

2. DEALING

2.1 DEFINITIONS

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“**Auction Price**” is the price calculated by applying the principles below (to each Security) in the following order until a single price results:

- (a) maximum executable volume - this principle determines the price (or prices) at which the largest possible executable volume is achieved.
- (b) minimum surplus - this principle ascertains the price (or prices) at which the unfilled or unmatched quantity is at a minimum.
- (c) market pressure - this principle ascertains whether the result achieved under the previous principle exists on the buy or sell side of the market.
- (d) reference price - this principle narrows the potential prices as calculated above and confirms one of the potential prices. Confirmation occurs by using either:
 - (i) The price of the last on-market trade for that day; or
 - (ii) If no on-market trades have occurred on the Trading Day, the official closing price from the previous Trading Day.

Where a confirmation cannot be achieved (as no on-market trades have ever occurred) the lowest of the narrowed potential prices will become the relevant price.

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“**Opening Phase**” means a period of time prescribed by the Exchange immediately following the start of Normal Trading for that Trading Day when Bids and Offers are to be matched in accordance with the provisions of Rule 2.6.3(2).

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Deleted Definition

“**Weighted Price**”

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2.6 DEALING ON SEATS

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2.6.3 OPENING PHASE

- (1) During the Opening Phase, Bids or Offers must not be entered, amended or cancelled in SEATS.
- (2) During the Opening Phase all Bids and Offers will, subject to Rule 2.6.3(3), be matched automatically by SEATS in accordance with the following procedures:
 - (a) the priority Bid is matched with the priority Offer so that either the Bid or the Offer is fully satisfied;
 - (b) a new priority of Bids and Offers is established after deducting the quantity of Securities paired;
 - (c) the pairing and re-establishment of priority set out in paragraphs (a) and (b) is repeated until the priority Bid price is below the priority Offer price; and
 - (d) all paired Bids and Offers are then matched at the Auction Price.

Note: An example of the above procedures is in the SEATS Reference Manual.

- (3) Where the highest Bid and lowest Offer prices respectively do not match or overlap such Bids and Offers will not participate in the procedures outlined in Rule 2.6.3(2).
- (4) Any Bids or Offers which have not been matched at the completion of the procedures described in Rule 2.6.3(2) will be carried through to Normal Trading.

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2.6.5 PROHIBITIONS IN PERIOD PRIOR TO COMMENCEMENT OF NORMAL TRADING

- (1) A Trading Participant dealing as Principal must not Bid or Offer Securities to any client resident in Australia prior to the commencement of Normal Trading on any Trading Day. This prohibition does not apply to Special Crossings.
- (2) A Trading Participant acting on behalf of a member of a Recognised Overseas Stock Exchange must not Bid for or Offer Securities to any client resident in Australia prior to commencement of Normal Trading on any Trading Day. This prohibition does not apply to Bids or Offers entered during or existing from the previous Trading Day.
- (3) Unless, Rule 2.6.5(4) applies, a Trading Participant acting on behalf of an overseas resident client must not Bid firm or Offer firm Securities to any client resident in Australia prior to the commencement of Normal Trading on any Trading Day.
- (4) The prohibition in Rule 2.6.5(3) does not apply to Crossings during the Closing Phase, the After Hours Adjust Phase and the Enquire Phase which are made in accordance with Rules 2.7.2, 2.7.3 and 2.7.4.

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2.6.5A CLOSING SINGLE PRICE AUCTION

- (1) For the purpose of conducting the closing single price auction during the end of Normal Trading, SEATS will be placed in Pre-Opening Phase for the period prescribed by the Exchange.
- (2) At the end of the period of the Pre-Opening Phase referred to in Rule 2.6.5A(1), all paired Bids and Offers will be matched automatically by SEATS at the Auction Price in accordance with the procedures set out in Rule 2.6.3(2).
- (3) Any Bids or Offers which have not been matched at the completion of the matching procedures referred to in Rule 2.6.5A(2), will be carried through to the Closing Phase.
- (4) The Exchange may suspend the closing single price auction on a day or days prescribed by the Exchange. The Exchange will consult with the Commission concerning the day or days on which the closing single price auction will be suspended. Rules 2.6.5A(1)-(3) will not apply during any period that the closing single price auction is suspended.