procedures reasonably designed to achieve compliance by the Market Participant with the Rules and, where contraventions (or potential contraventions) are discovered, to then have available the means to take appropriate action. The management structure a Market Participant adopts is a matter for the Market Participant to determine based upon the size, complexity and distribution of its business and its regulatory risk profile and appetite.

Management structure

The Market Rules require that a Market Participant have appropriate management structures in place to ensure that its Responsible Executives have adequate supervision and effective control over the compliance operations and processes in relation to the business the Market Participant conducts on ASX, (wherever the business is located or intended to be operated). The Market Rules also require that a Market Participant have appropriate supervisory policies and meet any standards or requirements set out in the Procedures. ASX expects that it will be the Responsible Executives who are accountable for adequate supervision, effective control and adherence to the supervisory policies.

Comprehensive compliance and supervisory systems constitute the foundation of effective regulation. ASX believes that a Market Participant's senior management should focus similar attention to its compliance and supervisory policies and procedures as they devote to its revenue-producing businesses. It is for this reason that the Rules require that the Responsible Executives must supervise the design, implementation, functioning and review of the Market Participant's operations and processes for compliance with the Rules of ASX and be bound by the Market Rules.

Responsible Executives

A Market Participant will need to satisfy itself that its Responsible Executives have executive responsibility, seniority and authority for the supervision and control of the operations and processes for compliance in relation to the business that the Market Participant conducts in a market operated by



ASX. ASX expects that it will be the Responsible Executives who will lead and shape the compliance culture of the Market Participant. To achieve this, Responsible Executives will require the seniority and authority within the organisation to exert control, leadership, influence and supervision over the operations, policies and culture of the organisation.

A Market Participant will also need to satisfy itself that those Responsible Executives who have executive responsibility for the supervision and control of its compliance operations and processes:

- have an appropriate level of financial services industry knowledge which is relevant to the Australian market, the type of business the Market Participant operates and the types of products in which it deals;
- have appropriate financial service industry experience relevant to the Australian market, the type of business the Market Participant operates and the types of products in which it deals; and
- are of good fame and character and high business integrity.

The Market Participant's written supervisory procedures should include the methods for monitoring the performance of the Responsible Executive. All Responsible Executives should participate in compliance training. Training should provide a clear description of the Market Participant's expectations.

Responsible Executive Exams

In order to satisfy itself that Responsible Executives have a competent knowledge of the local market obligations, ASX requires that Responsible Executives sit and pass an examination set by ASX.

The ASX Markets Responsible Executive Examination covers the ASX Market Rules as well as relevant sections of the Corporations Act. It is designed to demonstrate knowledge of the rules governing the markets operated by ASX and competency in their application. The examination is of value to anyone who conducts business in or related to ASX's markets. It is the minimum mandatory requirement for persons intending to be Responsible Executives for an ASX Participant's market operations for the purpose of the ASX Market Rules where that Market Participant conducts only principal and/or agency business.



The ASX Markets Responsible Executive (Principal Trader only) Examination covers the ASX Market Rules as well as relevant sections of the Corporations Act as far as they affect ASX Principal Trader only Participants. It is designed to demonstrate knowledge of the rules governing the markets operated by the ASX and competency in their application. It is the minimum mandatory requirement for persons intending to be Responsible Executives for an ASX Participant's market operations for the purpose of the ASX Market Rules where that Market Participant conducts only principal (ie no agency) business.

The ACH Clearing and Settlement Responsible Executive Examination covers the ACH Clearing Rules and ASTC Settlement Rules as well as relevant areas of the Corporations Act. It is designed to demonstrate knowledge of the rules governing the clearing & settlement facilities operated by ACH and ASTC and competency in their application. The examination is of value to anyone who conducts business in or related to clearing and settlement. It is mandatory for persons intending to be Responsible Executives for an ACH Participant's clearing and settlement operations for the purpose of the ACH Clearing Rules.

The ASX and ACH Responsible Executive Examination covers the ASX Market Rules, ACH Clearing Rules, ASTC Settlement Rules as well as relevant sections of the Corporations Act. The content of this examination is drawn from the material of the other two examinations. The examination is of value to anyone who conducts business in or related to trading, clearing and settlement in ASX markets and requires knowledge of all aspects of those operations. It would also be of interest to a person considering taking on a broader Responsible Executive Role. It is mandatory for persons intending to be Responsible Executives for both a Participant's market and clearing & settlement operations.

All Responsible Executive Exams are one hour on-line multiple choice examinations with a pass mark of 65%.

Tribeca Education administers all ASX and ACH RE Exams on behalf of ASX. Prospective candidates for the ASX RE Exam should refer to the Tribeca web site (www.tribeca.com.au) and download the required forms to arrange a time to sit the formal examination.

Number of Responsible Executives

ASX requires each Market Participant to have at least one Responsible Executive accountable for the design, implementation, functioning and review of the Market Participant's operations and processes for compliance with the Rules of ASX. A Market Participant may choose to appoint more than one Responsible Executive, each accountable for different parts of the Market Participant's market operations. Those accountabilities will be reflective of the management structure.

The responsibility for supervision of large or complex organisations will be a critical consideration when determining the number of Responsible Executives to be appointed.

Similarly, the responsibility for supervision of Business Offices will be a critical consideration when determining the number of Responsible Executives to be appointed for those organisations that are geographically diverse.

If the Market Participant is also an ACH Clearing Participant it will also require at least one Responsible Executive accountable for clearing and settlement operations. Whilst ASX discourages the appointment of one person as Responsible Executive for the purposes of both the ASX and ACH Rules, it is the responsibility of the Market Participant to consider the desirability of segregating controls relating to trading and clearing/settlement functions and to determine the appropriateness of a dual appointment.

ASX discourages Market Participants from appointing compliance personnel as Responsible Executives. However, in circumstances where a person has both compliance and operational responsibilities, it is reasonable to accept the person as a Responsible Executive for the purposes of operational supervision.

Accountability for supervisory systems

ASX expects Responsible Executives to be accountable for the supervisory controls, processes, systems and culture within a Market Participant. Responsible Executives will be accountable for processes to establish, document, maintain, review, test, remedy and modify supervision policies and procedures reasonably designed to achieve compliance by the Market Participant with the Rules. That is, management accountability. Hence, ASX will not generally expect a Responsible Executive to be held accountable for each and every breach or deficiency (unless they were personally involved). For example, ASX may take the view that a Responsible Executive or Market Participant may be considered not to have failed to supervise if:

- It can be evidenced that there have been established procedures and a system for applying those procedures which would reasonably be expected to prevent and detect, insofar as practicable, the breach; and
- the Responsible Executive has discharged the duties and obligations incumbent upon them competently; and
- there was no reasonable cause to believe that there was non-compliance with the procedures and systems.

However, a Responsible Executive may be held accountable for significant or systemic breaches or deficiencies.

ASX expects that Responsible Executives will periodically reassess supervisory responsibilities and accountabilities in light of changes in the nature and size of their Market Participant's business. This is particularly applicable to Market Participants experiencing rapid growth in business office numbers, staff numbers, complexity or new products. The supervision of the operations and processes and the compliance framework must keep pace with the growth of the Market Participant's branch network and product range. The requirement for the provision to the Market Participant of an annual attestation reinforces this obligation.



Responsibility for business offices

Business offices pose a special compliance challenge. Distance, time and a lack of a compliance culture of business office staff can defeat supervisory procedures that have been adopted with the best of intentions. Compliance issues originating in business offices represent a significant proportion of the disciplinary matters considered by ASX.

It is not necessary (under the Market Rules) for a Responsible Executive to be present in each business office. Whether or not there is a Responsible Executive in each business office is a matter for the Market Participant to determine. How control is best effected is up to the Market Participant and Responsible Executives to determine. However, as the Rules require that a Market Participant must ensure that its Responsible Executives have adequate supervision and effective control over all parts of the business “wherever the business is located”, Responsible Executives are responsible and accountable for compliance in business offices. Again, the requirement for the provision to the Market Participant of an annual attestation reinforces this obligation.

Absence and departure

Market Participants will need to consider what actions are required in the event of an extended absence or the departure of a Responsible Executive. A Market Participant should have contingency plans for these situations.

In the absence of any documentary trail to the contrary, ASX will assume that the Responsible Executive last notified to ASX as being accountable for a part of the business operations continues to be accountable for those operations.

A Market Participant must notify ASX immediately of any subsequent change to the Responsible Executives or management plan. At the time of notifying ASX the Market Participant must lodge with ASX a “Notification of Appointment of Responsible Executive” form for each new Responsible Executive. The “Notification of Appointment of Responsible Executive” form is available from the ASX Online website (<https://www.asxonline.com/>) and should be forwarded to your ASX Compliance Advisor.

If a Responsible Executive suddenly departs a Market Participant, the Market Participant will be required to advise ASX of its revised allocation of responsibilities within 6 weeks.

Appointment of a new Responsible Executive

Responsible Executive status is not portable between Market Participants. Thus when a Responsible Executive leaves a Market Participant, the status cannot be transferred to another Participant. If the new Market Participant nominates the person to be a Responsible Executive, that Market Participant will be required to notify ASX in the required form of a “Notification of Appointment of Responsible Executive”.

It should be noted that the requirement to have passed the Responsible Executive Exam prior to being appointed a Responsible Executive applies equally to people becoming Responsible Executives for the first time and people who have previously been Responsible Executives. The “Notification of



Appointment of Responsible Executive” form is available from the ASX Online website (<https://www.asxonline.com/>) and should be forwarded to your ASX Compliance Advisor.

Continuing Education

The continuing education requirements set out in the Procedures require 8 hours of compliance related continuing education. In many instances the ASX requirements are not the only obligations of Responsible Executives. They are necessarily complementary obligations to be factored into satisfaction of the licence obligations of Market Participants, their internal policy requirements and any professional association obligations.

In recognition of the role that professional bodies play in the education field ASX will rely upon the standards of measurement and quality established by recognised Australian professional bodies. It is important to note that ASX is placing reliance upon the standards of measurement and quality set by the recognised Australian professional bodies, not requiring membership of an Australian professional body. The Procedures are not to be interpreted as requiring that Responsible Executives must satisfy the full continuing education requirements of an Australian professional body (although in satisfying the ASX requirements they may in fact be doing so). The Procedures are to be interpreted as requiring 8 hours compliance education as measured by reference to the standards of quality and measurement of a recognised Australian professional body as set out in those Procedures.

Disciplinary action

As stated, ASX would expect a Responsible Executive to be held accountable for significant or systemic breaches or deficiencies. It is for that reason that Market Participants and their Responsible Executives are subject to potential disciplinary action for failure to supervise.

ASX may also refer the professional behaviour of a Responsible Executive to his or her professional body.

Relationship with Responsible Officer requirements under the Corporations Act

The Responsible Executive regime is similar in many respects to the Responsible Officer requirements under the Corporations Act. ASX has endeavoured to remove competing obligations wherever possible.



A Responsible Executive must satisfy the ASIC Responsible Officer skills and knowledge requirements (whether or not they are a Responsible Officer) and a Responsible Executive exam. In relation to the satisfaction of the Responsible Officer requirements, ASX will rely upon a suitable warranty from the Market Participant that it is satisfied the person meets those requirements.

There are potential regulatory implications for a person who is both a Responsible Executive and Responsible Officer. If a person is a Responsible Executive and is the subject of disciplinary action by ASX in accordance with Rules, ASIC may take an interest in that fact and its implications for the licence of the Market Participant. Similarly, if a person is Responsible Officer and ASIC takes action against that person, ASX may take an interest in that fact and its implications for the ability of that person to continue as a Responsible Executive. In this regard it should be noted that the requirement for a Responsible Executive to be of good fame and character is an ongoing requirement. Should ASX form a conclusion about the conduct of a Responsible Executive, this does not prevent ASIC from forming a different conclusion about their conduct as a Responsible Officer and vice versa.

Relationship between Responsible Executives and compliance executives

A Responsible Executive will generally be a line manager accountable for the supervisory controls, processes, systems and culture within a Market Participant and will have the power to hire, fire, punish or reward a subordinate employee. Compliance executives generally are not line managers for business unit employees, although they may be line managers with respect to employees in the compliance department. Compliance executives may advise Responsible Executives about the hiring, firing and discipline of employees, but they generally do not make actual decisions in these areas.

In performing their duties and making their annual attestation a Responsible Executive may rely upon the advice and services of a compliance executive to, for example, provide advice, inform them of compliance related issues and to monitor the satisfaction of compliance related obligations.

ASX is of the view that compliance executives should not be Responsible Executives. Such a mixing of functions undermines the compliance executive's independent support and monitoring functions. However, ASX acknowledges that for various reasons a Market Participant may wish to appoint a compliance executive as a Responsible Executive for some purposes. A compliance executive will generally not be held accountable by ASX for failure to supervise another unless they have the responsibility, ability and authority to affect the other person's conduct in a line management capacity.

Qualification

ASX has published this note to promote commercial certainty, and assist Market Participants. Nothing in this note necessarily binds ASX in the application of the Rules in a particular case. In issuing this note ASX is not providing legal advice and Market Participants should obtain their own



advice from a qualified professional person in respect of their obligations. ASX may replace this Guidance Note at any time. Readers should contact ASX to ensure they have the latest version.

KEY TOPICS

1. When is a PDS required?
2. Who must give the PDS
3. Who must prepare the PDS
4. What are the content requirements of PDS
5. Can information be incorporated by reference into a PDS?
6. What is the timing for giving the PDS and how can it be given?
7. Does the PDS have to be lodged with ASIC?
8. ASX Market Rules
9. PDS content
10. Referencing other material
11. Explanatory booklets
12. Market data
13. Website material
14. Broker specific information
15. Specific legislative content requirements

ASX Market Rules

Nil

PRODUCT DISCLOSURE STATEMENTS FOR EXCHANGE TRADED OPTIONS

Purpose

The purpose of this guidance note is to assist Market Participants with meeting their obligations relating to what is referred to as *preparing* and *giving* Product Disclosure Statements for exchange traded options.

These obligations arise under the Corporations Act, not the ASX Market Rules. The PDS regime is administered by ASIC and the relevant ASIC guidance is found in Policy Statement 168 Disclosure: Product Disclosure Statements (and other disclosure obligations). ASX has chosen to provide guidance in the area of exchange traded options in response to industry feedback particularly consultation with the Securities and Derivatives Industry Association and in recognition of the transition involved from the risk disclosure regime under the old ASX Business Rules.

Preparing a PDS is a significant undertaking. Important legal responsibilities and liabilities arise from the PDS. We recommend you seek professional advice. The outline of PDS requirements in this guidance is necessarily brief and general.

When is a PDS required?

PDS are only required in relation to retail clients. The definitions of retail and wholesale clients are complex (see section 761G and Regulation 7.1.22). Market Participants should be familiar with these concepts as they underpin many of the FSR requirements.

A PDS must be given in the following circumstances:

- Recommendation situations - personal advice is given to a retail client that includes a recommendation that the client acquire the financial product by way of issue or transfer (for certain secondary sales).

Cross - reference

1. Policy Statement 168 Disclosure: Product Disclosure Statements (and other disclosure obligations)

Guidance Note History

Issued:
11 October 2004

Previously: ASX Guidance Note 3/03 – “Product Disclosure Statements for Exchange Traded Options”.

- Issue situations – a person offers to issue the financial product or offers to arrange for the issue of the financial product to the retail client or issues the financial product to the retail client where there are reasonable grounds to believe the client has not been given a PDS.¹

Applying this to ETOs, Market Participants will need to give a PDS whenever they recommend options to retail clients and whenever they buy or sell options for retail clients (but see below as to why a PDS should not be needed for each and every recommendation or dealing). Even if the Market Participant does not make a recommendation, it will be offering to issue, arrange for the issue or issuing the ETO. This is because “issue” has an expanded meaning for derivatives. Bearing in mind that ETOs are created when traded, derivatives are regarded as having been issued when the person enters into the legal relationship which constitutes the product. For ETOs the broker is treated as the product issuer.

A PDS is not required:

- if the client has already received an up to date PDS containing all the information required or the regulated person (eg the broker) believes this on reasonable grounds; or
- where the client already holds a financial product of the same kind and the broker believes on reasonable grounds the client has received or has and knows they have access to all the information the PDS would otherwise require. (“Same kind” is defined very narrowly so that it will only apply to the same Option Series. This second exception has little application.)

Market Participant’s should not need to provide a PDS for each and every recommendation or purchase or sale of an ETO. This is because the PDS can be sufficiently general to cover a range of Option Series or Classes of ETOs. On this basis, the Market Participant should be able to be satisfied that the client already has a PDS (from the previous dealing) which contains all the information required. It is, of course, important that the PDS provided previously is up to date and does in fact cover the product involved in the later ETO dealing.

The basis for providing more general information is Regulation 7.9.07B (PDS for certain market-traded derivatives). It modifies the PDS content requirements to allow general information about the type of derivative, for example, general information about exercise prices, expiry dates and exercise styles. The Regulation is discussed further below.

Who must give the PDS?

The PDS provisions distinguish between who is required to give a PDS and who is required to prepare a PDS. The “regulated person” is required to give the PDS. In practice the obligation to give the PDS for ETOs rests with the licensed broker.

Who must prepare the PDS?

The person who must prepare a PDS is called the “responsible person”. For ETOs, this is the issuer (with the extended meaning discussed above). Thus again in practice it is the licensed broker who must prepare the PDS.

What are the content requirements for the PDS?

The main content requirements are that the PDS must include the following statements and such of the following information as a person would reasonably require for the purpose of making a decision, as a retail client, whether to acquire the financial product:

- (a) statement setting out the name and contact details of the issuer of the financial product
- (b) information about any significant benefits to which a holder of the product may become entitled, the circumstances in which and times at which those benefits may be provided and the way in which they may be provided
- (c) information about significant risks associated with holding the product
- (d) information about the cost of the product, any amounts that may be payable in respect of the product and the times at which they may be payable, any amounts that may be deducted from a common fund by way of fees, expenses or charges. For example for an ETO purchase, premiums need to be paid together with exchange fees and brokerage. In the case of an ETO sale, margins may need to be paid (in which case an at call account may need to be established with the broker) together with the exchange fees and brokerage
- (e) if the product may generate a return to the holder, information about any commission or other similar payments that may impact on the amount of the return

- (f) information about significant characteristics or features of the product or of the rights, terms, conditions and obligations attaching to the product
- (g) information about the dispute resolution system that covers complaints by holders of the product and about how that system may be accessed
- (h) general information about any significant taxation implications of financial products of that kind
- (i) information about any cooling off regime
- (j) if the issuer makes other information relating to the products available, a statement of how that information may be accessed
- (k) any other statements or information required by the regulations
- (l) if product has an investment component, the extent to which labour standards or environmental, social or ethical considerations are taken into account in the selection, retention or realization of the investment (see s1013D).

There is also a general obligation to include any other information that might reasonably be expected to have a material influence on the decision of a reasonable person, as a retail client, whether to acquire the product (see s1013E). Section 1013(C)(3) requires the information included in the PDS to be worded and presented in a clear, concise and effective manner.

Information is not required to be included in a PDS if it would not be reasonable for a person considering, as a retail client, whether to acquire the product to expect to find the information in the statement (see s1013F). In considering whether it is reasonable, the matters that can be taken into account include the nature of the product (including its risk profile), the extent to which the product is well understood by the kinds of person who commonly acquire products of that kind as retail clients, the way in which the product is promoted, sold or distributed and other matters specified in the Regulations.

Regulation 7.9.07B specifies other matters which can be taken into account in determining what information must be included in a PDS:

- Information disclosed to the market in relation to the underlying thing including information published by the market operator in relation to financial products in the form of market data or educational material which is generally made available to the public by the market operator;
- Other information that a market operator is required to disclose to the market in accordance with the Corporations Act including information that was required to be disclosed to the market operator and information that the operator was required to disclose in order to meet its obligations under the Act;

- Information that is generally made available to the public by a market operator in relation to financial products, including information published about derivatives and types of derivatives in the form of market data or educational material.

These types of information are specifically recognised as being taken into account, when assessing what it is reasonable to expect to find in the PDS. **It does not mean that the information can be automatically excluded from the PDS.** The overriding test remains whether the PDS includes all the information a person would reasonably require for the purpose of making a decision, as a retail client, whether to acquire the financial product.

In ASX's view, the following are examples of categories of information that fall within the test in the Regulations so that the information can be taken into account:

- Market announcements about the underlying (for example, under the continuous disclosure regime)
- Pricing information about the underlying in the form of market data which is made generally available to the public
- Pricing information about the derivatives themselves in the form of market data which is made generally available to the public
- Explanatory booklets about derivatives and other financial products published by ASX
- Material on ASX's website, made available by ASX as market operator.

The guidance note discusses further below how Market Participants might go about preparing their options PDS, having regard to these other sources of information.

It should be noted that ASIC has the power to issue stop orders in respect of a PDS that is defective. ASIC has provided guidance as to how it will monitor and enforce the PDS requirements in Policy Statement 168 Disclosure: Product Disclosure Statements (and other disclosure obligations).

Can information be incorporated by reference into a PDS?

The PDS regime does not permit material to be incorporated by reference in a PDS, although the PDS may consist of more than one document.² Section 3 of this Guidance Note discusses the referencing of other material in the PDS.

What is the timing for giving the PDS and how can it be given?

Depending on the reason why the PDS must be given, it must be given at or before the time the regulated person gives the advice or at or before the time when the regulated person makes the offer or issues the financial product (ie before doing the trade). It must be given in printed or electronic form (in a way that allows the person to keep a copy and that clearly identifies information which is part of the PDS) or in any way agreed to by the client.

Does the PDS have to be lodged with ASIC?

PDS for ETOs do not need to be lodged with ASIC. However, the responsible person must lodge a notice with ASIC advising ASIC that the PDS is in use, as soon as practicable or in any event within 5 business days after a copy of the PDS is first given to someone in a recommendation or issue situation (s1015D).

2. ASX MARKET RULES

Notwithstanding the introduction of the PDS requirements in the Corporations Act, in response to industry consultation, ASX has retained the requirement that options and LEPOs explanatory booklets are provided to retail clients (and wholesale clients who request it).

There are no ASX Market Rules about PDS.

3. PDS CONTENT

There is no pro forma PDS for ETOs. Market Participants must develop their own PDS which meets the legislative requirements. By definition, some of the content of the PDS will be specific to the particular broker. Other parts relating to the product will be more generic.

This section of the guidance note gives some suggestions as to how Market Participants may choose to approach PDS content, having regard to the other available sources of information. Of course, Market Participants must take their own advice on meeting their PDS obligations.

We give some general comments about approaching content and a table of comments on the specific legislative content requirements.

Referencing other material

Although the PDS regime does not permit the incorporation of material by reference in the PDS, it does not prohibit referencing other material if that other material is not required to be included in the PDS – ie if it not reasonable to expect to find it in the PDS.

It should be possible to provide pointers to other more detailed sources of information. For example, reference might be made in the PDS to the various ASX booklets such as “UNDERSTANDING OPTIONS TRADING”, “LEPOS”, “MARGINS”, “UNDERSTANDING OPTIONS STRATEGIES”



which are available free on the ASX website, www.asx.com.au/options. The PDS should also advise investors who do not have ready access to the internet that hard copies of the booklets are available on request from the PDS issuer, at no charge. References to the relevant booklets may assist in keeping the PDS concise, whilst providing further sources of information for those investors who wish to access more detailed information. Of course, ASX may change these publications over time (for example, changing the title, discontinuing some publications and introducing new ones). ASX would usually communicate planned changes to the market.

Explanatory booklets

Two of the ASX booklets are compulsory: “UNDERSTANDING OPTIONS TRADING” and “LEPOS”. The compulsory booklets essentially cover features and benefits of ETOs and LEPOs respectively. The booklets contain information addressing a number of the specific content requirements: benefits, significant characteristics or features of the product and rights, terms, conditions, obligations attaching to the product. They also contain a discussion of risks, margining and brief information about tax. The booklets also contain references to information available on the ASX website. Users of the electronic versions of these booklets are able to click on links embedded in these booklets and automatically be taken to the relevant sections of www.asx.com.au.

We consider that the ASX booklets fall within Regulation 7.9.07B(3). In relation to the information in the compulsory booklets received by all retail investors, we think the argument is strong that it would be unreasonable for a retail investor to expect also to find the information in the PDS. For example, it would follow that very limited product features and benefits information is required in the PDS, unless the Market Participant chooses to elaborate.

Of course, it remains the Broker’s responsibility to determine what information must be in their PDS and whether on some topics the information already in the compulsory booklets is sufficient and up to date. It would also not be sufficient for the PDS to simply refer to the booklets without a brief description of the key points addressed in more detail in the booklets. It will also be necessary for the PDS to contain clear cross references to the appropriate sections in the relevant booklets in order for the PDS to meet the “clear, concise and effective” requirement in s1013(C)(3).

Further, in respect of the requirement to provide information in a PDS as to the significant risks associated with holding the product, ASIC has indicated that the PDS should address at least the following two points:

- *The risk profile of the investor or the suitability of the product to the investor’s needs* – the PDS should clearly indicate the risk profile of the person for which the product is suitable in terms of their level of risk tolerance and their ability to access large sums of cash in a very short period of time (for margin calls etc); and
- *Risk of investing in the product* – the PDS should clearly indicate the risks associated with investing in the product. These risks will vary in degree depending on the product (for example call vs put, buy vs sell).



Another important risk is the volatility of the product. The compulsory booklets and the ASX website include a discussion of this risk and it is recommended that Brokers incorporate references to the relevant sections of these booklets and the ASX website in their PDS, in addition to other information (if any) they consider necessary to be included in their PDS in respect of this risk.

Brokers trading LEPOs should also note that a new or supplementary PDS may be needed if a client starts trading LEPOs and the original options PDS did not cover LEPOs.

Market data

It is clearly impractical (if not impossible) for a PDS to contain information about the current prices of options or the underlying securities or index. Regulation 7.9.07B(3) provides support for the proposition that this kind of market data need not be included in the PDS. Market Participants may wish to consider highlighting in the PDS the sources of price information, for example the broker's website, the ASX website, in the media and information vendors.

Website material

The ASX website, in particular the Options section, contains a wealth of educational product information. The various ASX booklets containing general information regarding ASX products are all accessible on the site. Other examples of the material available are the contract specifications and contract adjustment information.

The primary object of the ASX educational material is to provide general information to members of the public who wish to access the ASX website.

In ASX's view, this educational material will generally satisfy Regulation 7.9.07B(3) so that it may be taken into account when assessing what it is reasonable for a retail investor to expect to find in the PDS. We reiterate our note of caution that the Regulation recognises that this information can be taken into account, not that it is automatically unnecessary to include it in the PDS.

Brokers should also note that ASX does not represent or warrant that the information on the website will be available at all times or is complete and accurate information for the purposes of disclosure in a PDS. The terms of use for the ASX website contain relevant disclaimers and limitation of liability relating to the website. It is the responsibility of the Market Participant at all times to determine whether its PDS complies with the Corporations Act.

Broker specific information

There are a number of areas where broker specific information is required to meet the specific legislative content requirements for PDS.

There are also areas where product information typically provided by ASX, for example, in the explanatory booklets, needs to be supplemented. For example, Market Participants should consider addressing:

- How clients can obtain price information – eg from the broker's website
- Margin arrangements – especially whether the broker has different requirements from ACH, what is accepted by way of collateral, the timing for requiring it, whether the broker has power to realise collateral
- Client money and settlement arrangements
- Exercise policy – eg the latest time by which the broker will accept an exercise instruction in order for it to be exercised that day and their policy regarding automatic exercise of in the money options
- Any aspects of the client agreement that should perhaps be highlighted in the PDS
- Any third party clearing arrangements
- Cost should include brokerage and transactions costs, including for exercise

Specific legislative content requirements

SPECIFIC CONTENT REQUIREMENT s1013D(1)	COMMENT
(a) statement setting out the name and contact details of the issuer of the financial product	Broker specific
(b) information about any significant benefits to which a holder of the product may become entitled, the circumstances in which and times at which those benefits may be provided and the way in which they may be provided	
(c) information about significant risks associated with holding the product	Compulsory explanatory booklets cover risks Certain specific risks to be addressed
(d) information about the cost of the product, any amounts that may be payable in respect of the product and the times at which they may be payable, any amounts that may be deducted from a common fund by way of fees, expenses or charges	The compulsory booklets contain information about premium calculation and margining. Note: the basis on which the amount of liability would be calculated must be covered. ³ Pricing information in respect of options and in respect of the underlying is available on the ASX website, in the media and from information vendors. ASX also has a non-compulsory detailed Margins booklet available on its website.
(e) if the product may generate a return to the holder, information about any commission or other similar payments that may impact on the amount of the return	Technically options can generate a return although this concept is awkward in application to derivatives. The booklets refer to brokers charging commission and to ACH transaction costs but this needs to be supplemented by broker specific information about commission and transaction costs (including fee on exercise). ASIC has indicated that in its view a PDS would not satisfy the “clear, concise and effective” test if the information regarding the fees and costs were spread throughout the PDS.
(f) information about	The compulsory explanatory booklets cover

significant characteristics or features of the product or of the rights, terms, conditions and obligations attaching to the product	these items. The ASX website has up to date contract specifications.
(g) information about the dispute resolution system that covers complaints by holders of the product and about how that system may be accessed	Broker specific
(h) general information about any significant taxation implications of financial products of that kind	The Understanding Options Trading booklet has a brief discussion about tax. The ASX website contains a detailed discussion of taxation of options.
(i) information about any cooling off regime	N/A
(j) if the issuer makes other information relating to the products available, a statement of how that information may be accessed	Broker specific
(k) any other statements or information required by the regulations	-
(l) if product has an investment component, the extent to which labour standards or environmental, social or ethical considerations are taken into	N/A

account in the selection, retention or realization of the investment.	
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Qualification

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¹ The other circumstances relating to sale situations are not relevant for exchange traded options

² S1013C(1); S1013L; PS168.46

³ Regulation 7.9.72A states that for margins, the basis on which the amount of liability would be calculated can be given, rather than specifying an actual figure.

KEY TOPICS

1. Managed Discretionary Accounts
2. Excessive Transactions
3. Reporting to ASX

ASX Market Rules

1. 7.10

Cross-reference

1. ASIC Policy Statement 179
2. ASIC Class Order 04/194

Guidance Note History

Issued: 16 November 2005

Previously:

- 1 December 2004
- Guidance Note 2/98 “Discretionary Accounts”

MANAGED DISCRETIONARY ACCOUNTS

Purpose

This Guidance Note assists Market Participants to interpret the ASX Market Rules (“the Rules”) relating to Managed Discretionary Accounts (“MDAs”) for Retail Clients.

It applies to those Market Participants operating MDAs under ASIC Class Order 04/194.

Background

The obligations relating to the establishment and operation of MDAs are primarily governed by ASIC and are established in ASIC Class Order 04/194, ASIC Policy Statement 179 “Managed Discretionary Account Services” (“PS179”) and in Australian Financial Services Licence conditions.

The MDA requirements in the Rules are reflective of the obligations under the Corporations Act, Class Order 04/194 and PS179.

ASIC has established licensees’ obligations for supervision of MDA services provided to Retail Clients regarding:

- management of MDAs;
- suitability of MDA portfolios;
- trading of options;
- reporting to clients; and
- internal controls for the operation of MDAs.

ASX has considered the specific circumstances of its markets. As a result, the Rules include requirements relating to:

- compliance with the ASIC requirements and provision to ASX of reports required thereunder;
- the requirement for MDAs operated for Retail Clients which involve DTP Products or Warrants to be operated by Accredited Advisers;
- the management of conflicts of interest where the Market Participant is also the issuer of Quoted Products;
- excessive transactions; and
- Unprofessional Conduct.

In this regard the Market Rules do not conflict with ASIC’s requirements, rather they provide an additional level of investor protection in relation to transactions occurring on ASX’s markets.

Participant to Determine and Manage Its Own Risk

Operation of MDAs has the potential to be a high-risk activity for a Market Participant requiring close attention to the management, control and supervision of discretionary account activity. Market Participants are responsible for ongoing compliance with the Rules. Market Participants are also responsible for all actions and omissions of their employees. It is the obligation of each Market Participant to identify and implement internal controls to manage their regulatory risk and comply with the Rules. Each Market Participant must have in place effective mechanisms to manage compliance and supervisory policies and procedures reasonably designed to achieve compliance by the Market Participant with the Rules relating to MDAs. Where contraventions (or potential contraventions) are discovered the Participant must have the means available to take appropriate action.

In particular, all Participants should constantly be vigilant to ensure that client's instructions are recorded and followed. Where a MDA is operated, ASX would expect an internal compliance program would be monitoring trading on those MDA accounts.

Excessive Transactions

The Rules prohibit a Market Participant from entering into Market Transactions on an MDA for a Retail Client where the size or frequency of the Market Transaction/s is considered excessive having regard to the investment objectives, financial situation and needs of the client and the relevant markets. This prohibition needs to be considered in line with the Market Participant's obligation to act honestly and in the best interest of the client, exercise due care and diligence and give priority to the client's interests.¹

Excessive transactions cannot be established by any precise formula and each situation must be judged on a case-by-case basis. However, one process that may be used to determine whether transactions were excessive could be:

- Determination of the investment objectives, financial situation and needs of the client;
- Determination of objective measures used to quantify the size or frequency of trading;
- Comparison of the size or frequency of trading with the investment objectives, financial situation and needs of the client; and
- Determination of whether or not the size or frequency of trading is reasonable having regard to the investment objectives, financial situation and needs of the client.

For example, if a Retail Client has the investment objectives of long-term orientation, wanting the value of the portfolio to grow over time, wanting to invest in blue-chip, "leading" and steady shares and wanting fully franked dividends, criteria which may be applied to determine whether or not trading was excessive in this situation may include, but not be limited to, whether:

¹ See PS179.34, 35 and 38.

- The stock was in the ASX 100 or producing a significant net profit after tax at the time of the trade;
- The stock was sold within 30 days of purchase and a fully franked dividend was not received;
- The trade resulted in a fully franked dividend being received; and
- The trade was contrary to the investment objectives, financial situation and needs of the client.

Unprofessional Conduct

“Churning” on a MDA is an indicator of Unprofessional Conduct. “Churning” is trading of a size or frequency with the effect of generating excess commissions. “Churning” on a MDA may be an indicator of excessive transactions and vice versa. “Churning” cannot be established by any precise formula and each situation must be judged on a case-by-case basis. However, one process that may be used to determine whether “churning” has occurred could be:

- Recording and review of the brokerage, commission or management fee earned during a quarter as a percentage of the opening value, closing value and change in value of the MDA portfolio for the quarter;
- Recording and review of the value of all market transactions for the quarter as a percentage of the opening and closing value of the MDA portfolio for the quarter;
- Recording and review of the value of the market transactions for each Quoted Product for the quarter as a percentage of the opening value, closing value and change in value of that Quoted Product for the quarter;
- Recording and review of the value of each Quoted Product at the close of the quarter as a percentage of the closing value of the MDA portfolio for the quarter;
- Comparison of the size or frequency of trading with the investment objectives, financial situation and needs of the client; and
- Determination of whether or not the size or frequency of trading is reasonable having regard to the investment objectives, financial situation and needs of the client.

Unauthorised Discretion

ASX considers discretionary trading outside the terms of an agreement with a client and/or where no MDA agreement is established as “unauthorised discretionary trading”. All Participants, whether offering MDA services or not, should be on the look out for unauthorised discretionary trading.



ASX considers unauthorised discretionary trading to be a serious matter for the purpose of Rule 28.2.3 which may result in breach of Rule 7.4.1 and/or a charge of Unprofessional Conduct. It may also be a breach of a condition of the Market Participant's Australian Financial Services Licence. ASX would expect that, if unauthorised discretionary trading were detected, the Participant would take appropriate disciplinary action against the representative concerned.

Simple Price Discretion

ASX interprets simple price and/or time discretion on a specific order (or series of orders) given by a Retail Client to not be discretionary trading for the purpose of the Rules relating to MDAs provided that the instruction and extent of the discretion in respect of each order is recorded on the Trading Record as required by Rule 4.10.1.²

Trading On Behalf Of A Family Member

ASX interprets trading on an account operated under a third party authority given by a spouse or family member to a representative of a Market Participant where the representative of the Market Participant is not a party to the account³ to constitute an MDA account for the purpose of the Rules. In this regard ASX notes PS179.17 which states that if the arrangements under which a person carries out discretionary trading as an agent of another person are private arrangements (eg private arrangements using a power of attorney given by a family member), they may not be covered by PS179. This is because the person may not be carrying on a business to attract the licensing requirements under the Corporations Act. However, if a representative of a licensee undertakes discretionary trading on behalf of a family member of the representative, that trading would generally be part of the financial services business conducted by the representative's principal (ie the licensee).

² See also PS179.19

³ For example, joint accounts, family trust accounts where the representative of the Market Participant is trustee or family company accounts representative of the Market Participant is a director would be considered accounts where the representative of the Market Participant is considered to be a party to the account.



On 8 December 2004 ASIC advised the Securities and Derivatives Industry Association that:

“Until ASIC advises you further, ASIC does not intend to take enforcement action for failure to comply with the provisions from which relief is given under the MDA policy or have appropriate license authorisation against a licensee. This applies only when the non-compliance is merely because the licensee’s representatives provide discretionary trading services to their immediate family members.”

Similarly, until further notice, ASX does not intend to take enforcement action for failure to comply with the interpretation of the Market Rules (set out above) regarding trading on an account operated under a third party authority given by a spouse or family member to a representative of a Market Participant where the representative of the Market Participant is not a party to the account⁴.

Reporting to Clients

The reporting obligations in relation to MDAs are additional to the standard reporting requirements for all products contained within the Rules. For example, it is still necessary to provide Confirmations, Monthly Statements, Notifications of Exercise or Assignment, etc to all clients, within the timeframes set out in the Rules, irrespective of whether or not an MDA is operated for that client.

Reporting to ASX

Reports provided to ASX pursuant to Rule 7.10 should be addressed to

The Manager
Compliance Services
Australian Stock Exchange Limited
Level 1
Exchange Centre
20 Bridge St
Sydney NSW 2000

Qualification

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⁴ For example, joint accounts, family trust accounts where the representative of the Market Participant is trustee or family company accounts representative of the Market Participant is a director would be considered accounts where the representative of the Market Participant is considered to be a party to the account.

KEY TOPICS

1. Risk Management Framework document
2. Key Risks and Internal Systems Statement

ASX Market Rules

1. 4.9

Guidance Note History

Issued:

15 December 2004

Risk Management Framework Document and Key Risks and Internal Systems Statement

Purpose

The purpose of this Guidance Note is to provide Market Participants, subject to ASX capital requirements, with a recommended Risk Management Framework document and issue a revised Attestation by Directors / Responsible Executives – Key Risks and Internal Systems Statement.

Risk Management Framework

In March 1999, guidance on a recommended Risk Management Framework was provided to all Market Participants as part of the Capital Liquidity Handbook. This Framework has now been revised to provide an up to date discussion of risk management issues, including Corporate Governance.

ASX has prepared the Risk Management Framework to heighten the awareness of Market Participants of the need for adequate risk management and the principles and concepts associated with risk management.

The paper describes a Market Participant's potential sources of risk, the corresponding risk management methods, and the risk management responsibilities within the Market Participant's organisation.

All Market Participants should undertake a comprehensive review of their current risk management framework against the principles outlined in that paper to ensure they are able to maintain a standard of operation commensurate with the requirements of a Market Participant to enable the Directors/ Responsible Executives to be in a position to sign the key risks and internal systems statement (see below) on an annual basis.

Key Risks and Internal Systems Statement

Existing Participants

All Market Participants would be familiar with the existing Key Risks and Internal Systems Statement requiring lodgement at the time the annual audited financial returns are due. To date this statement has focussed on the systems and procedures in place to maintain compliance with the capital requirements.

The revised Key Risks and Internal Systems Statement (see attached) continues to require sign off in relation to the capital requirements but additionally now requires acknowledgement that systems and procedures appropriate for the nature and extent of the trading activities undertaken exist, are operating effectively and the Market Participant is complying with both the rules and related Guidance Notes.

Commencing with all financial year-ends beginning after 1 January 2005, the revised Key Risks and Internal Systems Statement will be required to be lodged by all existing Market Participants at the time their annual audited financial returns are due.

New Participants

Commencing immediately, all new Market Participants will be required to lodge revised Key Risks and Internal Systems Statement as part of their application.

Qualification

ASX has published this note to promote commercial certainty, and assist Market Participants. Nothing in this note necessarily binds ASX in the application of the Rules in a particular case. In issuing this note ASX is not providing legal advice and Market Participants should obtain their own advice from a qualified professional person in respect of their obligations. ASX may replace this Guidance Note at any time. Readers should contact ASX to ensure they have the latest version.

RISK MANAGEMENT FRAMEWORK



ASX

AUSTRALIAN STOCK EXCHANGE

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ASX DISCLAIMER

The Risk Management Framework document has been prepared to heighten the awareness of Participants of the need for adequate risk management and the principles and concepts associated with risk management.

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1. INTRODUCTION

a) WHY IS RISK MANAGEMENT IMPORTANT?

“The collapse of Barings was significant not just from the perspective of the customers of Barings itself, but also for the broader impact which it had on attitudes within the financial services community and among the regulators. Barings was a bank which was supervised by the Bank of England, one of the most highly respected bank supervisors in the world, and which the day before its collapse had apparently been well capitalised and profitable. Indeed, the chairman of Barings, Peter Baring, had recently told Brian Quinn, the director of the Bank of England responsible for banking supervision, that “it is not actually terribly difficult to make money in the securities business”. Yet Barings had seen its capital wiped out in a few days by a lack of control over one employee in a relatively small office on the other side of the world.

What Barings showed in the clearest terms was that the real issue was not derivatives in general, or over-the-counter derivatives in particular. The real issue was about the quality of management and control required in modern international financial markets.”¹

The above quote precisely identifies the importance of risk management. An analysis of all the spectacular losses suffered by organisations around the globe over the last two decades, which on the surface may have arisen from adverse movements in the markets in which positions were held were in fact the result of a break down in, or total lack of an effective risk management and control environment within the organisations concerned.

b) CORPORATE GOVERNANCE

The most important and critical component of the risk management framework is the structured and disciplined oversight of the overall operations of the organisation. This includes oversight at both the board level and at the management level.

The board is at the centre of corporate governance, and it has the ultimate responsibility for the organisation’s sound and prudent management. It is the board’s responsibility to review and approve business strategies and policies, to determine the organisation’s risk tolerance, approve the risk management strategy, and to ensure that management applies effective risk controls. Delegating authority to board committees or to management does not relieve the board from its responsibilities².

¹ Goldman, Sachs & Co, SBC Warburg Dillon Read (1998). *The Practice of Risk Management*”, Euromoney Publications, p.25.

² See also: APRA (2004). *Corporate Governance: A Prudential Perspective*, Speech by John Laker, APRA Chairman.

The ASX Corporate Governance Council has issued a document “Principles of Good Corporate Governance and Best Practice Recommendations” which is available at www.asx.com.au. Included in this document are ten essential corporate governance principles and these are restated below:

A company should:

1. Lay solid foundations for management and oversight
2. Structure the board to add value
3. Promote ethical and responsible decision-making
4. Safeguard integrity in financial reporting
5. Make timely and balanced disclosure
6. Respect the rights of shareholders
7. Recognise and manage risk
8. Encourage enhanced performance
9. Remunerate fairly and responsibly
10. Recognise the legitimate interests of stakeholders

Participants are encouraged to visit the website noted above, review the corporate governance document and consider the detailed guidelines provided in it for each of these ten principles.

The remainder of this paper outlines ASX expectations of best practice in relation to risk management of activities in the Markets, and the Clearing and Settlement facilities conducted by ASX.

c) *RISK MANAGEMENT*

Risk management is a term that is often used to mean different things. In this paper, risk management refers to the policies, controls, procedures and systems that are necessary for any organisation, no matter how large or small, to be able to effectively manage, monitor and control their exposure to risk. Combined, the policies, controls, procedures and systems form the Risk Management Framework.

“The implementation of strong and effective risk management and controls within securities firms promotes stability throughout the entire financial system. Specifically, internal risk management controls provide four important functions:

- to protect the firm against market, credit, liquidity, operational, and legal risks;
- to protect the financial industry from systemic risk;
- to protect the firm’s customers from large financial losses; and
- to protect the firm and its franchise from suffering adversely from reputation risk.

Sound and effective risk management and controls promote both securities firm and industry stability which, in turn, inspires confidence in the investing public and counterparties. Securities firms have economic and commercial incentives to employ strong risk management internal control systems. Without such controls, a firm is vulnerable to risk.”³

2. PURPOSE OF THIS PAPER

Over the past two decades, there have been many studies completed and reports commissioned into the area of financial markets risk management by regulatory bodies around the world such as the Bank of International Settlement’s Basle Committee on Banking Supervision and the International Organization of Securities Commissions. Individually, those studies and reports have resulted in the definition of principles and concepts, in the identification of controls and systems that, in aggregate, define a “world’s best practice” risk management framework. This paper attempts to draw into one document, those key risk management principles, concepts and controls, to provide Participants with a comprehensive outline of what is considered a “world’s best practice” risk management framework.

It is not expected that all Participants will need to establish and implement a risk management framework within their organisations that addresses all of the principles and concepts, or that integrates all of the controls, to the extent implied by the discussion in this document. A robust risk management framework is one that adequately addresses the risks to which an organisation is exposed and is therefore dependent on the size and range of activities that an organisation is involved in. That is, the risk management framework of a particular organisation may be adequate even though it is relatively “weak” in some areas, or possibly does not address some aspects of risk that is documented in this paper, simply because the characteristics of the organisation does not warrant it.

In practice, the size and location of the risk management function will correlate to the size and range of activities of the organisation. In a large firm, there may exist an independent risk management unit, “middle office”, or compliance unit. However, in a small firm, the risk management function might be the responsibility of, for example, the financial controller or company secretary, or some other person who is sufficiently removed from the trading area.

ASX has prepared this paper to heighten the awareness of Participants of the need for adequate risk management and the principles and concepts associated with risk management. Some Participants, such as specialist clearing organisations that clear for other execution-only Participants, will need to pay closer attention to the risk management framework given the unique risks that they are exposed to. ASX may require such organisations to demonstrate that their risk management framework is adequate in relation to the size and extent of their business activities prior to being authorised as a General Participant (i.e. third party clearer).

³ IOSCO (1998). *Risk Management and Control Guidance for Securities Firms and Their Supervisors*, p.4.

All Participants are encouraged to undertake a comprehensive review of their current risk management framework against the principles outlined in this paper to ensure they are able to maintain a standard of operation commensurate with the requirements of a market and/or clearing Participant.

3. STRUCTURE OF THIS PAPER

The sections following the Introduction, the Purpose, and the Structure of this Paper are:

4. SOURCES OF RISK

Lists and defines the risks that an organisation operating in the financial markets can be exposed to.

5. RISK MANAGEMENT RESPONSIBILITIES

States the organisation's areas responsible for risk management, and details the responsibilities for each.

6. RISK MANAGEMENT METHODS

Details the methods for managing risk.

7. RISK MANAGEMENT MATRIX

Combines Sections 4, 5, and 6 in a matrix that maps the responsibilities and methods to the risk areas involved.

It is important to note that this paper seeks to define and describe a comprehensive, albeit generic, risk management framework for organisations that are involved in the markets, and the clearing and settlement facilities operated by ASX. As discussed earlier, the extent to which it applies to a specific organisation will depend on the size and sophistication of the organisation, and the range of activities in which it is involved.

4. SOURCES OF RISK

a) OPERATIONAL RISK

Operational⁴ risk is the risk that improper operation of trade processing or management systems will result in financial loss. Operational risk encompasses the risk of loss due to the breakdown in controls within the firm including, but not limited to, unidentified limit excesses, unauthorized trading, fraud in trading or in back office functions including inadequate books and records and a lack of basic internal

⁴ "Operation" is the processing, settlement, reporting, and overall management of a transaction from order receipt, deal execution until **final** settlement.

accounting controls, inexperienced personnel, and unstable and easily accessed computer systems⁵.

b) MARKET RISK

Market risk is the risk of financial loss arising from an adverse movement in the market rates and prices used to value the financial instruments that are held by an organisation as an investment or as part of proprietary trading positions.

c) CREDIT RISK (INCLUDES COUNTERPARTY AND SETTLEMENT RISK)

Credit risk can be defined as the risk of loss arising from the failure of a counterparty to perform its obligations under a contract. It has three main components.

1. Credit exposure: credit exposure relates to the amount of loss in the event of counterparty default or failure to settle a trade. It is possible to identify a current and future component⁶.
2. Probability of default: the probability that the counterparty will fail to perform a contractual obligation. This will reflect the current creditworthiness of the counterparty and its prospective creditworthiness over the lifetime of any transaction.
3. Recovery rate: the proportion of the market value of a position that is expected to be recovered if the counterparty defaults⁷.

d) LIQUIDITY RISK

Liquidity risk can be defined as the risk to a firm's ability to meet commitments in a timely and cost effective manner while maintaining assets. Liquidity risk can also mean the inability to pursue profitable business opportunities and continue as a viable business due to a lack of access to sufficient cost-effective resources. The liquidity risk management practices of well-managed firms contain specific definitions that incorporate both core and broader components into their approach to liquidity risk management⁸.

e) DOCUMENTATION / LEGAL RISK

Documentation and legal risk is the risk of financial loss due to:

1. unenforceable legal documents;
2. erroneous or incomplete documentation; and
3. legal actions against the organisation.

⁵ IOSCO (1998). *Risk Management and Control Guidance for Securities Firms and Their Supervisors*, p.5.

⁶ Current credit exposure (e.g. in a derivatives transaction) is usually interpreted as the replacement value of the contract in the event of default; potential future exposure is an estimate of the replacement cost of the transaction if a counterparty defaults at some future time during the life of the transaction.

⁷ IOSCO (2000). *The Management of Credit Risks by Securities Firms and Recommendations to Firms and Regulators*, p.1.

⁸ IOSCO (2002). *Sound Practices for the Management of Liquidity Risk at Securities Firms*, p.3.

f) REPUTATION RISK

Reputation risk is the risk of financial loss arising from the perception of the organisation in the market place changing adversely. It specifically relates to the opinions and attitudes of external parties.

g) REGULATORY RISK

Regulatory risk is the risk of financial loss resulting directly from the failure of the organisation to meet the rules and statutory requirements of the market in which it operates relating to the operation of the business.

h) SYSTEMIC RISK

Systemic risk⁹ refers to:

1. the scenario that a disruption at a firm, in a market segment, or to a settlement system could cause a “domino effect” throughout the financial markets toppling one financial institution after another, or
2. a “crisis of confidence” among investors, creating illiquid conditions in the marketplace. Systemic risk encompasses the risk that failure in one firm or one segment of the market would trigger failure in segments of, or throughout, the entire financial markets¹⁰.

5. RISK MANAGEMENT RESPONSIBILITIES

a) BOARD AND MANAGEMENT OVERSIGHT

1. The most important and critical component of the risk management framework is the structured and disciplined oversight of the overall operations of the organisation. This includes oversight at both the board level and at the management level.
2. The board and management should participate together in frequent and active discussions on the risk management framework and include in those discussions, where appropriate, staff from the various risk management and operational divisions, regarding procedures for measuring and managing risk.
3. The basis for a successful risk management framework should be provided and include at a minimum:
 - a) the board and management should ensure that they understand, and that the whole organisation understands, derivatives and other financial instruments and how the use of them contributes to the organisation’s overall risk profile;
 - b) the board and management should promote a widely shared control and risk management culture within the organisation;

⁹ Systemic risk is listed here for completeness. Please note, that it will not be discussed further in this paper: Systemic risk refers to a financial markets crisis risk, while this paper focuses on the risk management of individual companies.

¹⁰ IOSCO (1998). *Risk Management and Control Guidance for Securities Firms and Their Supervisors*, p.7.

- c) the board should ensure that management has in place sufficient resources and adequately skilled and qualified staff to manage and control risks;
 - d) the board should ensure that management has widely distributed the organisation's manual of policies and procedures within the organisation, that it is readily accessible by staff, and that staff are continually kept abreast of changes in policy and procedures;
 - e) the board should ensure that management has structured compensation policies in such a way as to be sufficiently independent of the performance of trading activities, thereby avoiding the potential incentive for excessive risk taking that can occur if, for example, remuneration is substantially tied to the profitability of the trading unit;
4. The scope of the organisation's risk management should be defined and guidance provided; at a minimum:
- a) the board should approve the business activities and products that the organisation has the capacity and authority to be involved in;
 - b) the board should quantify the organisation's risk appetite in terms of the organisation's capital by approving global overall limits for the risk categories that its business activities expose it to (for example, market risk if it take principal positions, counterparty and credit risk if it is responsible for settling with clients and counterparties);
 - c) the board should ensure that management has in place a system of limits which:
 - i) is consistent with the organisation's overall risk measurement approach;
 - ii) is integrated to the fullest extent possible with the organisation's overall group wide global limits;
 - iii) is consistent with the effectiveness of the organisation's overall risk management process and with the adequacy of its capital position;
 - iv) establishes boundaries for risk taking;
 - v) permits management to control exposures, initiate discussions concerning opportunities and risks, and to monitor actual risk-taking against predetermined tolerances; and
 - vi) defines escalation / reporting / approval procedures for managing limit breaches;
 - vii) accurately reflects current or expected market conditions;
5. Risk management systems should be implemented; at a minimum:
- a) the board should approve and oversee the implementation of all significant systems and policies relating to the management of risks throughout the organisation;
 - b) management should establish and implement a system for identifying, assessing, monitoring, and managing risk throughout the organisation. This system will include the organisation's internal compliance and control systems.

In establishing appropriate procedures management can take into account AS/NZS4360 – Risk management within the Internal Audit Process, The Institute of Internal Auditors Australia and Standards Australia, 2002. Further reference can be found at www.standards.com.au and www.iaa.org.au¹¹;

- c) the board should ensure that the systems provide regular reports, and that it receives regular reports, on the profitability and risk profile of the organisation. For those organisations that have implemented proprietary risk assessment models, these reports should include information concerning:
 - i) the accuracy and effectiveness of those models (for example, through back-testing); and
 - ii) the impact on the risk profile of possible events or circumstances (for example, through stress testing) such as a breakdown in key measurement assumptions (such as correlations, volatility etc);
- 6. The board and management should ensure that there are clear delineations of lines of responsibility for:
 - a) managing risk;
 - b) implementing adequate systems for measuring risk;
 - c) establishing appropriately structured limits on risk taking;
 - d) establishing effective internal controls; and
 - e) establishing a comprehensive risk-reporting process;
- 7. The effectiveness of the risk management systems should be reviewed at least annually and at a minimum:
 - a) the board should ensure that systems, once established, are effectively operating, as designed, on a continuous basis;
 - b) the board should re-evaluate risk management policies, systems, and the risk tolerance regularly. The frequency with which these are re-evaluated depends on the size of the organisation, the range of activities it is involved in, and the rate of change within the organisation;
 - c) management should continuously re-evaluate the organisation's activities and ensure that where those activities have changed significantly (for example, in terms of the risk profile of the activity), the changes are approved by the board or its delegate;
- 8. Regarding the organisation's financial reporting - the chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the board in writing that:
 - a) the capital returns are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board;
 - b) the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

¹¹ ASX Corporate Governance Council (2003). *Principles of Good Corporate Governance and Best Practice Recommendations*, p.44.

b) INDEPENDENT RISK MANAGEMENT FUNCTION

1. The independent risk management function is a specialist unit that is independent of the trading and operational units;
2. The reporting lines of that unit should also be independent of the trading and operation units. In practice, however, the size and location of the risk management function will correlate to the size and range of activities of the organisation. While segregation of duties is always an issue in risk management, some overlap may be unavoidable based simply on size of firm. However, that overlap should never involve trading and risk management¹²;
3. The personnel staffing the risk management unit should have the appropriate qualifications and experience to completely understand the risks associated with all of the organisation's activities. Accordingly, the compensation policies for these individuals should be adequate to attract and retain personnel with such skills and background;
4. The risk management unit should:
 - a) prepare submissions to the board, or its delegate, for the approval of risk limits;
 - b) draft policies concerning the management of risk for board approval;
 - c) specify risk methodologies for the risk measurement systems;
 - d) implement and maintain the risk measurement systems and keep them up to date with respect to products, limits and any assumptions used in the running of models;
 - e) re-evaluate the risk measurement methodologies and models at least annually (and more often if necessary) to ensure they keep up to date with changes in the market and with innovations in risk management and measurement techniques;
 - f) review limit structures and compare limits to actual exposures. Consideration of whether or not existing measures of exposure and limits are appropriate in view of the organisation's past performance (assessed through back testing) and capital position should be part of this review;
 - g) collect and authorise daily revaluation rates and prices, and ensure all open positions are independently and accurately marked to market;
 - h) provide input on all risk issues;

¹² It is important here to draw a distinction between the risk management performed by traders and the risk management policies, procedures, controls and systems of the organisation's risk management framework. Traders take positions in financial instruments and are responsible for managing the risk (generally limited to market risk although some traders are also responsible for managing positions that involve the trading of credit or issuer risk) in those positions. They do this by monitoring the positions closely and hedging the positions according to their own (or managements) strategy. On the other hand, risk management in the context of the risk management framework, as discussed earlier, refers to the policies, controls, procedures and systems that are necessary for any organisation, no matter how large or small, to be able to effectively manage, monitor and control their exposure to the sources of risk detailed in Section 4. Combined, the policies, controls, procedures and systems form the risk management framework.

- i) provide input on identifying and measuring the risk in new business activities and products;
 - j) monitor and report utilisation against limits. Reporting should be performed daily. Reporting should, as far as possible, be automated and integrated with the other support systems used within the organisation to minimise the risk of errors;
 - k) monitor the level of settlement fines (e.g. fail fees) relating to clients (who fail to complete a contract);
 - l) monitor abnormal levels of cancellations (of executed trades) and re-bookings (transfer of an executed trade from one client's account to another) relating to each Market Participant with whom the organisation has a Clearing Agreement; and
 - m) maintain the organisation's transaction documentation function. This includes:
 - i) keeping pro-forma agreements up to date. Note: Where for commercial reasons, a pro-forma agreement is modified, management and Legal Counsel should be involved in, and approve, the modification. Modifications should be documented and a process for tracking them established;
 - ii) issuing agreements to clients for signing;
 - iii) maintaining a system to keep track of documentation; and
 - iv) ensuring agreements are in place prior to transaction execution;
5. Generally, a separate independent unit is responsible for the credit area, however, as discussed earlier, this largely depends on the size of the organisation¹³. This unit should:
- a) analyse the credit risk of individual clients and counterparties;
 - b) prepare submissions to the board, or its delegate, for the approval of lending, market, product and tenor limits. The basis of the recommendations contained in the submissions are explicitly tied to the credit analysis performed in (a) above;
 - c) monitor and report credit risk utilisation against limit;
 - d) draft policies concerning the management of credit risk for board approval;
 - e) approve limit excesses intra day prior to deal execution within delegation;
 - f) establish policies and procedures concerning the acceptance and administration of collateral arrangements, including collateral agreements; and
 - g) establish policies and procedures concerning close-out netting, including the execution of close-out netting master agreements.

¹³ It is important to note however, that even in the smallest firm, the assessment, limiting and monitoring of credit and counterparty risk is mandatory. Who performs this in the organisation is dependent on the size of the firm (although it should never be anyone who is also responsible for trading).

6. RISK MANAGEMENT METHODS

In this section, a range of risk management methods is recommended. Many of these methods are applicable to all sources of risk (see section 7, Risk Management Matrix, for more detail). In addition, the subsections c) and d) deal with risk measurement and management methods specifically related to market, credit, liquidity, and legal and regulatory risk.

a) *COMPREHENSIVE POLICY AND PROCEDURES MANUAL*¹⁴

1. Regarding oversight – the policy should, at a minimum, include:
 - a) the respective accountabilities of the board, audit committee (or other appropriate board committee), management, and the internal audit function;
 - b) the identification of those within the organisation that have the delegated authority to approve:
 - i) changes to procedures;
 - ii) changes to risk measurement methodology;
 - iii) changes to risk limits;
 - iv) allocation of limits; and
 - v) limit excesses;
2. Regarding risk profile – the policy should, at a minimum, include:
 - a) the business activities that the board has approved the organisation's involvement in, and the corresponding material risks facing the organisation. Material risks can be financial and non-financial;
 - b) the instruments and products that the board has approved trading in, and the corresponding material risks facing the organisation. Material risks can be financial and non-financial;
3. Regarding risk management – the policy should, at a minimum, include:
 - a) methodologies for measuring risk;
 - b) the accounting policies that define and establish criteria for the recording of the firms assets and liabilities, revenues and expenses;
 - c) the identification of those areas that require segregation of duties and the reasons for functions to be segregated from other functions. For functions that should be segregated but are not due to the size of the organisation, the policy should document the additional controls that are in place to mitigate the additional exposure to the organisation arising from the lack of segregation;
 - d) communication of the escalation procedures and associated benchmarks for extraordinary events such as (not limited to):

¹⁴ Referred to as 'the policy' in this paper. See also: ASX Corporate Governance Council (2003). *Principles of Good Corporate Governance and Best Practice Recommendations*, p.43.

- i) exceeding a trading limit (i.e. Market Risk Limit), including any disciplinary action;
 - ii) exceeding a counterparty / credit / settlement limit including any disciplinary action;
 - iii) failure of a counterparty to settle; and
 - iv) material inadequacies and breakdowns in controls;
- e) regarding new product processes or new business activities – the policies and procedures should:
- i) give guidance on what constitutes a new business activity or product for the organisation (this could include for example a new market), and assess whether a new product fits within the existing risk framework of the business;
 - ii) document the approval process and the delegated authorities;
 - iii) set out the way in which the new business activity or product, in which the organisation may have no previous experience, is to be introduced so as to limit any potential losses arising as a result of that inexperience. In addition, it should provide for adequate and appropriate testing of controls, procedures and systems prior to the introduction of the new product or activity or, if this is not practical, as soon after its introduction as possible;
 - iv) identify the minimum information that should be addressed in the business plan for the new business activity or product and which should generally include:
 - a) a description of the relevant financial products, markets and business strategies;
 - b) the resources required to establish sound and effective risk management systems and to attract and retain professionals with specific expertise in the proposed business activity;
 - c) an analysis of the reasonableness of the proposed activities in relation to the organisation's overall financial condition and capital levels;
 - d) an analysis of the risks that may arise from the activity;
 - e) the procedures that the organisation will use to measure, monitor and control those risks;
 - f) the relevant accounting guidelines and accounting treatment of the transactions arising from the activities;
 - g) the relevant tax treatment of transactions arising from the activities;
 - h) an analysis of any legal restrictions and whether the activities are permissible; and
 - i) the disaster recovery plan procedures that will be established with respect to the proposed business activities;

- f) specifically regarding the responsibility towards clients – the policy should include:
 - i) dispute resolution procedures that would be activated in the event of a dispute with any clients, or in the case of General Participants, with any Market Participants with whom the organisation has a Clearing Agreement;
 - ii) procedures relating to the protection of client assets;
 - iii) procedures regarding access to client cash management accounts;
 - iv) procedures regarding the issuing of statements/records to clients in respect of their trading activities;
 - v) procedures for ensuring that all clients' open positions are correct;
 - vi) procedures for communicating with Market Participants about their clients' derivatives positions;
- g) specifically regarding credit risk – the policy should include:
 - i) procedures regarding the establishment of trading/settlement limits for each client or, if applicable, for each Market Participant;
 - ii) procedures for opening accounts for clients;
 - iii) policies and procedures for dealing with the breach of an agreed limit by a client or, if applicable, by a Market Participant;
 - iv) procedures for consolidating client risk across all products traded for a client to which the organisation is exposed (including, if applicable, transactions for that client executed by multiple Market Participants);
 - v) policies and procedures concerning credit reduction techniques implemented to manage, control and limit the exposure to the default of a client;
 - vi) arrangements for streamlining client payments that facilitate achievement of timely settlement;
 - vii) procedures dealing with the potential for a client credit limit to be exceeded intra day;
 - viii) for participants authorised to clear Options Market Transactions and/or Futures Market Transactions, policies and procedures for dealing with the collection of margin payments from clients and for ensuring adequate cover is in place;
 - ix) procedures for monitoring exposure to client derivatives positions;
 - x) procedures regarding margin lending facilities and how margin liabilities are covered; and
 - xi) policies and procedures dealing with requests for increases to predetermined limits and tolerances to particular counterparties/clients, reporting of performance against predetermined limits and tolerances, and breaches of predetermined limits and tolerances;
- h) the Disaster Recovery Plan ("DRP"), which should:

- i) document the frequency and nature of testing the plan;
 - ii) identify the key features / components of the plan;
 - iii) identify broad categories of events and the associated responses. This is particularly important with respect to the analysis of stress tests (refer below) and the identification of significant errors or defaults. The response to such events should include a qualitative analysis of the actions management might take under particular scenarios and contingency plans outlining the operating procedures and lines of communication, both formal and informal, should the hypothetical event become a reality;
 - iv) identify officers of the organisation with special delegated authority; and
 - v) define levels of “normal” activities and services that are necessary to the operation in the event of the DRP being used;
 - vi) Business Continuity Plan arrangements must be communicated to all staff;
 - i) the organisation’s Code of Conduct by which it expects its staff to conduct themselves;
4. Regarding control – the policy should, at a minimum, include:
- a) procedures for ensuring that all transaction documentation (agreements and confirmations etc) is executed on a timely basis and by those officers in the organisation that have the appropriate delegation and authority. Procedures and policy concerning the non-signing of confirmations and agreements should be put in place to manage the exposure;
 - b) the identification of the transaction cycle (trade execution, confirmation, accounting, risk measurement, limit monitoring and settlement). The components of the cycle should be automated as much as possible to limit operational risk; and
 - c) the specification of daily reconciliations that must be completed, including:
 - i) trust accounts;
 - ii) general bank accounts;
 - iii) client suspense accounts;
 - iv) house accounts;
 - v) all general ledger and subsidiary ledger suspense and holding accounts; and
 - vi) settlement and accumulation accounts (entrepot);
5. Regarding assessment of effectiveness – the policy should include the means of analysing the effectiveness of its risk management and internal compliance and control system and of the effectiveness of their implementation.

This assessment will generally be undertaken by the internal audit function, but an alternative mechanism may be employed to achieve the same outcome depending on the company's size and complexity and the types of risk encountered.

A company, particularly a substantial company, is encouraged to have an internal audit function¹⁵.

b) AUDIT FUNCTION

1. The audit function (internal or external) should audit and test the risk management process and internal controls on a periodic basis, with the frequency of the review based itself on a careful assessment of risk;
2. The depth and frequency of audits should be increased if:
 - a) weaknesses and significant issues are discovered;
 - b) significant changes have been made to:
 - i) business activities;
 - ii) product lines;
 - iii) risk modelling methodologies;
 - iv) the risk oversight process;
 - v) internal controls; or
 - vi) the overall risk profile of the organisation;
3. The audit should evaluate the independence and overall effectiveness of the organisation's risk management function, in terms of:
 - a) the effectiveness of internal controls relevant to measuring, reporting and limiting risk;
 - b) compliance with risk limits and the reliability and timeliness of information reported to the organisation's management and board;
4. Regarding the internal audit function¹⁶:
 - a) guidance on the internal audit function is found in the Technical Information and Guidance section on the homepage of the Institute of Internal Auditors at www.iaa.org.au;
 - b) the audit committee should recommend to the board the appointment and dismissal of any chief internal audit executive;
 - c) the internal audit function should be independent of the external auditor;
 - d) the internal audit function should report to management and should have all necessary access to management and the right to seek information and explanations;

¹⁵ ASX Corporate Governance Council (2003). *Principles of Good Corporate Governance and Best Practice Recommendations*, p.44.

¹⁶ ASX Corporate Governance Council (2003). *Principles of Good Corporate Governance and Best Practice Recommendations*, p.44.

- e) the audit committee should oversee the scope of the internal audit and should have access to the internal audit function without the presence of management. In order to enhance the objectivity and performance of the internal audit function, companies should consider a second reporting line from the internal audit function to the board or relevant committee.

c) RISK MEASUREMENT – CONCERNING MARKET, CREDIT, LIQUIDITY RISK

1. The organisation should implement approved, accurate and comprehensive methodologies for measuring¹⁷ all relevant sources of risk on an organisation-wide basis;
2. The organisation must mark-to-market its positions at least daily using rates and prices that have been sourced independently of the trading and operational units. Where this is not possible, procedures need to be established to ensure the integrity of the market data being used to value the organisations positions;
3. The sophistication of the risk measurement methodologies used to measure risks is positively correlated to the size of the organisation, the range of business activities that it is involved in, and the markets in which it operates. For example, the risk measurement methodologies for a small firm whose business activities are limited to agency business and some small proprietary investments in equities are likely to be the same as the methodologies required for the calculation of regulatory capital¹⁸. On the other hand, a large firm that is involved in all markets, structures deals for clients and has a significant proprietary trading operation is likely to implement a risk measurement system that uses proprietary risk models that assess risk far more accurately than that of the regulatory capital requirements. Such firms use their own internal models for day to day monitoring of positions while at the same time ensuring that they satisfy the regulatory capital liquidity requirements;
4. The calculation of the risks should be automated and integrated into the day-to-day management of the organisation and provide an assessment of the organisation's exposure to the various risk categories on a consolidated basis;
5. The organisation should analyse and assess stress scenarios that could potentially have a significant and permanent adverse impact on the organisation. Such stress scenarios calculate the financial loss to the organisation from an event and can be calculated regardless of the risk measurement methodology used in the organisation. Examples of stress scenarios include:
 - a) a breakdown in the assumptions used in the “normal” modelling and measurement of risk (for example, correlations and volatility) in a sophisticated proprietary model;
 - b) the repeat of significant historic events (e.g. the 1998 Russian and emerging market debt crisis, the 1997/8 Asian meltdown, 1987 stock market crash, Paul Keating's 1986 “Banana Republic” speech, the Gulf War etc) (this could be assessed regardless of methodology used);

¹⁷ It should be noted that techniques and methodologies for the measurement of market, credit, and liquidity risk are currently well researched and documented. Quantifying risk in the other categories is more problematic. For example, if the firm has a large legal case pending and substantial damages may be awarded against it, the quantification of legal risk could be the value of the firm as the damages may bankrupt the organisation.

¹⁸ Regulatory capital is the capital requirements of ASX.

- c) an assessment of the state the market would have to be in for the organisation to lose all of its capital; and
 - d) an assessment of the financial loss caused by financial stress in a particular demographic that represents a major component of the organisations client base;
- 6. Position and Value-at-Risk (VaR) limits and measurement methodologies should be established for accurate and timely measurement, monitoring, and reporting of exposures on principal positions;
 - 7. The risk measurement methodologies should be tested by comparing the results of the measurement process with realised behaviour (i.e. back testing).

i) Risk Measurement – Specifically concerning Credit Risk

- 1. The quantification of credit risk should be the sum of the positive mark to market of the exposure to an individual counterparty plus a measure of the potential exposure based on an assessment of the potential future market value of the position up until settlement;
- 2. The assessment of future exposure can be based on sophisticated modelling techniques or simple “add-ons” (depending on the sophistication and size of the organisation), both of which should be based on underlying assumptions concerning the volatility of prices and rates that determine the value of the underlying positions;
- 3. The use of master netting agreements and collateralisation can reduce the counterparty risk as long as the agreements and recourse provisions are legally enforceable in all relevant jurisdictions, and the organisation should demonstrate that it has undertaken the appropriate due diligence to ascertain that certainty;
- 4. The organisation must establish counterparty credit limits with each counterparty with which it conducts business and ensure that it has the appropriate systems and procedures in place to accurately and on a timely basis measure, monitor, and report on utilisation against those limits and to have policies, procedures and delegations for approving and / or dealing with breaches of those limits;
- 5. The limits should be based on an assessment of the creditworthiness of the counterparty and expressed in terms of credit risk limits (i.e. face value lending limits), counterparty risk limits (i.e. replacement value), product limits, and tenor limits and these should be reassessed continually throughout the relationship with the counterparty.

ii) Risk Measurement – Specifically concerning Liquidity Risk

- 1. The organisation should establish limits for liquidity risk (gap limits, maturity mismatch limits);
- 2. In assessing controls for liquidity risk, the organisation should factor in the possibility that it could lose access to one or more markets, either because of concerns about the organisation’s own creditworthiness, the creditworthiness of a major counterparty, or because of generally stressful market conditions;
- 3. The organisation’s liquidity plan should reflect the organisations ability to turn to alternate sources of funding, or to provide sufficient collateral or other credit enhancements in order to continue trading under a broad range of scenarios;

4. The organisation should ensure that daily cash and portfolio reconciliations are completed so that it has accurate and timely information concerning its settlement obligations.

d) MANAGEMENT OF LEGAL, REPUTATION, AND REGULATORY RISK

1. Legal risk should be limited and managed through policies developed by the organisation's legal counsel. There should be, at a minimum, guidelines and processes in place to ensure the enforceability of counterparty agreements;
2. Before contracting with counterparties, the organisation should reasonably satisfy itself that the counterparty has the legal capacity, and necessary regulatory authority, to engage in those transactions;
3. Before contracting with the counterparty, the organisation should ensure that the counterparty has the power and authority to enter into the transaction and that the counterparty's obligations arising from them are enforceable;
4. The organisation should ensure that its rights with respect to any margin or collateral received from a counterparty are enforceable and exercisable;
5. The organisation should ensure that its netting agreements are adequately documented and that they have been properly executed;
6. The organisation must ensure that it is familiar with all regulatory requirements;
7. The organisation should ensure that all relevant staff in the organisation are aware of, and comply with, their responsibilities with respect to the applicable regulations that govern the organisation and that they are suitable skilled and experienced to comply with those requirements.

7. RISK MANAGEMENT MATRIX

Function / Control	Operations	Market	Credit	Liquidity	Legal	Reputation	Regulatory
RISK MANAGEMENT RESPONSIBILITIES – BOARD AND MANAGEMENT OVERSIGHT							
Disciplined oversight;	✓	✓	✓	✓	✓	✓	✓
Frequent discussions between board, management, and staff;	✓	✓	✓	✓	✓	✓	✓
Basis for successful risk management framework should be provided:							
a) board and management understand risk profile;	✓	✓	✓	✓	✓	✓	✓
b) board and management promote a risk culture;	✓	✓	✓	✓	✓	✓	✓
c) management ensures sufficient resources and skilled and qualified staff;	✓	✓	✓	✓	✓	✓	✓
d) management ensures the policy and procedures manual is current and widely;	✓	✓	✓	✓	✓	✓	✓
e) management ensures that compensation policies avoid incentives for excessive risk taking;	✓	✓	✓	✓	✓	✓	✓
Scope of the organisation's risk management should be defined:							
a) board approves business activities and products;	✓	✓	✓	✓	✓	✓	✓
b) board quantifies risk appetite		✓	✓	✓			
c) management ensures that the system of limits:							
i) is consistent with overall risk measurement approach;		✓	✓	✓			
ii) is integrated to the fullest extent possible;		✓	✓	✓			
iii) is consistent with the overall risk management process;		✓	✓	✓			
iv) establishes boundaries for risk taking;		✓	✓	✓			
v) permits management to control exposures;		✓	✓	✓			

vi) defines escalation / reporting / approval procedures.		✓	✓	✓			
Risk management systems should be implemented:							
a) board approves and oversees implementation of systems;	✓	✓	✓	✓	✓	✓	✓
b) management establishes and implements system for managing risk;	✓	✓	✓	✓	✓	✓	✓
c) board ensures that systems provide regular reports concerning:							
i) effectiveness of models;		✓	✓	✓			
ii) risk impact of possible events;	✓	✓	✓	✓	✓	✓	✓
Board and management ensure delineation of responsibilities for:							
a) managing risk;	✓	✓	✓	✓	✓	✓	✓
b) implementing systems;	✓	✓	✓	✓	✓	✓	✓
c) establishing limits;	✓	✓	✓	✓	✓	✓	✓
d) establishing internal controls;	✓	✓	✓	✓	✓	✓	✓
c) establishing risk reporting process;	✓	✓	✓	✓	✓	✓	✓
Effectiveness of risk management systems should be reviewed at least annually:							
a) board ensures that systems are operating;	✓	✓	✓	✓	✓	✓	✓
b) board re-evaluates policies and risk tolerance.	✓	✓	✓	✓	✓	✓	✓
c) management re-evaluates the organisation's activities;	✓	✓	✓	✓	✓	✓	✓
Regarding financial reporting, CEO and CFO should state in writing that:							
a) capital returns are founded on sound risk management system;	✓	✓	✓	✓	✓	✓	✓
b) risk management and internal compliance and control system is operating effectively;	✓	✓	✓	✓	✓	✓	✓

RISK MANAGEMENT RESPONSIBILITIES – INDEPENDENT RISK MANAGEMENT FUNCTION							
Specialist unit independent of trading;	✓	✓	✓	✓	✓	✓	✓
The reporting lines should be independent;	✓	✓	✓	✓	✓	✓	✓
The personnel should have the appropriate qualifications and experience;	✓	✓	✓	✓	✓	✓	✓
The risk monitoring unit should:							
a) prepare submissions to the board;	✓	✓	✓	✓	✓	✓	✓
b) draft policies;	✓	✓	✓	✓	✓	✓	✓
c) specify risk methodologies;	✓	✓	✓	✓	✓	✓	✓
d) maintain risk measurement systems;		✓	✓	✓			
e) re-evaluate risk measurement methodologies;		✓	✓	✓			
f) review limit structures;		✓	✓	✓			
g) collect and authorise daily revaluation rates / prices;		✓	✓	✓			
h) provide input on all risk issues;	✓	✓	✓	✓	✓	✓	✓
i) provide input on defining the risk in new products;	✓	✓	✓	✓	✓	✓	✓
j) monitor and report utilisation against limits;		✓	✓	✓			
k) monitor the level of settlement fines (e.g. fail fees) relating to clients			✓				
l) monitor abnormal levels of cancellations relating to Market Participants			✓				
m) maintain the transaction documentation, this includes:							
i) keeping pro-forma agreements up to date;			✓		✓	✓	✓
ii) issuing agreements to clients for signing;			✓		✓	✓	✓
iii) maintaining system to track documentation;			✓		✓	✓	✓
iv) ensuring agreements are in place.			✓		✓	✓	✓

The credit risk area should:							
a) analyse the credit risk of individual counterparties;			✓				
b) prepare submissions to the board on limits;			✓				
c) monitor and reporting utilisation against limit;			✓				
d) draft policies on management of credit risk;			✓				
e) approve limit excesses intra day ;			✓				
f) establish policies/procedures concerning collateral arrangements;			✓		✓		
g) establish policies/procedures concerning close-out netting			✓		✓		
RISK MANAGEMENT METHODS – POLICY AND PROCEDURES MANUAL							
Regarding oversight the policy should include:							
a) accountabilities of board, audit committee, management and the internal audit function;	✓	✓	✓	✓	✓	✓	✓
b) identification of delegated authority to approve:							
i) changes to procedures;	✓	✓	✓	✓	✓	✓	✓
ii) changes to risk methodology;	✓	✓	✓	✓	✓	✓	✓
iii) changes to risk limits;		✓	✓	✓			
iv) allocation of limits;		✓	✓	✓			
v) limit excesses;		✓	✓	✓			
Regarding risk profile the policy should include:							
a) board-approved business activities;	✓	✓	✓	✓	✓	✓	✓
b) board-approved instruments and products;	✓	✓	✓	✓	✓	✓	✓
Regarding risk management the policy should include:							
a) methodologies for measuring risk;		✓	✓	✓			
b) accounting policies;		✓	✓	✓			

c) segregation of duties;	✓	✓	✓	✓	✓	✓	✓
d) escalation procedures for:							
i) exceeding a trading limit ;		✓	✓	✓			
ii) exceeding a counterparty limit;		✓	✓	✓			
iii) failure of a counterparty to settle; and			✓				
iv) material control problems;	✓	✓	✓	✓	✓	✓	✓
e) regarding new product processes the policies and procedures should:							
i) define a new product;	✓	✓	✓	✓	✓	✓	✓
ii) document the approval process;	✓	✓	✓	✓	✓	✓	✓
iii) specify the introduction-process of a new product;	✓	✓	✓	✓	✓	✓	✓
iv) the business plan for a new product should:							
a) describe relevant financial products, markets, strategies;	✓	✓	✓	✓	✓	✓	✓
b) state the required resources;	✓	✓	✓	✓	✓	✓	✓
c) analyse the reasonableness of the proposal;	✓	✓	✓	✓	✓	✓	✓
d) analyse the risks;	✓	✓	✓	✓	✓	✓	✓
e) detail procedures to measure / monitor / control risks;	✓	✓	✓	✓	✓	✓	✓
f) detail accounting treatment;		✓	✓	✓			
g) detail tax treatment;							✓
h) analyse legal restrictions;					✓		
i) identify DRP procedures;	✓	✓	✓	✓	✓	✓	✓
f) specifically regarding clients the policy should include:							
i) dispute resolution procedures;	✓		✓		✓		
ii) procedures protecting clients;	✓		✓				

iii) client cash account access procedures;	✓		✓				
iv) procedures for issuing records to clients;	✓		✓				
v) client position controls ;	✓		✓				
vi) communication procedures;	✓		✓				
g) specifically regarding Credit Risk, the policy should include:							
i) establishment of trading limits;			✓				
ii) procedures for opening client accounts;			✓				
iii) procedures for dealing with limit breaches;			✓				
iv) procedures for consolidating client risk;			✓				
v) procedures re credit reduction;			✓				
vi) streamlining arrangements;			✓				
vii) procedures for dealing with intra-day limit breaches;			✓				
viii) procedures re margin payments;			✓				
ix) procedures for monitoring derivatives exposure;			✓				
x) procedures for margin lending facilities;			✓				
xi) procedures for limit increases;			✓				
h) Disaster Recovery Plan, which should include:							
i) frequency and nature of testing the plan;	✓	✓	✓	✓	✓	✓	✓
ii) identify the key features / components of the plan;	✓	✓	✓	✓	✓	✓	✓
iii) identify categories of events and responses;	✓	✓	✓	✓	✓	✓	✓
iv) identify officers with special authority; and	✓	✓	✓	✓	✓	✓	✓
v) define levels of “normal” activities/services required;	✓	✓	✓	✓	✓	✓	✓
i) Code of Conduct;	✓	✓	✓	✓	✓	✓	✓

Regarding control the policy should include:							
a) procedures for ensuring all documentation is properly executed;	✓	✓	✓	✓	✓	✓	✓
b) identification of transaction cycle;	✓	✓	✓	✓	✓	✓	✓
c) daily reconciliations of:							
i) trust accounts;		✓	✓	✓			
ii) general bank accounts ;		✓	✓	✓			
iii) client suspense accounts;		✓	✓	✓			
iv) house accounts;		✓	✓	✓			
v) all suspense and holding accounts;		✓	✓	✓			
vi) settlement and accumulation accounts;		✓	✓	✓			
Regarding assessment of effectiveness the policy should include:							
a) means of analysing effectiveness of risk management (internal audit);	✓	✓	✓	✓	✓	✓	✓
RISK MANAGEMENT METHODS – AUDIT FUNCTION							
The audit function should audit and test risk management process;	✓	✓	✓	✓	✓	✓	✓
Depth and frequency of audits should increase if:							
a) weaknesses and significant issues are discovered;	✓	✓	✓	✓	✓	✓	✓
b) significant changes have been made to:							
i) business activities;	✓	✓	✓	✓	✓	✓	✓
ii) product lines;	✓	✓	✓	✓	✓	✓	✓
iii) risk modelling methodologies;	✓	✓	✓	✓	✓	✓	✓
iv) the risk oversight process;	✓	✓	✓	✓	✓	✓	✓
v) internal controls; or	✓	✓	✓	✓	✓	✓	✓
vi) the overall risk profile;	✓	✓	✓	✓	✓	✓	✓

Audit should evaluate independence/effectiveness of risk management function:							
a) in measuring, reporting and limiting risk;	✓	✓	✓	✓	✓	✓	✓
b) compliance with limits / reliability of reports;	✓	✓	✓	✓	✓	✓	✓
Regarding internal audit function:							
a) for additional guidance see www.iaa.org.au ;	✓	✓	✓	✓	✓	✓	✓
b) audit committee should recommend to board appointment / dismissal of chief internal audit executive;	✓	✓	✓	✓	✓	✓	✓
c) internal audit should be independent;	✓	✓	✓	✓	✓	✓	✓
d) it should report to management;	✓	✓	✓	✓	✓	✓	✓
e) audit committee should oversee scope of internal audit.	✓	✓	✓	✓	✓	✓	✓
RISK MANAGEMENT METHODS – RISK MEASUREMENT – MARKET, CREDIT, LIQUIDITY RISK							
The organisation should implement risk measurement methodologies;		✓	✓	✓			
Mark-to-market daily;		✓	✓	✓			
Take into account size of organisation;		✓	✓	✓			
Automate calculations;		✓	✓	✓			
Analyse and stress test:							
a) a breakdown in model assumptions;		✓	✓	✓			
b) the repeat of historic events;		✓	✓	✓			
c) market state for loss of all capital;		✓	✓	✓			
d) effects of financial stress in particular demographic;		✓	✓	✓			
Establish position and VaR limits;		✓	✓	✓			
Back test.		✓	✓	✓			

RISK MANAGEMENT METHODS – RISK MEASUREMENT – SPECIFICALLY CREDIT RISK						
Quantify counterparty risk;			✓			
Assess future exposure;			✓			
Use master netting agreements;			✓			
Establish counterparty credit limits;			✓			
Assess creditworthiness of counterparty;			✓			
RISK MANAGEMENT METHODS – RISK MEASUREMENT SPECIFICALLY LIQUIDITY RISK						
Establish liquidity limits;				✓		
Assess controls;				✓		
Assess sources of alternative funding;				✓		
Ensure accurate information.				✓		
RISK MANAGEMENT METHODS – MANAGEMENT OF LEGAL, REPUTATION AND REGULATORY RISK						
These risks should be limited through:						
Legal counsel policies;				✓	✓	✓
Ensuring counterparty's legal capacity;				✓	✓	✓
Ensuring counterparty's power and authority to enter transaction;				✓	✓	✓
Ensuring rights are exercisable;				✓	✓	✓
Documenting netting agreements;				✓	✓	✓
Familiarity with regulatory requirements;				✓	✓	✓
Ensuring staff awareness.				✓	✓	✓

ATTESTATION BY DIRECTORS ¹/RESPONSIBLE EXECUTIVES ²
TO ASX* and/or ACH*
KEY RISKS AND INTERNAL SYSTEMS

(To be completed by all Participants at the time of application and then annually)

Participant:

Year Ended:

PARTICIPANT'S KEY RISKS AND INTERNAL SYSTEMS STATEMENT

We hereby certify and represent that:

The Participant has developed and implemented adequate systems, procedures and controls necessary to comply at all times with the requirements of the ASX Market Rules* and/or ACH Clearing Rules*, and which are appropriate for the nature and extent of the trading* and/or clearing activities* to be/being conducted.

This includes review of the obligations under the ASX Market Rules* and/or ACH Clearing Rules* and related Guidance Notes issued by ASX* and/or ACH*, the identification of the key risks facing the Participant and the establishment of systems, procedures and controls to monitor and manage those risks including the establishment of policies and procedures to ensure the accurate calculation of the capital requirements.

The systems, procedures and controls are operating effectively and are adequate having regard to the nature and extent of the Participant's trading* and/or clearing activities* to ensure compliance with the ASX Market Rules* and/or ACH Clearing Rules*.

We have retained copies of the relevant documentation on which this representation is based and this is available for inspection by ASX* and/or ACH*.

Name
Director ¹/Responsible Executive ²

Name
Director ¹/Responsible Executive ²

Dated this.....day of.....

Date of Board Resolution (if applicable)

KEY / INSTRUCTIONS

¹ To be signed by one director in accordance with a resolution of the board of directors (the date of the resolution must be specified) or by two directors, except in the case of Participants complying with the Other Capital Regime.

² In the case of Participants complying with the Other Capital Regime, this should be signed by either two directors or two Responsible Executives.

* The asterisks indicates the following:

- If a Participant is only subject to the ASX Market Rules, delete all references to “ACH”, the “ACH Clearing Rules” and the word “clearing”.
- If a Participant is only subject to the ACH Clearing Rules delete all references to “ASX”, the “ASX Market Rules” and the word “trading”.
- If a Participant is subject to **both** the ASX Market Rules and ACH Clearing Rules, **leave** the references to the “ACH”, “ASX”, “ASX Market Rules”, “ACH Clearing Rules” and the words “trading” and “clearing”.

If a Participant considers it necessary to qualify this standard statement, the reasons should be explained in full in an accompanying statement.

This statement is required to be completed and lodged annually by each Participant within two months of the Participant’s financial year end.

PRIVACY COLLECTION STATEMENT

ASX and ACH collects personal information under the ASX Market Rules, and ACH Clearing Rules in order to assess compliance by Participants with the capital requirements contained in the ASX Market Rules and ACH Clearing Rules. This information may include personal information (name, phone number, email address for example). You may access your personal information by contacting the ASX Risk Management Division. The personal information may be disclosed to the Australian Securities & Investments Commission and any other person, firm, corporation or authority as required by law or as permitted under the Rules. Failure to provide the personal information may prevent ASX and ACH from being able to assess the relevant Return adequately and may result in a breach of the ASX Market Rules and ACH Clearing Rules by the Participant. In some instances personal information is provided by Participants to ASX and ACH in relation to persons who do not sign the relevant Return or who are not involved in completion of the Return. In those instances, please ensure this Statement is drawn to those persons attention.

KEY TOPICS

1. Requirements
Client
Agreements
2. Procedures,
Wholesale Client
Agreement –
Options Market
Contract only.

ASX Market Rules

1. 2.10
2. 7.1&
3. 29.3

ACH Rules

1. 7.1
2. 9.1&
3. 23.2

Cross- reference

1. Corps Act S127
(1)
2. ACH Guidance
Note 045
3. ASX Guidance
Note New Clients
– 11 March 2004

Guidance Note History

Participants. Column E covers the situation where the Trading Participant is using the services of a
This is a copy of the original document.

General matters to consider

CLIENT AGREEMENTS – REQUIREMENTS

The requirement for Participants to enter into Client Agreements with Clients

Purpose

This guidance note provides assistance to ASX Market Participants (“**Market Participants**”) and ACH Clearing Participants (“**Clearing Participants**”) on the interpretation of ASX’s and ACH’s expectations in relation to Client Agreements. It sets out the obligations of the various categories of Market Participants and Clearing Participants with respect to Client Agreement obligations before accepting an order to enter into or clear a Market Transaction, in respect of certain products, on behalf of clients.

Reference Tables

In recognition of the various business models adopted by Participants, the ASX Market Rules and the ACH Clearing Rules are unavoidably complex with respect to the requirement to enter into Client Agreements for both Retail and Wholesale Clients. This guidance note is designed to assist Participants to more clearly identify the aspects of these Rules that are applicable to their business model.

For ease of reference, attached to this guidance note are two tables which individually categorise each product and business model for Retail Clients (Attachment A), and Wholesale Clients (Attachment B).

These tables are designed to direct Participants to the Rules relating to Client Agreements that are applicable to each different product as they apply to each different participation type.

For example: A Market Participant that is also a Trading Participant, but is not a Clearing Participant with a Retail Client that wishes to trade in Options should refer to ASX Market Rules 7.1.1(a); 7.1.2 and 7.1.4(c). [See Attachment A, column B, row 2.]

In the reference tables, columns D and E both relate to the single Trading Participant with two Clearing Participants model. More specifically, column D covers the situation where the Trading Participant is acting in its capacity as one of the Clearing Participants. Column E covers the situation where the Trading Participant is using the services of a Clearing Participant.



In relation to dealing in equities, although there is no requirement in either the ASX Market Rules or the ACH Clearing Rules for a client agreement, ASX strongly encourages each Participant to execute client agreements with their clients. This allows the client to understand their rights and obligations. In the event of a dispute concerning transactions it also provides some protection to both Participants and the clients.

Where a Participant is both a Trading Participant and a Clearing Participant and is required to enter into a client agreement under both the ASX Market Rules and the ACH Clearing Rules, the Participant may consider amalgamating the terms of the two agreements into a single agreement.

Wholesale Client Agreements

Definition

The term “Wholesale Client Agreement” is defined in the ASX Market Rules as “the agreement between a Trading Participant and a client lodged with an Approved Clearing Facility in accordance with ASX Market Rules 7.1.4(d) and 7.1.5(b)”.

Agreement with Wholesale Client – Options only

Whilst there is no specific trading related client agreement requirement, ASX Market Rule 7.1.4 requires the Trading Participant to confirm that a Clearing Agreement is in place.

Pursuant to ASX Market Rule 7.1.6, where a Trading Participant accepts an order on behalf of a Wholesale Client that has lodged a Wholesale Client Agreement with the Approved Clearing Facility, then that Wholesale Client, the Trading Participant and (if applicable) the Trading Participant’s Clearing Participant are taken to have entered into an agreement in accordance with the terms of that Wholesale Client Agreement.

CHESS Sponsorship

In addition to the agreements referred to above, ASTC Participants which sponsor clients will be required to enter into CHESS Sponsorship Agreements in accordance with the ASTC Settlement Rules.

Transitional Arrangements- ASX Market Rule 29.3 and ACH Clearing Rule 23.2

For the purposes of these transitional provisions, the relevant amended ASX and ACH Rules are ASX Market Rules 7.1 and 29.3.3 and ACH Clearing Rules 7.1 and 23.2.



Pursuant to ASX Market Rule 29.3, any Wholesale Client Agreement entered into between an existing ASX Market Participant and a client under Old ASX Business Rule 7.3.1.5 continues in effect and is deemed to have been provided to ACH under Rule 7.1.4.

Pursuant to ACH Clearing Rule 23.2, any Wholesale Client Agreement previously lodged with ACH under the Old ASX Business Rule 7.3.1.5 continues in effect and is deemed to have been provided to ACH under Rule 7.1.2.

On 12 March 2004 ASX and ACH provided “no action” relief on the terms set out in ACH Notice 045. The “no action” relief had effect until the date on which amendments to the relevant ASX and ACH Rules take effect.

The effect of the Transitional Arrangements is:

- Wholesale Clients who lodged Wholesale Client Agreements under Old ASX Business Rule 7.3.1.5 on or before 10 March 2004 still have the benefit of those agreements provided that the Participant is able to confirm the existence of that agreement with ACH.
- Wholesale Clients who became clients during the "no action" period (that is, between 11 March 2004 and 1 August 2005 being the date on which amendments to the relevant ASX and ACH Rules take effect) must meet the requirements of the ASX and ACH Rules as set out in this Guidance Note by 31 October 2005.
- Any new Wholesale Clients who became clients after 1 August 2005 being the date on which amendments to the relevant ASX and ACH Rules take effect, must meet the requirements of the Rules as set out in this Guidance Note immediately.

Qualification

ASX has published this note to promote commercial certainty, and assist Market Participants. Nothing in this note necessarily binds ASX in the application of the Rules in a particular case. In issuing this note ASX is not providing legal advice and Market Participants should obtain their own advice from a qualified professional person in respect of their obligations. ASX may replace this Guidance Note at any time. Readers should contact ASX to ensure they have the latest version.

ATTACHMENT A
RETAIL CLIENT REQUIREMENTS

	<u>A</u> Market Participant without Trading Permission	<u>B</u> Market Participant/Trading Participant Only	<u>C</u> Market Participant/Trading Participant and Clearing Participant	<u>D</u> Market Participant/Trading Participant using up to 2 Clearing Participants- Self clearing for the relevant transaction.	<u>E</u> Market Participant/Trading Participant using 2 Clearing Participants – Using a 3 rd Party Clearing Participant for the relevant transaction	<u>F</u> Clearing Participant acting for a Market Participant/Trading Participant
1. Equities	ASX 7.1.1 (a); ASX 7.1.1 (b); & ASX 7.1.1 (c).	ASX 7.1.1 (a); & ASX 7.1.1 (c).	ASX 7.1.1 (a).	ASX 7.1.1 (a).	ASX 7.1.1 (a); & ASX 7.1.1 (c).	Nil
2. Options	ASX 7.1.1 (a); & ASX 7.1.1 (b).	ASX 7.1.1 (a); ASX 7.1.2; & ASX 7.1.4 (c).	ASX 7.1.1 (a); ASX 7.1.2; ASX 7.1.5(a); ACH 7.1.1; & ACH 7.1.2.	ASX 7.1.1 (a); ASX 7.1.2; ASX 7.1.5(a) ACH 7.1.1; & ACH 7.1.2.	ASX 7.1.1 (a); ASX 7.1.2; & ASX 7.1.4 (c).	ACH 7.1.1; & ACH 7.1.2.
3. Futures	ASX 7.1.1 (a); ASX 7.1.1 (b); & ASX 7.1.1 (d).	ASX 7.1.1 (a); ASX 7.1.1 (d); & ASX 7.1.2.	ASX 7.1.1 (a); ASX 7.1.2; ACH 7.1.1; ACH 7.1.2; & ACH 7.1.3 (b).	ASX 7.1.1 (a); ASX 7.1.2; ACH 7.1.1; ACH 7.1.2; & ACH 7.1.3 (b).	ASX 7.1.1 (a); ASX 7.1.1 (d); & ASX 7.1.2.	ACH 7.1.1; ACH 7.1.2; & ACH 7.1.3(b).
4. Warrants	ASX 7.1.1 (a); ASX 7.1.1 (b); & ASX 7.1.1 (c).	ASX 7.1.1 (a); ASX 7.1.1 (c); & ASX 7.1.2.	ASX 7.1.1 (a); & ASX 7.1.2.	ASX 7.1.1 (a); & ASX 7.1.2.	ASX 7.1.1 (a); ASX 7.1.1 (c); & ASX 7.1.2.	Nil
5. Loan Securities	ASX 7.1.1 (a); ASX 7.1.1 (b); & ASX 7.1.1 (c).	ASX 7.1.1 (a); & ASX 7.1.1 (c).	ASX 7.1.1 (a).	ASX 7.1.1 (a).	ASX 7.1.1 (a); & ASX 7.1.1 (c).	Nil

ATTACHMENT B
WHOLESALE CLIENT REQUIREMENTS

	<u>A</u> Market Participant without Trading Permission	<u>B</u> Market Participant/Trading Participant Only	<u>C</u> Market Participant/Trading Participant and Clearing Participant	<u>D</u> Market Participant/Trading Participant using 2 Clearing Participants- Self clearing for the relevant transaction.	<u>E</u> Market Participant/Trading Participant using up to 2 Clearing Participants – Using a 3 rd Party Clearing Participant for the relevant transaction.	<u>F</u> Clearing Participant acting for a Market Participant/Trading Participant
1. Equities	ASX 7.1.1 (a); ASX 7.1.1 (b); & ASX 7.1.1 (c).	ASX 7.1.1 (a); & ASX 7.1.1 (c).	ASX 7.1.1 (a).	ASX 7.1.1 (a).	ASX 7.1.1 (a); & ASX 7.1.1 (c).	Nil
2. Options	ASX 7.1.1 (a); & ASX 7.1.1 (b).	ASX 7.1.1 (a); ASX 7.1.4; & ASX 7.1.6.	ASX 7.1.1 (a); ASX 7.1.5; ASX 7.1.6; ACH 7.1.1; ACH 7.1.2; & ACH 7.1.3 (a).	ASX 7.1.1 (a); ASX 7.1.5; ASX 7.1.6; ACH 7.1.1; ACH 7.1.2; & ACH 7.1.3 (a).	ASX 7.1.1 (a); ASX 7.1.4; & ASX 7.1.6.	ACH 7.1.1; ACH 7.1.2; & ACH 7.1.3 (a).
3. Futures	ASX 7.1.1 (a); ASX 7.1.1 (b) & ASX 7.1.1 (d).	ASX 7.1.1 (a); ASX 7.1.1 (d); & ASX 7.1.2	ASX 7.1.1 (a); ASX 7.1.2; ACH 7.1.1; ACH 7.1.2; & ACH 7.1.3 (b).	ASX 7.1.1 (a); ASX 7.1.2; ACH 7.1.1; ACH 7.1.2; & ACH 7.1.3 (b).	ASX 7.1.1 (a); ASX 7.1.1 (d); & ASX 7.1.2	ACH 7.1.1; ACH 7.1.2; & ACH 7.1.3 (b).
4. Warrants	ASX 7.1.1 (a); ASX 7.1.1 (b); & ASX 7.1.1 (c).	ASX 7.1.1 (a); & ASX 7.1.1 (c).	ASX 7.1.1 (a).	ASX 7.1.1 (a).	ASX 7.1.1 (a); & ASX 7.1.1 (c).	Nil
5. Loan Securities	ASX 7.1.1 (a); ASX 7.1.1 (b) & ASX 7.1.1 (c).	ASX 7.1.1 (a); & ASX 7.1.1 (c).	ASX 7.1.1 (a).	ASX 7.1.1 (a).	ASX 7.1.1 (a); & ASX 7.1.1 (c).	Nil

KEY TOPICS

1. Index arbitrage
2. Bulk authorisation of index arbitrage orders
3. Market manipulation
4. Fair, orderly and transparent market

ASX Market Rules

1. 13.4
2. 14.1

Cross-reference

N/A

Guidance Note History

Issued:
28 November 2005

Background

BULK AUTHORISATION OF INDEX ARBITRAGE ORDERS IN SEATS

Purpose

The purpose of this Guidance Note is to provide Market Participants (“Participants”) with guidance in relation to the entry into SEATS of index arbitrage orders. One of the obligations of ASX as a market operator, is to ensure that, to the extent it is reasonably practicable to do so, it must do all things necessary to ensure a fair, orderly and transparent market.

Market Integrity

The practice of bulk authorising index arbitrage orders does not absolve a Participant of its underlying responsibility to avoid conduct that may result in either an unfair or disorderly market (see Rule 14.1) or market manipulation (see Rule 13.4).

The content of this Guidance Note should not in any way be interpreted as detracting from a Participant’s obligations arising from the Rules; in particular Rules 13.4 and 14.1.

Index Arbitrage and Bulk Authorisation

Index arbitrage is the practice of exploiting the difference between a derivatives market and its physical market equivalent by selling one and buying the other. Index arbitrage orders are orders where a Participant contemporaneously enters and executes a cash market transaction together with an approximately equal and opposite derivatives transaction.

For the purpose of ASX, bulk authorisation of index arbitrage orders is the practice where either:

- (i) a Participant’s DTR approves for entry into SEATS; or
- (ii) a Participant’s AOP system permits entry into SEATS;

a number of related orders in multiple stocks without individually assessing their impact on the opening price of the respective stocks.



The potential for increased volatility coincides with the expiry of index futures and index options contracts and the associated cash market activity. ASX notes the body of domestic and international evidence that suggests there may be higher volatility during the period on expiry day when the settlement price for derivative contracts is calculated due to arbitrageurs legitimately seeking to close out arbitrage positions in a price insensitive manner in order to achieve price and volume convergence.

In response to a volatility spike surrounding the expiry of June 2001 index futures contracts a number of structural changes were made to the Australian financial markets during late 2001 and early 2002. These included:

- Introduction of changes to the auction algorithm used by ASX in both its opening and closing auctions;
- Dissemination of an Indicative Auction Price and Surplus Volume Indicator via SEATS for all Pre-CSPA (Pre Open) periods;
- Prohibition on the entry of any undisclosed orders during any Pre-CSPA period;
- Changes to the contract specifications for index futures and exchange traded options contracts so that they use an opening price index calculation rather than a closing price for contract settlement; and
- Changes to the contract specifications for index futures and exchange traded options contracts such that the expiry date was moved from the last business day of the month to a day in the third week of the month.

Each of these changes have been well received by the market and on subsequent expiries the added transparency that each of these measures have contributed appears, at the date of publication of this Guidance Note, to have lessened the market impact of expiry.

However, despite improved market design, it is still possible that index arbitrage orders will, at some future time, cause significant market impact. Consequently, ASX sets out matters a Participant might consider when executing index arbitrage orders with a view to minimising price impact.

Index Arbitrage Orders

ASX recognises the importance and legitimacy of index arbitrage orders in the Australian financial markets.

ASX also recognises that the close out of an index option or index futures position on a derivatives expiry day necessitates the entire underlying basket relating to that index position to be liquidated, irrespective of price, at a time when the price of the basket equates as closely as possible to the settlement price of the related index derivative. That is, timing and execution of volume is more important to the holder of the position than price. This is achieved by unwinding the underlying basket during the opening CSPA on expiry day.

However, a Participant's rights and obligations under the Rules apply equally in respect of trading index arbitrage orders as they do when trading other types of orders. The need to convert products into cash (or vice versa) over a short period does not confer on the index arbitrageur the right to ignore the consequences or effect that its trading might have on the market. Consequently an arbitrageur may need to give special consideration to the effect of its trading in large size where the trading is also condensed into a short period.



A Participant that takes account of, and has care as to the likely effect of, its index arbitrage orders is less likely to contravene the Rules as a result of trading such orders. Where a Participant can demonstrate that the index arbitrage orders:

- (a) Reflect genuine index arbitrage activity; and
- (b) do not appear to have been placed with an intention to manipulate or cause a disorderly market having regard to, amongst other things:
 - (i) the time the order was placed;
 - (ii) the size of the order; and
 - (iii) the effect of the composition of the order,

then ASX will take such matters into consideration when determining whether the Rules appear to have been contravened.

Verifying Index Arbitrage Orders

If a client regularly places index arbitrage orders a Participant will generally be entitled to assume that the index arbitrage orders it receives are placed by the client in the course of it carrying on legitimate arbitrage trading. See Guideline 1 below for further information.

The Size of the Index Arbitrage Order

The size of an index arbitrage order can cause imbalance to the existing market price levels. Prior to effecting an index arbitrage order the Participant should assess how much volume has been traded on previous expiries, and together with more recent volumes, assess whether the size of the order can be reasonably absorbed by the market given current trading conditions.

Where the volume to be executed in the index arbitrage order is in excess of previous levels, such that the price might be expected to be materially affected, the Participant might take special precautions such as early entry of the index arbitrage orders to minimise market impact. Precautionary activity of this kind may demonstrate the Participant has exercised sufficient care to minimise the market impact of a high volume index arbitrage order.

Conversely, materially increasing the size of the order once the order has been initially entered may indicate the Participant has not exercised sufficient care in assessing the likely impact of the order amendment. In this regard it is noted that where a Participant materially amends the volume of an existing index arbitrage order, ASX will regard the amendment as the entry of a new index arbitrage order.

Entering Bulk Authorised Index Arbitrage Orders

The early entry of index arbitrage orders may contribute to the maintenance of a fair, orderly and transparent market since the market is given the opportunity to respond to imbalances in liquidity as the orders are displayed on SEATS under the Surplus Volume Indicator.

Where a Participant can demonstrate that the bulk authorised index arbitrage orders are:

- (a) not entered immediately prior to the opening CSPA; and
- (b) effected in accordance with the guidelines below;

ASX will take such matters into consideration when determining whether there has been a contravention of the Rules.

Guideline 1 – Verifying Index Arbitrage

ASX expects a Participant to be able to demonstrate that it has taken reasonable steps to verify that there is an approximately equal and opposite derivatives transaction corresponding with the index arbitrage order.

Appropriate verification may include documentary evidence such as contemporaneous records of discussions with clients prior to the placement of the orders, transaction confirmations, correspondence or directions. Such evidence must be available to allow ASX Compliance and Surveillance to readily conduct a review of bulk authorisation transactions.

Guideline 2 – Early entry of index arbitrage orders

This guideline assumes the Participant/client will be batching order entry according to which “group opening” securities participate in. The term “group opening” in this guideline means a group of securities that commence trading at the same time under the method whereby SEATS opening times are staggered depending on the starting letter of the ASX code for the security. Consequently an index arbitrage order of \$900M, might be broken into 5 groups, with each group’s orders entered 10 minutes before that group opening.

In the unlikely event that orders are not batched according to group opening, ASX expects orders for the entire basket to be entered in the time mentioned above (10 minutes) but referenced to the earliest group opening in which a security in each batch participates. For example, if the entire basket will be entered in one batch, and assuming a least one of the securities in the batch falls within the A-B group opening, the orders for the entire basket will be entered no later than 10 minutes prior to the group opening of the A-B group which opens at 10:00 am, +/-15 seconds.

ASX has developed the following guidelines in relation to early entry of index arbitrage orders irrespective of whether the batch falls within a single or multiple group opening(s). The times set out below apply before each group opening, whereas the size applies to the total index arbitrage basket size and should be considered as a maximum:

- Orders valued at up to \$100 million, no later than one minute before the relevant group opening;
- Orders valued at up to \$200 million, no later than two minutes before the relevant group opening;

- Orders valued at up to \$500 million, no later than five minutes before the relevant group opening;
- Orders valued at up to \$600 million, no later than six minutes before the relevant group opening; and
- Orders valued at over \$900 million, no later than ten minutes before the relevant group opening.

This Guidance Note is not intended to restrict Participants from placing an entire basket of index arbitrage orders in the market before the time specified. An alternative approach to entering the orders from that set out above is to input the index arbitrage orders progressively according to the time and value criteria set out above. For example, by entering that part of the index arbitrage order above \$900 million before the 10 minute mark, the part between \$600-\$900 million before the 6 minute mark and so on.

Guideline 3 – Price of Entry of Index Arbitrage Orders

A Participant which has entered an index arbitrage order in accordance with this Guidance Note should be able to amend the prices of the stocks included in the order so as to ensure that the required volume is transacted. If for example, a Participant enters an order in accordance with this Guidance Note, and, by virtue of the time at which the order was entered the order is immediately overbid or offered, the Participant is able to amend the price of its orders with a view to trading the order. Any price amendment should be made within the principles of the operation of a fair, orderly and transparent market, as waiting until immediately before the group opening may cause unreasonable market disruption.

Guideline 4 – Volume of Entry of Index Arbitrage Orders

As noted above ASX will consider a Participant materially amending the volume of an existing index arbitrage order to have entered a new index arbitrage order. As a “new” index arbitrage order, that order would be subject to the verification, time and price guidelines above.

Market awareness

Prior to an index derivatives expiry day, ASX will alert the market to the possibility of increased volatility in the opening CSPA on that day by a trading system message and public release of an ASX Circular.

Qualification

ASX has published this note to promote commercial certainty and to assist Participants. Nothing in this note necessarily binds ASX in the application of the Rules in a particular case. In issuing this note, ASX is not providing legal advice and Participants should obtain their own advice from a qualified professional person in respect of their obligations. ASX may replace this Guidance Note at



any time without further express notice to any particular person. Readers may contact ASX to ensure they have the latest version.

KEY TOPICS

1. Importance of trading records
2. What can comprise a trading record?
3. Capturing trading records
4. Recording of names

ASX Market Rules

1. 4.10

Cross-reference

1. Corporations Act s991D and Regulation 7.8.19

Guidance Note History

Issued: 03 January 2006

TRADING RECORDS

Purpose

This Guidance Note provides assistance to Market Participants on ASX's interpretation of the ASX Market Rules relating to Trading Records.

Background

Market Participants are required to maintain Trading Records for all instructions to enter into a Market Transaction on ASX (whether or not those instructions are executed). One reason for this is that contemporaneous records are maintained so that instructions by clients or principal trading decisions (whether executed or not) can be established, particularly if a dispute as to the instructions received arises. The requirements also promote good business practice and provide an audit trail for compliance purposes.

The Trading Record requirements are identical for all Financial Products traded on ASX.

The Trading Record requirements in the Market Rules are reflective of, but more detailed than, the obligations under Corporations Act s991D and Regulation 7.8.19.

The importance of trading records

Trading Record rules have a significant part to play in the integrity of the markets conducted by ASX. They are a critical record of the causal link between the instructions of a client or a decision to trade on a Market Participant's own account ("Principal Trading") and the entry of an order into a Trading Platform (whether SEATS or the DTP). Trading Records are a primary evidentiary record of a transaction and ASX places strong reliance upon the evidentiary value of accurate Trading Records. Corroborating evidence (such as telephone recordings) may support the evidentiary value of a Trading Record. Inaccurate or incomplete Trading Records are a significant compliance failing.

Deficiencies in Trading Records may inhibit enquiries into possible market misconduct including, for example, manipulative trading. It is prudent for Market Participants to ensure that Trading Records accurately reflect their clients' and their own instructions to avoid possible disciplinary action for Trading Record breaches and other misconduct. In the absence of taped recordings of orders, written or computer Trading Records may be the only means by which a Market Participant can check a client's instructions and whether they were complied with.

ASX considers that Trading Record breaches are serious matters. Trading Records that do not accurately reflect a client's instructions and the other details required by the Rules may result in ASX seeking higher disciplinary penalties if they inhibit ASX's enquiries into possible market misconduct.

Trading Record Requirements

In the interests of having one standard of record keeping apply to the different types of transactions and orders that relate to ASX's markets, the Trading Record requirements apply to all Financial Products traded on ASX markets. The Trading Record requirements of the ASX Market Rules do not apply to orders received for Financial Products traded on other markets.¹ Market Participants should obtain their own advice from a qualified professional person in respect of the requirements (for example, Corporations Act s991D and Regulation 7.8.19) that apply to trading on other markets.

The Rules expressly require Market Participants to:

- (a) make Trading Records *immediately*;
- (b) maintain records of orders for dealing on their own account as well as client orders and orders made on a discretionary account; and
- (c) keep records of any changes made to orders, for example, changes to quantity and price instructions, cancellation of orders and other types of change. Other instructions from a client should also be recorded, for example, when restrictions are placed on an order.

In respect of the requirement to make records *immediately*, it should be noted that the ordinary English meaning of the word "immediately" is to apply. That is, "without delay" or "directly". By way of example:

- (a) if an order taker/advisor receives an instruction to deal in securities out of business hours when not in the office, the order taker should make the record of those instructions as soon as possible, for example, by immediately making a diary note of the details or, on returning to the office, entering the instructions on an order pad or computer system;
- (b) if orders are recorded using an electronic order system and if there is a system malfunction such that an order taker/advisor cannot enter the instructions received into that system, a manual system of recording orders should be available and details of instructions should be made manually immediately after the instructions are received; or
- (c) if a Market Participant encounters exceptional circumstances such as a period of frenetic market activity, for example, if it is inundated with orders given orally due to a major market correction, it is vital that attention to trading record keeping not be relaxed. Such occasions will be limited and order takers must still record instructions received.

¹ Where a Market Participant is relying upon any Section 30.10 relief granted by the Commodity Futures Trading Commission, the Trading Record requirements of the ASX Market Rules may apply

However, ASX understands that complete Trading Records may not be made contemporaneously with the instructions received. Where a Trading Record is not made immediately, the onus in any disciplinary action will be on the Market Participant to be able to demonstrate that “exceptional circumstances” applied.

Trading Records must be a complete and accurate account of the client’s actual instructions or the Market Participant’s decisions or instructions. A record of the trade resulting from the instruction will not satisfy the requirement to record the instruction or decision except to the extent permitted under Market Rule 4.10.7.

The Rules require formality in the recording of decisions to trade by Market Participants, even when acting as principal. This assists in identifying which orders - whether from a client, by a Market Participant using its discretion for a client or for the Market Participant’s own account – have resulted in trades and which have not been executed.

The requirement to make a record of a decision to, or to give an instruction to, enter into a Market Transaction on a Market Participant’s own account applies whether or not the Market Participant executes the Market Transaction itself or gives the instruction to another Market Participant to execute. Where a Market Participant gives the instruction to another Market Participant to execute, both Market Participants will have records of the order. This is an important requirement to prevent, or identify, front running of client orders.

Trading Records may be kept electronically.

Capturing & Maintaining trading records

The Rules require that a Market Participant “maintain records” of all orders. The Rules do not state that all elements of a Trading Record specified in the Rules be maintained in the same place. However, ASX makes the following observations:

- if the elements of Trading Records are made in multiple locations or multiple media (eg, electronically and in diaries; or electronically and on hard copy Trading Record forms), the Market Participant must have ownership of all those media. This means that if a dealer’s diaries are relied upon, the Market Participant must have ownership of the diary in the event that the dealer departs the Market Participant;
- the obligation will be upon the Market Participant to demonstrate that the records in all the locations or media were made contemporaneously with the order being given or decision taken;
- the obligation will be on the Market Participant to provide to ASX all the relevant media should ASX request copies of a Trading Record. If Trading Records are maintained electronically and the system cannot readily identify who made a Trading Record amendment and when it was made, it will be necessary to provide a copy of the system logs showing this and other relevant information;
- the obligation will be on the Market Participant to nominate a primary Trading Record or, if multiple media are used, the primary elements of a Trading Record;
- where telephone conversations are recorded and those recordings are retained for the same period as Trading Records are required to be retained (that is, 7 years), those telephone recordings can constitute a primary record of a Trading Record in relation to, for example, the

time and date a client order is received, the name of the person placing the order, the name of the person receiving that order and the instructions given.

- where there is conflicting information in the different locations or media, the obligation will be on the Market Participant to demonstrate which information is to be relied upon; and
- if the information is retained in multiple media or sources, unless the Market Participant can demonstrate and reconcile all the individual components of the Trading Records, ASX will be inclined towards a view that the Trading Records do not satisfy the obligations under the Rules.

ASX encourages the electronic capture of Trading Records, provided they are captured immediately and in accordance with the Rules. However, ASX has identified a number of issues of concern in relation to reliance on electronic Trading Records:

- on a number of occasions, ASX has encountered instances of required information not being captured “because the system doesn’t have the ability to capture it”. ASX does not accept system “limitations” as a reason for non-compliance. It is the obligation of a Market Participant to ensure any system it employs has the ability to satisfy the requirements of the Rules. Any deficiency in the system is taken to be a deficiency of the Market Participant, not of its system provider;
- in some instances, orders are accepted by advisers and then phoned through to another office where the order is entered into an electronic system. That electronic system captures the time the order is entered into the system and that time is relied upon by the Market Participant as the time of receipt of the order. ASX is of the view that this practice does not satisfy the requirements of the Rules. The time required to be recorded as the time of the receipt of the order is the time it is received by the adviser, not the time it is entered into the system;
- in some instances, initial orders are recorded in hard copy and electronically and subsequent amendments are also recorded in hard copy. However, the electronic systems only record the final execution price or volume. Where a Market Participant allows this practice, it should ensure there is a clear audit trail in its electronic systems to show when the original data was entered, when it was amended and by whom it was amended;
- in some instances, orders are captured and recorded in spreadsheets or other systems where certain fields default to specified data. (For example, the system may have a default value for the name of the person giving the order or joint accounts may list potential order placers alphabetically and default to the first name.) ASX has identified instances where, if the person giving the order is different from the default name, rather than amend the name of the person giving the order at the time of receiving it, advisers have amended the name at the end of the day. ASX is of the view that this does not satisfy the requirements of the Rules; and
- in some instances, orders are captured and recorded in spreadsheets or other systems and advisers have received price or quantity amendments during the day but have not amended the order price or quantity field in the spreadsheets until the end of the day. This may not satisfy the requirements of the Rules to keep records of any changes made to orders unless there is a clear audit trail (such as system logs) to show when the original data was entered, when it was amended and by whom it was amended.

Specific interpretations

When considering the application of Rule 4.10, ASX advises that it will generally interpret the following rules in the manner set out in the table below. The intention of that interpretation is to provide certainty of interpretation to Trading Participants and to facilitate existing dealing and record

keeping practices. It also provides a guide against which Trading Participants can assess their internal practices to determine which additional records they may need to maintain to take account of the ASX interpretation.

RULE	ASX Interpretation
4.10.1(1)(f)	Unless the Trading Participant maintains records to show otherwise, it will be interpreted that there was no other person between the person who received the instruction and the person who entered the instruction or that the role of any other person was purely incidental.
4.10.1(1)(h)	Unless the Trading Participant maintains records to show otherwise, the time the Trading Platform records the Trading Message was entered into the Trading Platform will be interpreted to be the time the instruction was passed from the person who received the instruction to the DTR.
4.10.2(a)(i)	Unless the Trading Participant maintains records to show otherwise, the DTR identifier contained in the relevant Trading Message will be interpreted to represent the person who generated the order or made the decision.
4.10.2(a)(ii)	Unless the Trading Participant maintains records to show otherwise, the Financial Products entered into the Trading Platform for a particular Trading Message will be interpreted to be the Financial Products decided or instructed to be bought or sold.
4.10.2(a)(iii)	Unless the Trading Participant maintains records to show otherwise, the number of Financial Products entered into the Trading Platform for a particular Trading Message will be interpreted to be the number of Financial Products decided or instructed to be bought or sold.
4.10.2(a)(iv)	Unless the Trading Participant maintains records to show otherwise, the price of Financial Products entered into the Trading Platform for a particular Trading Message price will be interpreted to be the decided or instructed price at which the Financial Products were to be bought or sold.
4.10.2(b)	<p>Unless the Trading Participant maintains records to show otherwise, the DTR identifier contained in the relevant Trading Message will be interpreted to represent the person who generated the order or made the decision.</p> <p>Unless the Trading Participant maintains records to show otherwise, the date and time of any amendment or cancellation entered into the Trading Platform will be interpreted to be the time at which the decision to amend or cancel the Trading Message was taken.</p>
4.10.2(c)	Unless the Trading Participant maintains records to show otherwise, it will be interpreted that there was no other person between the person who generated the order or made the decision and the person who entered the instruction or that the role of any other person was purely incidental.

Recording of names

The Rules require a Market Participant to record various names including, but not limited to, the “name” of the client, the “name” of the person giving the instructions, the “name of the person who received the instructions”, and the “name” of the relevant DTR. Some systems record an account number or other identifier rather than a “name”. Some hard-copy Trading Records capture the initials of the person taking or placing the order. ASX is of the view that a Market Participant may comply



with the Rules if it records a unique identification number or unique code assigned to the client or a person provided that the Market Participant has created and maintained, as part of its Trading Record systems and processes, a companion record that can be used to identify the “name” of the client or the “name” of the person. The companion record would be part of the Market Participant’s Trading Records and must be maintained, preserved, and made available to ASX in the same manner as all other Trading Records.

For example, if the Market Participant’s systems record “JT” (rather than “Jane Thomas”) in the name field of the person receiving the order, when providing Trading Records to ASX the Market Participant must provide both the Trading Record with the initials JT and a record demonstrating that this is the unique identifier of Jane Thomas.

ASX does not accept the words “client”, “ditto”, “as above” or similar as the “name” of the relevant person unless the client account is in the name of a single natural person and the words “client”, “ditto”, “as above” or similar are recording the name of that person actually placing the order (for example, if the client account is in the name of “John Thomas” and John Thomas placed the order, ASX would accept “as above” as the name of the person who placed the order. If the client account is in the name of “John and Janet Thomas” or John Thomas Pty Limited ASX would not accept “as above” as the name of the person who placed the order).

Recording the name, account number or other indicator of the person receiving commission on a trade in lieu of the name of the person actually receiving the order if they are different would not satisfy the requirements of the Rules.

ASX, whilst not prescribing acceptable abbreviations, does accept standard industry abbreviations such as:

- “+” or “-” signs to indicate buy or sell orders respectively;
- “m” to indicate “at market” orders;
- “vwap” to indicate volume weighted average price; or
- “cd” to indicate use of careful discretion;

or similar if the unique meaning of those symbols is documented in internal policies as standard practice.

Internal trading record reviews

ASX strongly recommends that Market Participants should carry out periodic internal Trading Record reviews. Reviews should trace both forward from source Trading Records to the resulting executed trade data and back from executed trade data to the source Trading Record to ensure that all sources of order instructions are captured. If performed comprehensively and accurately these reviews will assist to ensure that the Market Participant, its representatives and its systems, are complying with the Rules. It will also assist to highlight to the Market Participant what sources of information it relies upon for the maintenance of its Trading Records and where this information is maintained.

Reliance on records maintained by ASX

Market Rule 4.10.7 allows a Trading Participant to have complied with its obligations to maintain a record under Rule 4.10 if that record is maintained in the manner set out in Rule 4.10.8 and the Procedures. Market Rule 4.10.8 sets out conditions that must be met by a Trading Participants to rely



upon ASX's records. Procedure 4.10.8 sets out the details that will be retained by ASX for each of SEATS and the DTP. If any conditions specified in those Rules and Procedures are not satisfied, the Trading Participant will not have the benefit of Rule 4.10.7. Trading Participants should assess their internal practices to determine which additional records they may need to maintain to take account of the conditions in the Rule.

Reliance on ASX records for the purposes of the Corporations Act

Whilst Market Rule 4.10.7 allows a Market Participant to have complied with its obligations under the Rules, Market Participants should obtain their own advice from a qualified professional person in respect of whether reliance on records maintained by ASX also satisfies the requirements for recording of instructions to deal pursuant to Corporations Act s991D and Regulation 7.8.19.

ASX suggests Market Participants consider utilising the provisions of Corporations Act s1301 as a means of satisfying its obligations under s991D in relation to those records maintained by ASX under Market Rule 4.10.7.

Should a Market Participant relying upon Market Rule 4.10.8 or s1301 require a copy of the records maintained by ASX to be produced it should contact Market Control in writing. Recovery and production of the records by ASX will incur a fee calculated on a cost-recovery basis.

Qualification

ASX has published this note to promote commercial certainty and to assist Market Participants. Nothing in this note necessarily binds ASX in the application of the Rules in a particular case. In issuing this note, ASX is not providing legal advice and Market Participants should obtain their own advice from a qualified professional person in respect of their obligations. ASX may replace this Guidance Note at any time without further express notice to any particular person. Readers may contact ASX to ensure they have the latest version.