

SECTION 13 TRADING OBLIGATIONS OF TRADING PARTICIPANTS

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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. 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 Amended 23/10/09

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 person acceptable to ASX as to compliance by the Trading Participant with the Automated Order Processing Requirements.

Introduced 11/03/04 Origin ASX 2.2.2(6), 7.5.3.6, ASXF 9.4.6 Amended 22/05/06

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.

Introduced 11/03/04 Origin ASX 2.2.2(9), 7.5.3.10, 7.5.3.12, ASXF 9.4.9

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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