

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

Amended:
13 November 2009

Previously:
1 July 2004

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/products/pdf/UnderstandingOptions.pdf>

Understanding Trading and Investment Warrants

<http://www.asx.com.au/products/pdf/UnderstandingWarrants.pdf>

Low Exercise Price Options (“LEPO”) Explanatory Booklet

<http://www.asx.com.au/products/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.