



# ASX OPERATING RULES

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## SECTION 2 PRODUCTS

### PRODUCTS THAT MAY BE DEALT WITH UNDER ASX'S LICENCE

[2000] The following is a description of the nature of the classes of Financial Products that may be dealt with on the Market by Market Participants under ASX's Australian market licence:

- (a) securities;
- (b) financial products mentioned in paragraph 764A(1)(b) of the Corporations Act;
- (c) financial products mentioned in paragraph 764A(1)(ba) of the Corporations Act that relate to a managed investment scheme that is not registered because of an exemption or modification of Chapter 5C of the Corporations Act;
- (d) Derivatives;
- (e) debentures, stocks or bonds issued or proposed to be issued by a government; and
- (f) transferable certificates of deposit that are financial products under Division 3 of Part 7.1 of the Corporations Act.

[2001] For the purposes of these Rules Products are referred to as Cash Market Products or Derivatives Market Contracts (as applicable).

### CASH MARKET PRODUCTS

[2100] Cash Market Products are Quoted Products, Warrants admitted to Trading Status in accordance with Schedule 10, AQUA Products admitted to Trading Status in accordance with Schedule 10A, Government Bond Depositary Interests admitted to Trading Status in accordance with Schedule 11 and any other product the ASX authorises for trading on a Trading Platform and determines to be a Cash Market Product.

Amended 21/05/13, 08/10/13, 19/02/24

#### Quotation

[2110] ASX may quote a Cash Market Product so as to reflect or take account of Entitlements in respect of that Product. The Procedures may set out how ASX may quote a Cash Market Product in specified circumstances.

[2111] All Cash Market Transactions will be entered into and executed on the basis upon which the relevant Cash Market Product is quoted at the time of entry into the Cash Market Transaction, unless a market for dealing is established, or the transaction is a Special Crossing, in accordance with the process specified in the Procedures.

[2112] For avoidance of doubt, and subject to the exceptions specified in the Procedures under Rule [2111], where the exercise of an Options Market Contract gives rise to a Cash Market Transaction, that Cash Market Transaction is entered into and is to be executed on the basis of quotation to which the relevant Cash Market Product was subject on the date on which the exercise notice was submitted to the Approved Clearing Facility.

[2113] Where, in accordance with the Listing Rules, the Issuer of a Cash Market Product notifies ASX of a Record Date in relation to an Entitlement ASX will quote the Cash

Market Product on an "ex" basis on the day (referred to as the "ex date") which is 1 Business Day before the Record Date, unless ASX determines a different date as the ex date and notifies that date to Market Participants.

A person who enters into a Cash Market Transaction as Buyer during the period from the ex date to and including the Record Date will not be entitled to the Entitlement on settlement of the Cash Market Transaction even if that person is recorded on the register of the Issuer as the holder of the Cash Market Product before the Record Date.

Amended 14/04/14, 07/03/16

- [2114] ASX may permit Market Participants to enter into Cash Market Transactions on a "cum" basis during the period from the ex date to and including the Record Date in accordance with Rule [2111].

### **Requirements for Warrants and AQUA Products**

- [2120] Specific rules in relation to the quotation and trading of Warrants are set out in Schedule 10. All Warrant-Issuers and Market Participants are required to comply with that Schedule and ASX has the powers specified in that Schedule.

- [2121] Specific rules in relation to AQUA Products are set out in Schedule 10A. These requirements apply in relation to AQUA Products admitted to Trading Status, AQUA Products admitted to the AQUA Quote Display Board and AQUA Products admitted for settlement through the Managed Fund Settlement Service, unless otherwise indicated. All AQUA Product Issuers and Market Participants are required to comply with that Schedule and ASX has the powers specified in that Schedule.

Amended 21/03/14

### **Requirements for Government Bonds**

- [2122] Specific rules in relation to the quotation and trading of Government Bond Depository Interests are set out in Schedule 11. All Government Bond Issuers and Market Participants are required to comply with that Schedule and ASX has the powers specified in that Schedule.

Introduced 21/05/13

## **DERIVATIVES MARKET CONTRACTS**

- [2200] Derivatives Market Contracts are Options Market Contracts and any other contract that ASX authorises for trading on a Trading Platform and determines to be a Derivatives Market Contract.

Amended 19/02/24

### **Underlying Financial Products, Indices, Instruments etc**

- [2210] In relation to Options Markets Contracts ASX may approve:
- (a) Financial Products as Underlying Financial Products if a substantial number of the Financial Products are, or, in the opinion of ASX, will be, widely held and actively traded on financial markets; and
  - (b) an index as an Underlying Index where that index is listed in, or meets the criteria set out in, Schedule 5.

Amended 19/02/24

[2211] ASX may withdraw approval previously given under Rule [2210] for any reason including, without limitation, if ASX considers the relevant instrument, Financial Product or index no longer meets the current criteria for approval. If ASX withdraws approval:

- (a) ASX must notify Market Participants of the withdrawal; and
- (b) a Market Participant must not enter a Derivatives Market Transaction for any Contract Series in respect of the relevant instrument, Financial Product or index unless ASX determines that the entry into the Derivatives Market Transaction is appropriate having regard to Rule [6120].

Amended 19/02/24

### **Contract Series open for trading**

[2220] ASX may open for trading Contract Series which may be Options Market Contracts. ASX will notify Trading Participants of Contract Series open for trading.

Amended 19/02/24

[2221] The general specifications of Contract Series are set out in Schedule 4. At the time it opens a Contract Series for trading, ASX will notify Trading Participants of the particular specifications of the relevant Contract Series (including, for example, the Expiry Date, exercise style and Contract Size).

Amended 19/02/24

[2222] A Market Participant must not enter into any Derivatives Market Transaction in respect of a Contract Series after Trading Close (or such other time as ASX determines and notifies to Market Participants before it opens that Contract Series for trading under Rule [2220]) on the Expiry Date of that Contract Series.

Amended 19/02/24

### **Adjustments**

[2230] ASX may:

- (a) subject to Schedules 2 and 4, make adjustments to the terms of a Contract Series;
- (b) set out in the Procedures adjustments which will generally apply in certain circumstances;
- (c) without limitation, if it considers an adjustment should be made to a Contract Series as a result of any event;
  - (i) make an adjustment to the terms of the Contract Series; and
  - (ii) direct the Approved Clearing Facility and any Alternative Clearing Facility to make an adjustment to the number of Open Contracts registered with it;

in order to ensure that the value of the Open Contracts is as far as practicable the same as it would have been had the event not occurred;

- (d) determine when an adjustment is to be effective; and
- (e) unless it considers it inappropriate to do so in the circumstances, round the adjustment of any term under this Rule [2230] to the nearest cent or unit of the Underlying Instrument, Financial Product, commodity or Index, as applicable.

- [2231] ASX must notify Market Participants of an adjustment to a Contract Series as soon as it is practicable and appropriate to do so (which will usually be before the adjustment to Open Contracts under Rule [2230] becomes effective).
- [2232] If ASX considers it is not reasonably practicable to make an adjustment for an event under Rule [2230] to ensure that the value of the Open Contracts is as far as practicable the same as it would have been had the event not occurred, ASX may decide not to make an adjustment and may direct that Open Contracts be terminated or closed out by the relevant Approved Clearing Facility in accordance with the Clearing Rules.

### **Orders for Option Market Contracts from Eligible Broker-Dealers and Eligible Institutions in the United States**

- [2240] A Market Participant may accept Orders from an Eligible Broker-Dealer or an Eligible Institution in the United States for the Options Market Contracts specified in the Procedures only if the Market Participant complies with Rule [2241]. A Market Participant must not accept Orders from an Eligible Broker-Dealer or Eligible Institution in the United States for Options Market Contracts other than those specified in the Procedures.
- [2241] The Market Participant must:
- (a) provide the Eligible Broker-Dealer or Eligible Institution with an ASX option disclosure document in a form specified by ASX;
  - (b) obtain from the Eligible Broker-Dealer or Eligible Institution the written representations in the form set out in the Procedures; and
  - (c) retain the written representations and provide them to ASX upon request.

### **Extent of advice to clients – Level Two Accredited Derivatives Adviser**

- [2250] A Market Participant must ensure that each of its Representatives who provides Financial Product Advice to Retail Clients in relation to Total Return Single Stock (TORESS) options with an Exercise Price of 1 cent is accredited as a Level Two Accredited Derivatives Adviser.

Introduced 30/11/15

- [2251] "**Financial Product Advice**" has the meaning given by section 766B of the Corporations Act.

Introduced 30/11/15

- [2252] "**Level Two Accredited Derivatives Adviser**" means a person who has been accredited under ASIC Market Integrity Rule 2.4.8 and whose accreditation is current.

Introduced 30/11/15

- [2253] "**Representative**" has the meaning given by section 910A of the Corporations Act.

Introduced 30/11/15

- [2254] "**Retail Client**" has the meaning given by section 761G of the Corporations Act.

Introduced 30/11/15

**End of Section. Next page is no. 301.**