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SECTION 3 PARTICIPANTS AND REPRESENTATIVES

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 requirements 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 Amended 19/08/09

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 Amended 19/08/09

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 Supervisory procedures

An applicant must have appropriate supervisory policies and procedures, and meet any standards or requirements set out or referred to in the Procedures, to ensure compliance by the applicant and each person involved in its business as a Market Participant with these Rules and the Corporations Act.

Introduced 11/03/04 Origin ASX 5A.2.3, ASXF 4.1.3 Reinstated 23/01/09

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 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 Amended 27/05/05, 19/08/09

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

3.6.6 Suitably qualified affiliate

Where a Market Participant has notified ASX of its appointment of a Responsible Executive, the Responsible Executive will be, for the purpose of the Corporations Act, recognised as a suitably qualified affiliate, under Section 761A of the Corporations Act, of ASX. Recognition will continue for the purposes of ongoing jurisdiction in relation to that part of the business which is or was under the supervision and control of the Responsible Executive.

Introduced 11/03/04 Origin ASX 5A.2.7 Reinstated 23/01/09

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 in accordance with the provisions of the Australian Securities Exchange Disciplinary Processes and Appeals Rulebook.

Introduced 11/03/04 Origin ASX 5.2.3, ASXF 2.4.3 Amended 31/03/08

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 12/10/04 Origin ASX 5.5.2, ASXF 2.6.2

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