



ASX Investment Products

ETP Update - January 2018

1. ASIC Information Sheet (INFO 230): Exchange Traded Products - Admission Guidelines

In December 2017, ASIC issued [Information Sheet \(INFO 230\)](#) setting out considerations and guidelines for the admission of exchange traded products (ETPs) to Australian licenced exchanges.

INFO 230 covers:

- approving ETP issuers
- pricing of underlying assets of ETPs
- exposure to derivatives
- disclosure of portfolio holdings
- liquidity provision and market making
- securities lending
- ongoing supervision of ETPs and issuers
- waivers
- product-naming considerations, and
- other types of ETPs

The guidelines articulated in INFO 230 reflect current market practice for the admission of ETPs on ASX. ASX recommends all existing and prospective ETP Issuers familiarise themselves with INFO 230 to assist them in preparing their application for admission to Trading Status under the AQUA rules.

The practical application of INFO 230 is that ASIC will no longer be involved in the admission of ETPs with certain novel or unique features as articulated in INFO 230. Where an ETP Issuer proposes to introduce an ETP with unique or new attributes not presently contemplated by INFO 230, ASIC expects ASX and the Issuer to discuss the acceptability of such products with ASIC prior to an admission decision being made.

2. De-Minimis threshold with respect to the 'look-through approach'

for AQUA Products

Where an ASX ETP invests in ETFs and other exchange traded products listed on foreign exchanges (Foreign ETFs), the acceptable underlying instruments tests of ASX OR 10A.3.3(c) and (d) are applied on a 'look-through' basis to the underlying investments of the Foreign ETF. This approach has been taken to ensure that the principles of the AQUA Rules are not circumvented by investments into foreign listed ETFs which would fail the acceptable underlying instruments tests of the AQUA Rules.

ASX takes a pragmatic approach to this 'look-through' approach, and understands that there are certain circumstances where it would be inappropriate to deem an investment into a Foreign ETF as unacceptable simply because the Foreign ETF holds a *de minimis* proportion of non-compliant assets. ASX will not take any action where the following thresholds of not exceeded:

- Not more than 5% of the Foreign ETF's total underlying assets are unacceptable under the acceptable underlying instruments tests of the AQUA Rules, and
- Not more than 5% of the ASX Quoted ETP's total underlying assets are unacceptable under the acceptable underlying instruments tests of the AQUA Rules.

For the avoidance of doubt, the Foreign ETF must itself be a security '(B) traded on a Non-ASX Market that is a member of the World Federation of Exchanges or Federation of European Securities Exchanges; or (C) traded on any other Non-ASX Market where: (i) that Non-ASX Market is subject to regulation that is at least equivalent to the regulation of a market operator licenced under section 795B(1) of the Corporations Act; and (ii) that Underlying Instrument is subject to substantially equivalent disclosure requirements to those which would apply if the Underlying Instrument were admitted to trading on the Market and which are acceptable to ASX' (ASX OR 10A.3.3(c)(ii)).

3. Implementation date for new ISO Financial Instrument Identifiers and changes to International Securities Identification Numbers (ISIN)

Further to [ETP Update - October 2017](#), Issuers are advised that the new International Securities Identification Number (ISIN) format and assignment of new security identifiers known as Classification of Financial Instruments (CFI) and Financial Instrument Short Name (FISN) codes is planned to be effective in February 2018.

ASX is targeting an implementation on the weekend of 3 and 4 February 2018:

- Friday, 2 February 2018 will be the last day on which ISINs in the old format will be assigned by ASX for new products.
- Monday, 5 February 2018 will be the first day on which ISINs in the new format be assigned and the first day on which ASX will formally assign and report CFI and FISN codes to the Association of National Numbering Agencies (ANNA).

New ISIN format will apply to the following financial products:

- ASX Cash Market Equity and Interest Rate Products (including Exchange Traded Funds and Quoted Managed Funds)
- ASX Exchange Traded Options
- CHESSE Eligible Financial Products listed for Approved Market Operators

Existing ISIN format will continue to apply to the following financial products:

- Warrants and Structured Products

- mFund Products

Further information can be found [here](#).

If you have any questions please email steven.ball@asx.com.au or julie.dang@asx.com.au.

4. Subscribe to the ASX Investment Products – ETP Update

The ETP Update is for all Issuer and their providers about ASX rules, compliance, operational and general matters for exchange traded products. To subscribe, email investment.products@asx.com.au. Past updates can be accessed [here](#).

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