

## SECTION 27 OVERSEAS MARKET LINKAGES

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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, 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.

Introduced 11/03/04 Origin ASX 15.4.3 Amended 09/12/04, 11/04/05

### 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.

Introduced 11/03/04 Origin ASX 15.5.2

#### **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 disclose 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 Amended 19/08/09

## **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

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