



ASX OPERATING RULES

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SECTION 3 TRADING RULES

GENERAL OBLIGATIONS

- [3000] A Trading Participant is responsible for the accuracy of details, the integrity and bona fides of all Trading Messages that are submitted containing their unique identifier, regardless of the method by which the Trading Message is submitted.
- [3001] 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 and the Trading Participant is responsible for that message.
- [3002] Cash Market Transactions (for financial products other than Equity Market Products) and Derivatives Market Transactions must be executed in a Trading Platform in accordance with these Rules except as otherwise permitted in these Rules or permitted in writing by ASX. Transactions in Equity Market Products executed in a Trading Platform or reported to ASX must be executed or reported in accordance with these Rules, except as otherwise permitted in writing by ASX.

Amended 31/10/11

ORDERLY TRADING

Fair and orderly markets

- [3100] ASX may take any action it considers necessary to ensure that a market for one or more Products is fair, orderly and transparent, including, without limitation:
- (a) suspending or halting trading in one or more Products for any period of time;
 - (b) cancelling or amending any Transaction;
 - (c) directing any Market Participant to take, or not to take, a specified action in connection with the affected markets;
 - (d) modifying or restricting access to a Trading Platform by one or more Market Participants;
 - (e) taking, or refraining from taking, any other action which ASX considers is appropriate having regard to Rule [6120];
 - (f) requesting any relevant Approved Clearing Facility (or any relevant Alternative Clearing Facility) to exercise its powers relating to the situation or practice; and
 - (g) directing that Products be offered or settled at a price other than that provided for by the Rules, in such manner and on such conditions as it may determine.
- [3101] A Market Participant must:
- (a) not do anything which results in a Market for a Product not being both fair and orderly, or fail to do anything where failure has that effect;
 - (b) not take advantage of a situation arising as a result of a breakdown or malfunction in ASX's procedures or systems or an error in any Trading Message submitted by ASX; and

- (c) if it is a Trading Participant, ensure that a representative of the Trading Participant is available to receive communications from other Trading Participants or from ASX during the times set out in the Procedures.

Technical failure

[3110] Without limiting ASX's powers under Rule [3130], if access to a Trading Platform is affected because of a systems or communication failure ASX may:

- (a) suspend or restrict trading in one or more Products;
- (b) impose such Session States it considers appropriate in relation to a Product; or
- (c) take any other steps which it considers appropriate having regard to Rule [6120].

The Procedures may set out further consequences of a suspension or restriction under this Rule and any further steps prior to the resumption of trading.

[3111] A Trading Participant must notify ASX as soon as practicable, by the means set out in the Procedures, if it is unable to transmit or receive Trading Messages due to a systems or communication failure other than due to an action taken by ASX pursuant to these Rules. The Procedures may set out further steps to be taken by the Trading Participant after notifying ASX.

[3112] If a Trading Platform registers that a Trading Participant is no longer able to transmit Trading Messages because of a systems or communications failure or a Trading Participant has notified ASX under Rule [3111]:

- (a) ASX may cancel in the Trading Platform all Orders of a Trading Participant (after the period and in the manner set out in the Procedures) unless, before cancellation is effected, the Trading Participant has requested ASX not to effect the cancellation; and
- (b) the Trading Participant may request ASX, on a reasonable endeavours basis, to cancel orders in a Trading Platform on the Trading Participant's behalf.

[3113] In relation to any action taken or failure to take action by ASX (or its officers, employees, agents, delegates or contractors) under Rule [3112]:

- (a) the Trading Participant agrees that ASX has no liability for activities conducted on behalf of a Trading Participant;
- (b) the Trading Participant indemnifies and will keep indemnified ASX against all actions, proceedings, claims, demands, damages, costs, expenses and any other amounts against or incurred by ASX.

Communications with a Trading Platform

[3120] If ASX reasonably believes there is some fact or matter which may impair the ability of a Trading Participant to communicate Trading Messages reliably with a Trading Platform or to correctly process those Trading Messages, ASX may on reasonable notice require a Trading Participant to undertake testing as specified by ASX.

[3121] If the testing referred to in Rule [3120]:

- (a) has been completed and ASX continues to reasonably believe there is some fact or matter which may impair the ability of a Trading Participant to communicate Trading Messages reliably with a Trading Platform or to correctly process those Trading Messages; or

- (b) is not completed within the time specified by ASX;

ASX may immediately take any steps which it considers appropriate having regard to Rule [6120] including any steps specified in the Procedures. ASX must immediately notify a Trading Participant of any steps taken.

Efficiency and proper functioning of market or Trading Platform

[3130] ASX may take any action it considers appropriate, having regard to Rule [6120], to maintain the operational efficiency and proper functioning of a market or the Trading Platform. That action may include, without limitation:

- (a) suspending Trading Permission of a Trading Participant whose actions have, in the opinion of ASX, adversely impacted on the operational efficiency or proper functioning of a market or the Trading Platform;
- (b) modifying the access to, or the functioning of, a Trading Platform in respect of that Trading Participant; or
- (c) suspending or modifying the operation of a Trading Platform generally.

If ASX takes action under this rule in relation to a Trading Participant referred to in (a) or (b) or Trading Participants generally ASX must notify the Trading Participant concerned or Trading Participants generally, as applicable, as soon as reasonably practicable.

State of Emergency

[3140] If ASX determines that a State of Emergency exists, it may do any or all of the following:

- (a) suspend trading in one or more Products or a Trading Platform;
- (b) direct Market Participants to take, or refrain from taking, a specified action in connection with the affected Products or a Trading Platform;
- (c) take, or refrain from taking, any other action which ASX considers is appropriate having regard to Rule [6120]; and
- (d) request an Approved Clearing Facility (or any relevant Alternative Clearing Facility) to exercise its powers relating to emergencies.

CANCELLATIONS, DEALING DISPUTES AND ANOMALOUS ORDER THRESHOLD

Request for Cancellation

[3200]

- (a) If a Trading Participant submits an Order incorrectly which is subsequently executed, and the Trading Participant wants that trade to be considered for cancellation, it must submit a request to ASX to obtain the consent of the counterparty to cancel the trade if certain conditions specified in the Procedures are met. Subject to the exceptions specified in the Procedures, if the conditions are met ASX will cancel the trade.
- (b) A Trading Participant must not cancel a trade unless authorised by ASX or the exceptions specified in the Procedures apply.

Amended 28/11/11, 31/03/13

ASX Cancellation of Trades in the Extreme Trade Range

[3210] ASX will, subject to the exceptions specified in the Procedures, undertake an ASX enforced cancellation of trades in the Extreme Trade Range on such conditions as specified in the Procedures.

Amended 28/11/11, 31/03/13

[3211] – [3219] Deleted 28/11/11

Dealing Disputes

[3220] A Trading Participant may notify the ASX if it believes another Trading Participant has executed a trade in the Extreme Cancellation Range (a 'Dealing Dispute'). The ASX will promptly consider whether Rule [3210] applies to the situation and commence the process under that Rule.

Amended 28/11/11

Appeal of Decisions of ASX

[3230] If a Trading Participant is dissatisfied with the actions taken by the ASX under Rules [3200] to [3220] the Trading Participant may appeal to the Appeal Tribunal in accordance with the provisions of the ASX Enforcement and Appeals Rulebook.

Amended 28/11/11

[3231] – [3239] Deleted 28/11/11

ASX Power Not Limited

[3240] Nothing in Rules [3200] to [3220] limits or precludes the ASX exercising its powers under Rules [3100] to [3140] in relation to circumstances which are covered by Rules [3200] to [3220].

Amended 28/11/11

[3241] Nothing in Rules [3200] to [3220] precludes the ASX from taking any other action which it is permitted to take under these Rules in connection with the circumstances giving rise to the Dealing Dispute including, without limitation, the taking of enforcement action or exercising any power under the ASX Enforcement and Appeals Rulebook.

Amended 28/11/11

[3242] Deleted 28/11/11

No Liability of the ASX

[3250] Without limiting Rules [6800] to [6802], none of the ASX, its officers, employees, agents or contractors are liable to a Trading Participant or any other person for any loss, liability, damage, cost or expense arising in any way (including, without limitation, by negligence) from the bona fide exercise of any power, right or discretion conferred upon the ASX by Rules [3200] to [3220].

Amended 28/11/11

[3251] – [3252] Deleted 28/11/11

Anomalous Order Threshold

[3260] The ASX will reject Orders submitted that are equal to or greater than the Anomalous Order Threshold specified in the Procedures.

Amended 28/11/11

[3270] Deleted 28/11/11

Notification to clients – [Deleted]

[3280] Deleted 15/06/15

[3281] Deleted 15/06/15

Cancellation prior to matching

[3290] A Trading Participant may amend, cancel or withdraw any Bid or Offer prior to a transaction being effected in a Trading Platform.

TRADING OF CASH MARKET PRODUCTS

Suspensions and trading halts

[3300] If Cash Market Products are suspended from quotation or trading the market for those products will be suspended and the products can only be traded with the written permission of ASX. At the termination of the period of suspension trading will proceed as specified in the Procedures.

[3301] A trading halt may be imposed by ASX in respect of Cash Market Products if:

- (a) ASX receives or releases an announcement in relation to an Issuer which, in the opinion of ASX, is market sensitive; or
- (b) an Issuer requests a trading halt and ASX agrees to impose a trading halt.

The trading halt will end at the time specified in the Procedures.

Cash Market Products the subject of a trading halt must not be traded (including by way of Crossings and Special Crossings) during the period of a trading halt. The way that Cash Market Products are dealt with during and at the end of a trading halt is specified in the Procedures.

ETF Special Trades

[3310] A Trading Participant may effect an ETF Special Trade, either by acting as Principal or agent, by buying or selling an ETF Portfolio where:

- (a) the other party is either the issuer of ETF Securities or its agent;
- (b) if the Trading Participant is selling an ETF Portfolio, the Trading Participant has applied for the issue of ETF Securities and the sale is required as part of the subscription process; and
- (c) if the Trading Participant is buying an ETF Portfolio, the Trading Participant has requested a redemption of the ETF Securities and the purchase is required as part of the redemption process.

Where a Trading Participant effects an ETF Special Trade it must follow the steps specified in the Procedures.

- [3311] An ETF Special Trade which is notified to ASX in accordance with the Procedure to Rule [3310] is not reportable to ASX and does not constitute a 'reportable transaction' for the purposes of National Guarantee Fund cover.

Transactions outside Trading Hours

- [3320] Notwithstanding Rule [3002], but otherwise subject to these Rules, Trading Participants may deal in Cash Market Products other than in a Trading Platform during the period set out in the Procedures on their own account or in respect of instructions received by them during the period set out in the Procedures. Such dealing may be conducted at any price agreed between the relevant parties, provided it is in multiples of the Price Steps.

Amended 31/10/11

Conditional Trading

- [3330] ASX may declare a Conditional Market for a Cash Market Product on the basis specified in the Procedures and subject to the Conditions specified in the Procedures.
- [3331] A Conditional Market in Cash Market Products will only be permitted to operate if prior to the commencement of the Conditional Market:
- (a) the issue or sale price of the Cash Market Products the subject of the offering has been determined; and
 - (b) the Issuer or vendor has made arrangements satisfactory to ASX to enable applicants for Cash Market Products the subject of the offering to determine their entitlements.

The Conditional Market will only be permitted to operate for the period of time determined by ASX.

- [3332] Trading of Cash Market Products on a Conditional Market will be on a deferred settlement basis.
- [3333] If the Issuer or vendor does not notify ASX of the fulfilment or non-fulfilment of a Condition on the date by which that Condition was required to be satisfied, the Condition will be deemed not to have been fulfilled. If the Issuer or the vendor notifies ASX of the non-fulfilment of a Condition, ASX and the parties to a Conditional Sale are entitled to rely on this notification as conclusive evidence of its non-fulfilment.
- [3334] A Conditional Sale (and the corresponding conditional purchase) is cancelled after non-fulfilment of a Condition under Rule [3333]. This cancellation is effective:
- (a) if notice of non-fulfilment was given to ASX, upon receipt of that notice; or
 - (b) if no notice of fulfilment or non-fulfilment was received by ASX, on the Trading Day immediately following the date on which the Condition was required to be satisfied.

The cancellation occurs without any liability of the Trading Participants concerned other than for the return of any money paid, or Cash Market Products or documents delivered, in connection with settlement of the Conditional Sale (and corresponding conditional purchase). The effect of the cancellation is to avoid the contract for the sale and purchase of Cash Market Products.

- [3335] If the Issuer or the vendor notifies ASX of the fulfilment of a Condition, ASX and the parties to a Conditional Sale are entitled to rely on this notification as conclusive

evidence of its fulfilment. Immediately on receipt of that notice by ASX of fulfilment of all Conditions:

- (a) all sales that were conditional become unconditional;
- (b) ASX will announce that Conditional Sales have become unconditional; and
- (c) subject to Rule [3336], the Settlement Day of all those sales will be the date set out in the Procedures or otherwise determined and announced by ASX.

[3336] Notwithstanding any provision of these Rules to the contrary, parties to a Conditional Sale may:

- (a) agree to a particular settlement date which is a date other than the Settlement Day under Rule [3335]; or
- (b) effect delivery obligations other than on that Settlement Day under Rule [3335],

provided that the particular settlement date or the date of effecting delivery obligations is not before the date ASX announces under Rule [3335] that Conditional Sales have become unconditional.

TRADING OF DERIVATIVES MARKET CONTRACTS

Position Limits

- [3400] ASX may set out in the Procedures (or otherwise notify to Trading Participants) a limit on the number of Derivatives Market Contracts in a Contract Series or Class which may be entered into or registered with an Approved Clearing Facility (either generally or in one or more Accounts or in respect of one or more persons). ASX will notify Trading Participants of a change to a Position Limit before the change becomes effective.
- [3401] A Trading Participant must not enter into a Derivatives Market Transaction if the registration of that Derivatives Market Transaction with an Approved Clearing Facility or entering that Derivatives Market Transaction will have the effect that a Position Limit is exceeded.

Exercise Limits

- [3410] ASX may set out in the Procedures (or otherwise notify to Trading Participants) a limit on the exercise of Options Market Contracts in a Contract Series or Class (either generally or in one or more accounts or in respect of one or more persons). ASX will notify Trading Participants of a change to an Exercise Limit before the change becomes effective.
- [3411] A Trading Participant must not exercise an Options Market Contract if the exercise will have the effect that an Exercise Limit is exceeded.

Restrictions on exercise

- [3420] ASX may at any time impose a restriction on the exercise of Options Market Contracts if it considers the restriction is appropriate having regard to Rule [6120]. A Trading Participant must only exercise Options Market Contracts in accordance with the terms of this restriction. Unless ASX specifically advises to the contrary, any restriction imposed under this Rule and any Exercise Limit ceases to be effective during the 10 Business Days immediately prior to and including the date on which the relevant Options Series expires.

Transactions outside Trading Hours

- [3430] Unless the Rules expressly provide otherwise, Trading Participants must only enter into a Derivatives Market Transaction during Trading Hours.
- [3431] A Trading Participant may enter into, amend or cancel a Derivatives Market Transaction after Trading Close and before the time set out in the Procedures if the Trading Participant complies with the steps set out in the Procedures. A Derivatives Market Transaction is entered into when the Trading Participant enters into a transaction in accordance with this Rule.
- [3432] A Trading Participant may enter into a Derivatives Market Transaction outside of Trading Hours on behalf of an overseas client at the time and in the circumstances set out in the Procedures. A Derivatives Market Transaction is entered into when a transaction is effected in accordance with this Rule.

Market making

- [3440] ASX may register a Trading Participant as a Market Maker for one or more Derivatives Market Contracts in accordance with the procedure set out in the Procedures. Registration may be subject to any conditions which ASX considers appropriate (at any time).

REPORTING

- [3500] A Trading Participant must report to ASX, in the time and manner set out in the Procedures, the following:

- (a) all sales of Cash Market Products effected by the Trading Participant;
- (b) each Derivatives Market Transaction entered into by the Trading Participant; and
- (c) all Crossings and Special Crossings,

except for transactions listed in the Procedures. However, this requirement does not apply to transactions in Equity Market Products which are executed on or reported to a financial market other than the ASX market in accordance with the ASIC Market Integrity Rules (Competition in Exchange Markets) 2011.

A Trading Participant is taken to have reported information if that information is generated automatically and supplied to ASX through facilities provided by ASX in accordance with any applicable Procedures.

A Trading Participant must also report in the time and manner specified in the Procedures information on Open Contracts registered in an Account, or any account held with an Alternative Clearing Facility, that is maintained on an omnibus basis.

Amended 31/10/11

- [3501] Trading Participants must provide to ASX (via ASX Online unless otherwise directed by ASX) a short sale report which sets out all the information as required in the Procedures. The short sale report must be provided to ASX by the time specified in the Procedures.

SETTLEMENT

Time for settlement

[3600] Trading Participants must ensure that each Cash Market Transaction to which they are a party is settled on the second Business Day following the date that the transaction was created on or reported to the Market, unless otherwise permitted in the Procedures.

Amended 07/03/16

Settlement of Non-CS Approved Products

[3610] Settlement of Non-CS Approved Products will occur in accordance with Schedule 8.

DOCUMENTS TO BE GIVEN TO A CLIENT AND CLIENT AGREEMENTS

[3800] Before accepting an order to enter into a Cash Market Transaction for an Equity Security, Loan Security or Warrant if the Market Participant:

- (a) is not a Clearing Participant, who is permitted under the Clearing Rules to clear the Cash Market Transaction; or
- (b) is a Clearing Participant who is permitted under the Clearing Rules to clear that Cash Market Transaction, but has an arrangement with another Clearing Participant to clear that Cash Market Transaction, and such transaction is cleared under the arrangement,

a Market Participant must have given the client a document which contains a statement to the effect that an agreement is deemed to have been entered into between the appropriate Relevant Clearing Participant and the client (with the Trading Participant having the Relevant Clearing Participant's authority to enter into that agreement accordingly) upon the terms set out in the disclosure statement and that such deemed agreement comes into existence immediately upon the receipt by the Trading Participant of an order by the client to enter into a Cash Market Transaction.

[3801] Before entering into a Market Transaction, in addition to the requirements in Rule [3800], the Market Participant must:

- (a) where the client is a Retail Client, in respect of Options Market Contracts, Futures Market Contracts, Warrants, Partly Paid Securities or any other financial products specified in the Procedures; or
- (b) where the client is a Wholesale Client, in respect of Futures Market Contracts;

enter into a Client Agreement in relation to the relevant Market Transactions. The Agreement must incorporate the relevant terms set out in the Procedures and may include other terms and conditions agreed between the Market Participant and the client, provided those terms are not inconsistent with the terms set out in the Procedures. To the extent of any inconsistency, the terms set out in the Procedures will prevail. Market Participants will not be required to enter into a Client Agreement in relation to Warrants, Partly Paid Securities or other financial products specified in the Procedures before entering into a Market Transaction to sell Warrants, Partly Paid Securities or those financial products.

[3802] A Market Participant must retain a copy of each agreement which it enters into with the client under Rule [3801] and any documents under Rule [3800] for the period set out in the Procedures.

[3803] Where a Market Participant is required under the ASIC Market Integrity Rules to satisfy itself that a Wholesale Client has executed and lodged, with the Approved Clearing Facility, a Wholesale Client Agreement that agreement should be on the terms set out in the Procedures.

Note: Rule [3803] replaced former Rules [3803] & [3804] on 17/01/11

[3804] Deleted 17/01/11

[3805] If a Trading Participant accepts an order for a person and that person has lodged, or is taken to have lodged, a Wholesale Client Agreement with the Approved Clearing Facility, that person, the Trading Participant and the Trading Participant's Clearing Participant (if applicable) are taken to have entered into an agreement in accordance with the terms of that Wholesale Client Agreement.

Documents to be given to a client: TORESS LEPOs

[3806] Subject to Rule [3807], before a Market Participant accepts an Order from a person to enter into an Options Market Transaction in respect of TORESS LEPOs, the Market Participant must give the person a copy of any current explanatory booklet in respect of TORESS LEPOs published by ASX, together with any updates to that explanatory booklet published by ASX, if it is the first time an Order in respect of TORESS LEPOs is accepted from the person.

Introduced 30/11/15

[3807] A Market Participant is not required to comply with Rule [3806] if the person from whom the Order is accepted is a Wholesale Client, unless the person expressly requests it.

Introduced 30/11/15

[3808] "**TORESS LEPOs**" means Total Return Single Stock (TORESS) options with an Exercise Price of 1 cent.

Introduced 30/11/15

End of Section. Next page is no. 401.