

# Removal of Staggered Opening Rotation

Version 1.0 – 9 April 2024

## Introduction

This document outlines the proposed plan to remove the staggered opening rotation and consolidate all ‘cash’ products to a single opening time for the ASX Trade Service Release 15 (SR15).

## Background

In 2018, ASX conducted a review of international exchanges, revealing that while there is variation among exchanges regarding the opening procedures, ASX stands alone in maintaining a staggered opening. ASX then consulted the industry, with the majority of respondents expressing support for eliminating the opening stagger. Several key reasons driving this change are outlined below:

- > Minimise or shorten the window of volatility and potentially increase liquidity on the open
- > Better alignment with global exchanges, simplifying the open for international investors
- > Increased efficiency in pricing by investors and market makers in ETF’s and SPI Futures
- > Computing power and network speed no longer a strong driver for the stagger; and
- > Reduction of operational and technical complexity in the event of a market outage

## Proposed Design

The proposed design for SR15 is described below. All timing is subject to test and approval.

### Applicable Instruments

The revised opening sequence will be applied to the below ‘Cash Market’ tradable instruments:

- > Equity Markets (mkt codes 101-105)
- > Warrants (mkt code 50)\*
- > Interest Rate Market (mkt code 120)

\*excludes index based structured products which will continue to open at 09:50:00

### Opening Single Price Auction (OSPA)

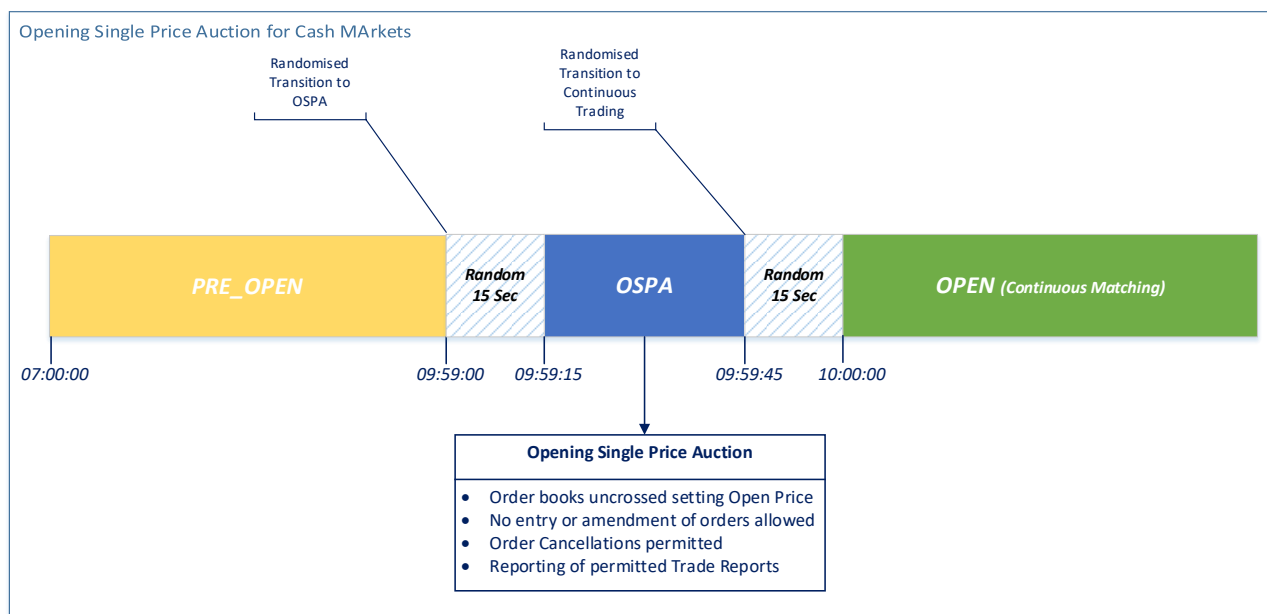
To enable the orderly consumption of the burst of messages during the single opening auction, ASX will introduce a new session state called ‘Opening Single Price Auction’ (OSPA).

The OSPA will be randomised, followed by the introduction of a levelling or buffering period before transitioning to continuous trading. A summary of the OSPA features can be listed below:

- > The auction and transition to OSPA state occurs during a 15 second randomised window beginning 09:59:00
- > The algorithm for calculation equilibrium price is unchanged
- > New orders and order amendments will be rejected during OSPA
- > Cancellation of orders during OSPA is permitted

- > Reporting of Off Market Trades, is permitted
- > Transition from OSPA to Open (continuous matching) occurs during a 15 second randomised window
- > Minimum duration of OSPA is 30 seconds\* with a maximum of 60 seconds (dependent on randomisation)

\*the OSPA times may vary depending industry testing and feedback



### Rejected Transactions During OSPA

During the OSPA session state, order management is limited solely to cancellations. Any attempts to enter new orders or amend existing orders will be rejected in OMNet, OUCH and FIX protocols, the rejection code will be -110023 (Illegal transaction at this time).

### Fixed Open Time for Single Stock Options

To provide greater determinism for Market Makers and traders, the opening time for Single Stock Options (market code 2) will be moved from a 30 second random window commencing at 9:59:45 to a 'fixed' time of 10:00:05. This guarantees that the options will always open after the underlying equity instruments.

The open time for Index Options (mkt code 1) will remain unchanged. (9:49:45 + random 30 seconds).

### Deployment of OSPA in CDE+ Test Environment

#### CDE+ Schedule Timings

The sequence and timings for the OSPA in the CDE+ environment will commence with the above proposed 'production' settings, additionally we will incorporate two further cycles of the opening sequence at 12:00 and 14:00, providing customers with additional testing opportunities each day. For specific schedules and timings for the CDE+ (and CDE) environments can be found in the [Guide to Testing Services](#)



### **Simulated Trade and Order Activity**

Following deployment of the OSPA to the CDE+ environment, ASX plans to simulate more transactional activity, especially during auction cycles. This activity will be focused on a subset of instruments across different partitions to assist customers with their auction testing. The transactional load will fluctuate daily and might be altered depending on the level of transactional activity generated by customers. Participants are encouraged to contribute to and validate beyond the ASX generated transactional activity. Participants are urged to actively contribute to and validate transactional activity beyond what is generated by ASX.