



ASX 24 OPERATING RULES

SECTION 5 MONITORING CONDUCT AND ENFORCING COMPLIANCE

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SECTION 5 MONITORING CONDUCT AND ENFORCING COMPLIANCE

INFORMATION, MONITORING AND INVESTIGATION

Self reporting

[5000] A Trading Participant must notify the Exchange in writing immediately if any of the circumstances set out in the Procedures occur.

Provision of Information

[5010] The Exchange may at any time investigate the activities of a Trading Participant in relation to the performance by the Trading Participant of its obligations (including for the avoidance of doubt its ability in future to perform its obligations) under the Rules or as the Exchange otherwise considers appropriate having regard to Rule [6120]. As part of any investigation, the Exchange may require a Trading Participant to do one or more of the following:

- (a) to provide any information known to the Trading Participant;
- (b) by notice, to provide or permit inspection at the offices of the Trading Participant or any other place notified by the Exchange at which any records are in the custody, control or possession of the Trading Participant;
- (c) by notice, to appear, and have its Employees appear, for interviews before the Exchange to give any information required by the Exchange in relation to the activities of the relevant Trading Participant; or
- (d) by notice, to provide specified information relating to any dealings in Products of the relevant Trading Participant.

[5011] If a Trading Participant is required to provide information or receives a notice under Rule [5010]:

- (a) provide the information, or provide or permit inspection of the records in accordance with the notice;
- (b) appear, and ensure its Employees appear, for interviews before the Exchange and give the information required by the Exchange in accordance with the notice;
- (c) provide assistance to the Exchange as the Exchange may reasonably require in relation to the information required or the notice; and
- (d) bear any costs incurred by the Trading Participant in connection with providing the information or complying with the notice or providing assistance to the Exchange.

[5012] The Exchange may, in connection with any investigation, do one or more of the following:

- (a) give directions about who may be present at an interview of another person;
- (b) impose conditions on the attendance of a person, including in relation to appropriate undertakings as to confidentiality; and
- (c) impose any other requirement which the Exchange considers to be reasonably necessary to preserve the integrity of the investigation.

A Trading Participant must comply, and ensure that its Employees comply, with any requirement imposed under this Rule [5012].

[5013] The Exchange may appoint an agent to conduct investigations on its behalf. If the Exchange appoints an agent to conduct investigations on its behalf the Trading Participant must do all things required under these Rules as if the investigation were conducted by the Exchange.

[5014] Subject to Rule [5015], if:

- (a) the Exchange is entitled to exercise its powers against a Trading Participant under Rules [5010] to [5012] in respect of particular circumstances; and
 - (b) a Related Body Corporate of the Exchange has similar powers under its operating rules and is entitled to exercise those powers against the same Trading Participant in respect of the same or similar circumstances,
- the Exchange need not exercise those powers separately but may, exercise those powers together with the exercise by the Related Body Corporate of its powers.

[5015] Even though the exercise of powers is consolidated under Rule [5014], the Exchange must comply with the Rules which govern those powers. The consolidation of the exercise of powers under Rule [5014] does not confer on the Exchange or on the Related Body Corporate any powers in addition to those conferred on them by these Rules or the rules of the Related Body Corporate.

Provision of independent expert report or certification

[5020] The Exchange may by notice to a Trading Participant require the Trading Participant to provide a:

- (a) report from a suitably qualified independent expert approved by the Exchange expressing an opinion as to:
 - (i) the performance by the Trading Participant of its obligations (including for the avoidance of doubt its ability in future to perform its obligations) under the Rules;
 - (ii) the Trading Participant's capacity to continue to meet the requirements for admission as a Trading Participant or the granting of a relevant Trading Permission; or
 - (iii) any other matter which in the opinion of the Exchange is necessary to assist the Exchange in the discharge of its functions under these Rules or as the Exchange otherwise considers appropriate having regard to Rule [6120]; or
- (b) certification from a suitably qualified independent expert approved by the Exchange as to compliance by the Trading Participant with the Operational Requirements,

in a form acceptable to the Exchange, including in such form as may be set out in the Procedures.

[5021] If the Exchange gives notice to a Trading Participant requiring that Trading Participant to provide a report or certification under Rule [5020],

- (a) the Exchange must specify in that notice the date and time by which the Trading Participant is to provide the report or certification; and
- (b) the Trading Participant must provide that report or certification to the Exchange within the time specified in the notice.

- [5022] If the Exchange considers that the information contained in the report or certification warrants further investigation it may direct the Trading Participant to do one or both of the following:
- (a) give to the Exchange or the independent expert further information which the Exchange considers appropriate having regard to Rule [6120]; and
 - (b) require the Trading Participant to cause the independent expert to submit a further report or certification covering further matters specified by the Exchange by a date and time specified by the Exchange.
- [5023] If a Trading Participant fails to comply with a requirement of, or direction by, the Exchange under Rule [5020], [5021] or [5022], the Exchange may appoint a suitably qualified independent expert to investigate the Trading Participant and prepare a report or certification in a form and within a time determined by the Exchange.
- [5024] The Trading Participant must give all reasonable assistance required by the independent expert referred to in Rules [5020], [5021], [5022] or [5023] to prepare the report or certification and must at the request of the independent expert direct third parties to make available all information the independent expert requires.
- [5025] An independent expert appointed by the Exchange under Rule [5023] is taken to be the Trading Participant's attorney for the purpose of obtaining any information or documents from third parties which in the opinion of the independent expert or the Exchange are necessary for the independent expert to prepare the report or certification.
- [5026] Unless the Exchange otherwise determines, the relevant Trading Participant must pay the costs of the report or certification of the independent expert prepared under Rules [5020], [5022] or [5023] and bear any other costs incurred by it in respect of the report or certification.

SANCTIONS

Enforcement actions for breach of rules

- [5100] If the Exchange considers that a Trading Participant has contravened the Rules or breached a condition imposed by the Exchange under the Rules, the Exchange may take any action in accordance with the provisions of the Australian Securities Exchange Enforcement and Appeals Rulebook.

Actions for breaches of Trading Permission Requirements

- [5110] If the Exchange reasonably considers that:
- (a) a Trading Participant is not complying with the Trading Permission Requirements; or
 - (b) it is otherwise appropriate having regard to Rule [6120],
- the Exchange may immediately suspend or withdraw the Trading Permission of a Trading Participant in whole or in part, including in respect of:
- (a) one or more:
 - (i) Products;
 - (ii) parts of the Trading Platform; or
 - (b) a level of Throughput Capacity; or
 - (c) Client Access under Rule [1140].

- [5111] A suspension of the Trading Permission of a Trading Participant by the Exchange under Rule [5110] will remain in force until the Exchange is satisfied that:
- (a) the Trading Participant complies, or will comply, with the Trading Permission Requirements; or
 - (b) the suspension is no longer appropriate having regard to Rule [6120], (as applicable).

Actions for breaches of Operational Requirements

- [5120] If the Exchange reasonably considers that:
- (a) a Trading Participant is not complying with the Operational Requirements; or
 - (b) it is otherwise appropriate having regard to Rule [6120],
- The Exchange may do one or more of the following:
- (a) restrict or prohibit the submission of Trading Messages:
 - (i) containing one or more unique identifiers:
 - a. allocated by the Exchange under Rule [1300]; or
 - b. allocated by the Trading Participant under Rule [1301]; or
 - (ii) by means of one or more Open Interface Devices or such other device set out in the Procedures of the Trading Participant; or
 - (b) direct the Trading Participant to immediately suspend, limit or prohibit the submission of Trading Messages:
 - (i) containing one or more unique identifiers:
 - a. allocated by the Exchange under Rule [1300]; or
 - b. allocated by the Trading Participant under Rule [1301]; or
 - (ii) which are from a device or person to which or whom such unique identifier(s) referred to in (i) above has/have been allocated; or
 - (c) take any other action as may be set out in the Procedures.
- [5121] A restriction, prohibition or direction imposed, or any other action taken, under Rule [5120] will remain in force until the Exchange is satisfied that:
- (a) the Trading Participant complies, or will comply, with the Operational Requirements; or
 - (b) the restriction, prohibition, direction or other action taken is no longer appropriate having regard to Rule [6120], (as applicable).

Actions for breaches of trading restrictions and limits for Derivative Market Contracts

- [5140] Where a Trading Participant has breached, or, where applicable, caused its Clearing Participant to breach, a Position Limit or an Exercise Limit or a restriction imposed under Rules [3400] to [3420], the Exchange may do any or all of the following in connection with the enforcement of those limits or restrictions:
- (a) direct the Trading Participant, or its Clearing Participant, to take, or not to take, a specified action;
 - (b) take, or refrain from taking, any other action which the Exchange considers is appropriate having regard to Rule [6120]; and

- (c) request an Approved Clearing Facility to exercise its powers under the Clearing Rules.

Notice of actions taken by the Exchange under Rules [5110], [5120], or [5140]

- [5150] Where the Exchange takes action (including for the avoidance of doubt, gives a direction) under Rules [5110], [5120] or [5140]:
- (a) The Exchange will, as soon as practicable, notify the Trading Participant of the action taken by the Exchange.
 - (b) The Exchange may publish a market notice (or otherwise make an announcement or publication) detailing the action that has been taken, including the name of the Trading Participant(s) and any other information which the Exchange considers relevant to such action.

Suspension, termination and other actions against Trading Participant for event of default

- [5160] If the Exchange considers that an event of default under Rule [5161] has occurred, or if Rule [5162] applies, the Exchange may take any or all of the following actions in respect of the Trading Participant, in the name of (if appropriate) and at the expense of the Trading Participant, in any order immediately or at any other time the Exchange determines, and without the need for any prior notice to or consent of the Trading Participant or any other person:
- (a) cancel a Derivatives Market Transaction effected by the Trading Participant which has not been reported to an Approved Clearing Facility for registration;
 - (b) suspend the Trading Participant's admission as a Trading Participant;
 - (c) subject to Rule [5201] terminate the Trading Participant's admission as a Trading Participant;
 - (d) impose restrictions on the Trading Participant's rights or privileges as a Trading Participant; or
 - (e) without prejudice to any other rights which the Exchange may have under the Rules, under statute, at law or in equity, take any other action, or take no action, or direct the Trading Participant to take any action or no action, in order to eliminate or minimise risk with respect to Market Transactions entered into by the Trading Participant or which the Exchange considers appropriate for the protection of the Exchange, an Approved Clearing Facility, the Market or other Trading Participants.
- [5161] The Exchange may regard any of the following events as an event of default by a Trading Participant:
- (a) if the Trading Participant is a Clearing Participant, the Trading Participant ceases to be a Clearing Participant under the Clearing Rules;
 - (b) if the Trading Participant is a Clearing Participant, the Trading Participant is suspended from being a Clearing Participant, or suspended from clearing certain categories of Market Transaction under the Clearing Rules;
 - (c) if the Trading Participant is not a Clearing Participant, and the Trading Participant's Clearing Guarantee from a Guarantor Clearing Participant is withdrawn;
 - (d) the Trading Participant fails to pay any amount due and payable to the Exchange or an Approved Clearing Facility or fails to perform any of its obligations to the Exchange or an Approved Clearing Facility or fails to

- comply with any reasonable direction, decision or requirement of the Exchange or an Approved Clearing Facility;
- (e) the Trading Participant indicates that it will or may suspend payment to the Exchange, an Approved Clearing Facility or to creditors;
 - (f) the Trading Participant is or states that it is insolvent under administration, or ceases or indicates that it will or may cease to carry on business;
 - (g) the Trading Participant becomes, or the Trading Participant or any other person takes any step which might result in the Trading Participant becoming, an externally-administered body corporate or an insolvent under administration (as those terms are defined in section 9 of the Corporations Act);
 - (h) any distress, execution or other process is levied or enforced or served upon or against any property of the Trading Participant;
 - (i) an investigator, inspector or other officer is appointed, or an investigation directed or commenced under the Corporations Act or other legislation to investigate all or part of the affairs of the Trading Participant or a related entity, in circumstances which are, in the opinion of the Exchange, material to the capacity of the Trading Participant to meet its obligations to other Trading Participants, the Exchange or an Approved Clearing Facility;
 - (j) the Trading Participant does not have the level of capital required (or fails to comply with any exemption);
 - (k) the Trading Participant no longer satisfies the criteria for admission as a Trading Participant or fails to comply with any condition of admission as a Trading Participant;
 - (l) the Trading Participant made a wilful omission or misstatement in respect of a material matter prior to, or in connection with, its application for admission as a Trading Participant;
 - (m) The Trading Participant has failed to comply with any of Rules [5010] to [5013] or [5020] to [5026];
 - (n) the Trading Participant has failed to comply with a determination made by an Old Tribunal (as defined in Rule [8000]) pursuant to the Old Australian Securities Exchange Disciplinary Processes and Appeals Rulebook (as defined in Rule [8000]);
 - (o) the Trading Participant fails to comply with any action taken by the Exchange in accordance with Rule [5100] or the provisions of the ASX Enforcement and Appeals Rulebook (including as may be affirmed or varied by the Appeal Tribunal (as the case may be following an appeal against such action) pursuant to the ASX Enforcement and Appeals Rulebook); and
 - (p) the Trading Participant is suspended, expelled or terminated as a member or participant of any Australian or overseas derivatives, securities, commodity or stock exchange or market or any clearing house or clearing and/or settlement facility or is subject to sanctions imposed by an Australian or overseas regulatory authority.

[5162] If an event, or series of events whether related or not, occurs in relation to a Trading Participant or a related entity of a Trading Participant, which is not an event of default under Rule [5161], including without limitation:

- (a) the Trading Participant fails to comply, or indicates that it will or may fail to comply with any of the Rules or Procedures or the terms of any agreement with the Exchange;

- (b) the Trading Participant fails to comply, or indicates that it will or may fail to comply with any of the rules of, or the terms of any agreement with, an Approved Clearing Facility;
- (c) The Exchange is informed by another derivatives, securities, commodity or stock exchange or market or any clearing house or clearing and/or settlement facility that the Trading Participant or a Related Body Corporate of the Trading Participant is not complying with its obligations to that exchange, market, clearing house or clearing and/or settlement facility;
- (d) the Trading Participant breaches Chapter 7 of the Corporations Act, or regulations made under that Chapter (as referred to in Corporations Regulation 7.2.07(b)(v)); or
- (e) the Trading Participant breaches a condition on its Australian financial services licence (as referred to in Corporations Regulation 7.2.07(b)(vi)),

and the Exchange considers the event or series of events has or may have a material adverse effect on:

- (a) the capacity of the Trading Participant to meet all its obligations to the Exchange, a related entity of the Exchange or an Approved Clearing Facility or other Trading Participants;
- (b) the financial position of the Exchange, an Approved Clearing Facility or the Trading Participant; or
- (c) the Market or an Underlying Market,

the Exchange may take any or all of the actions set out in Rule [5160] in relation to the Trading Participant as if an event of default under Rule [5161] had occurred.

Amended 15/06/15

[5163] If the Exchange suspends a Trading Participant's admission as a Trading Participant under Rule [5160]:

- (a) the period of suspension will be the period that the Exchange considers necessary or desirable. The Exchange may extend the period of suspension if it considers an extension is necessary or desirable;
- (b) the Trading Participant must not hold itself out as a Trading Participant during a period of suspension; and
- (c) during a period of suspension, the Exchange may, pursuant to its powers under Rule [5160](c), terminate the admission of the Trading Participant.

[5164] Where the Exchange takes action (including for the avoidance of doubt, gives a direction) under Rule [5160]:

- (a) the Exchange will, as soon as practicable, notify the Trading Participant of the action taken by the Exchange and its reasons for taking that action;
- (b) where the action involves the cancellation of a Market Transaction under Rule [5160](a), the Exchange will also notify the other Trading Participant which was party to that Market Transaction of that cancellation, and may include in such notification its reasons for taking that action; and
- (c) the Exchange may, subject to Rule [5201] (in relation to termination), publish a market notice (or otherwise make an announcement or publication) detailing the action that has been taken, including the name of the Trading Participant(s) and any other information which the Exchange considers relevant to such action.

- [5165] Each Trading Participant irrevocably appoints severally the Exchange, and every officer, employee, agent and other representative for the time being of the Exchange, at the option of the Exchange, to be the agent of the Trading Participant and irrevocably authorises the Exchange and every officer, employee, agent and other representative for the time being of the Exchange, at the option of the Exchange, to do all acts and execute all documents on its behalf for the purpose of exercising the powers conferred on the Exchange by Rule [5100].
- [5166] Without limiting Rules [6800] to [6802], none of the Exchange, its officers, employees, representatives, agents or contractors are liable to a Trading Participant or to 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 Exchange by Rule [5160].
- [5167] Each Trading Participant indemnifies and will keep indemnified the Exchange and its officers, employees, representatives, agents and contractors against all actions, proceedings, claims, demands, damages, costs, expenses and any other amounts against or incurred by any of the Exchange or its officers, employees, representatives, agents or contractors arising out of or in connection with any event of default under Rule [5161], any circumstances under Rule [5162] or any action taken by, or any inaction by, any of the Exchange or its officers, employees, representatives, agents or contractors under Rule [5160].
- [5168] No person need enquire whether any action taken under Rule [5160] is properly or validly taken nor will a person be affected by any notice or claim that any action taken under Rule [5160] is improper or unnecessary.
- [5169] Without limiting Rule [5500] or [5501], the rights, powers and remedies of the Exchange under Rules [5160] to [5168] in relation to a Trading Participant survive the termination of the Trading Participant's admission as a Trading Participant.

APPEALS

- [5200] If a Trading Participant is dissatisfied with a decision of the Exchange to:
- (a) issue an Enforcement Notice under Section 2 of the ASX Enforcement and Appeals Rulebook, or any sanction imposed by the Enforcement Notice;
 - (b) suspend the admission of the Trading Participant under Rule [5160]; or
 - (c) terminate the admission of the Trading Participant under Rule [5160],
- it may appeal to the Appeal Tribunal in accordance with the provisions of the ASX Enforcement and Appeals Rulebook.
- [5201] The Exchange may not implement or announce a decision to:
- (a) take enforcement action against a Trading Participant under Rule 2.5 of the ASX Enforcement and Appeals Rulebook; or
 - (b) terminate a Trading Participant's admission as a Trading Participant under Rule [5160],
- before the expiry of the time for giving a notice of appeal or, if a notice of appeal is given in accordance with the ASX Enforcement and Appeals Rulebook, before the appeal is determined.
- [5202] Without limiting Rules [5160] or [5164], the Exchange may implement and announce a decision to suspend the admission of a Trading Participant under Rule [5160], before the expiry of the time for giving a notice of appeal or before the appeal is determined.

SANCTIONS AGAINST TRADING PARTICIPANTS WHO ARE PARTNERSHIPS

[5300] The Exchange may take any action under this Section 5 against a Trading Participant which is a partnership in the name of the Trading Participant without taking action against each partner in the partnership. Where the Trading Participant is considered pursuant to this Section 5 to have contravened the Rules each partner is jointly and severally liable to pay any penalty imposed and any other sum directed to be paid to the Exchange and to ensure that any other sanction imposed by the Exchange (or any Appeal Tribunal) is enforced and implemented.

EFFECT OF TERMINATION ON OBLIGATIONS OF TRADING PARTICIPANTS

[5500] Where a Trading Participant ceases to be a Trading Participant (including as a result of resignation or termination of the admission of the Trading Participant) this does not affect any accrued rights which the Exchange, a Related Body Corporate of the Exchange or other Trading Participants have against the Trading Participant or any accrued obligations which the Trading Participant has to the Exchange, a Related Body Corporate of the Exchange or to other Trading Participants.

[5501] Without limiting Rule [5500], after the Trading Participant ceases to be a Trading Participant under these Rules:

- (a) the Rules continue to apply and the Exchange will continue to have jurisdiction in respect of the Trading Participant concerning any conduct or any failure to comply with the Rules which occurred before the cessation of the admission of the Trading Participant, whether that conduct or failure was by the Trading Participant or by any other person for whose conduct the Trading Participant was responsible;
- (b) the Trading Participant continues to be bound by any indemnity given by the Trading Participant under these Rules; and
- (c) other Rules continue to apply in respect of the Trading Participant to the extent required to give effect to paragraphs (a) and (b).

End of Section. Next page is no. 601.