

- (b) prescribed interests except those referred to in paragraph (d) of the definition of Loan Securities;
- (c) renounceable and non-renounceable rights to subscribe for Securities other than Loan Securities;
- (d) options over unissued Securities other than Loan Securities;
- (e) convertible notes;
- (f) any Securities which are determined by the Exchange to be Equity Securities,

but does not include option contracts or Securities determined to be Loan Securities by the Exchange.

"ETF" means a registered managed investment scheme:

- (a) listed on the Exchange;
- (b) with power and approval to continuously issue and have quoted on the Exchange Equity Securities in the scheme; and
- (c) which provides for the issue of new Equity Securities in return for the subscriber transferring to the scheme a portfolio of Securities.

"ETF Portfolio" means the portfolio of Securities required by an ETF to be transferred to or from the ETF as part of the issue or redemption of ETF Securities.

"ETF Security" means an Equity Security issued by an ETF.

"ETF Special Trade" means a trade in ETF Securities effected under Rule 2.8A.1.

"Ex Bonus" means:

- (a) Securities quoted Ex Bonus on a Trading Day prescribed by the Exchange; and
- (b) designated as **"XB"** on SEATS.

"Ex Dividend" means:

- (a) Securities quoted Ex Dividend on a Trading Day prescribed by the Exchange; and
- (b) designated as **"XD"** on SEATS.

"Ex Interest" means Securities:

- (a) quoted Ex Interest on a Trading Day prescribed by the Exchange, except in the case of Commonwealth and Semi-Government Securities, which are quoted Ex Interest on the first Trading Day after closing of the register; and
- (b) designated as **"XI"** on SEATS.

"Ex Return of Capital" means:

- (a) Securities quoted Ex Return of Capital on a Trading Day prescribed by the Exchange; and
- (b) designated **"XC"** on SEATS.

“Ex Rights” means:

- (a) Securities quoted Ex Rights on a Trading Day prescribed by the Exchange; and
- (b) designated “XR” on SEATS.

“Exchange” means Australian Stock Exchange Limited ABN 98 008 624 691, a company incorporated in Australia, having its registered office at Level 9, 20 Bridge Street, Sydney.

“Facilitated Specified Size Block Special Crossing” means a special crossing made in accordance with Rule 2.8.3(1A).

“FOR Issuer” means an issuer which is subject to aggregate foreign ownership restrictions under legislation or under the Issuer’s constitution.

“FOR Securities” means a class of Securities of a FOR Issuer where, at the FOR Issuer’s request, such class of Securities has been included pursuant to SCH Business Rule 8.20 in Schedule 1 to the SCH Business Rules as FOR Securities.

“Foreign Person” has the meaning given to that expression in Section 21 of the SCH Business Rules.

“Foreign To Foreign” means a sale by or on behalf of a Foreign Person where settlement is to be effected by transfer of Confirmed FOR Securities in accordance with the SCH Business Rules.

“Forward Delivery Transaction” means a time contract which provides for delivery of Securities in whole or in part other than in accordance with Rule 4.33(1).

“Forward Price” means the price of Securities as fixed by a Forward Delivery Transaction.

“Forward Securities” means the Securities the subject of a Forward Delivery Transaction.

“Funds Manager” means an entity whose primary business is to invest moneys and manage assets and other investments allocated to it by clients for that purpose.

“Gateway” means a hardware and software component which provides the communications interface between SEATS and the Trading Participant’s network.

“Immediate Family” in relation to a person means that person’s spouse and any non-adult children.

“Index Replicating Special Trade” means a special crossing made in accordance with Rule 2.8.4A.

“Loan Securities” means:

- (a) debentures, stocks or bonds issued or proposed to be issued by a government;
- (b) debentures of a body corporate or an unincorporated body;
- (c) redeemable preference shares which have a fixed and certain date for redemption, other than shares having a participating entitlement to rights or options referred to in paragraphs (c) and (d) of the definition of Equity Securities;
- (d) prescribed interests relating to a financial or business undertaking or scheme, common enterprise or investment contract, the trustee or representative of which only invests in or acquires one or more of Loan Securities, mortgages and cash; or

(e) any Securities which are determined by the Exchange to be Loan Securities,

but does not include option contracts, or Securities determined by the Exchange to be Equity Securities.

"National Voiceline System" means a dedicated communications service supplied to subscribers by the Exchange which provides access to voice announcements originating from the Exchange.

"New Ex Interest" means:

- (a) Loan Securities quoted new ex interest by the Exchange when the first interest payment is made exclusively to the original allottees of those Loan Securities; and
- (b) designated **"NX"** on SEATS.

"Normal Trading" means the hours of trading prescribed by the Exchange in accordance with Rule 2.6.4(1).

"Notify" means giving written notice of the relevant matters or the transmission of an electronic message containing those matters.

"Offer" means a price and quantity of Securities to be sold.

"Official Quotation" means official quotation by the Exchange.

"Open Interface" means the electronic protocol and message structure used to provide a mechanism for Trading Participants to access SEATS which enables a Trading Participant to submit Trading Messages.

"Open Interface Device" means a logical connection or session with the Gateway using the Open Interface, and includes a session maintained by a Trader Workstation.

"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).

"Operating Hours" has the same meaning as that term in Section 2D.

"Operational Requirements" means the requirements specified in Rules 2.2.1(5) to 2.2.1(7).

"Order" means an instruction to purchase or sell Securities, or an instruction to amend or cancel a prior instruction to purchase or sell Securities.

"Portfolio Special Crossing" means a Special Crossing effected pursuant to Rule 2.8.4.

"Pre-Opening Phase" means a period of time as prescribed by the Exchange when Bids or Offers can be entered, amended or cancelled but transactions cannot be effected on SEATS.

"Principal" has the same meaning as it does in Rule 3.1(1)(c).

"Public Securities" means Loan Securities where the Issuer is:

- (a) the Commonwealth Government;
- (b) the Government of a State or Territory of Australia;
- (c) a municipal body corporate, other local governing body or public authority constituted by or under a law of the Commonwealth or of a State or Territory of Australia;

- (d) a body corporate, the principal business of which is the supply and distribution, by a system of reticulation, in Australia or in a Territory of water, gas or electricity;
- (e) a government business enterprise of the Commonwealth Government or the Government of a State or Territory of Australia;

but does not include Loan Securities:

- (f) where the Issuer is a body referred to in paragraphs (a), (b) or (c) and the Securities are issued in respect of a loan raised outside Australia and the Territories unless there is in force a declaration by the Treasury, published in the Gazette, that those Securities shall be public securities for the purposes of the Income Tax Assessment Act; and
- (g) issued after 12 April 1976 by a bank.

"Recognised Stock Exchange" means an exchange prescribed as such from time to time by the Exchange and listed in Appendix 6.4.

"SCH" has the meaning given in the Definitions Section of the Rules and where the case requires includes an agent appointed by SCH in accordance with SCH Business Rule 1.4.

"SEATS" means the Stock Exchange Automated Trading System, a computer system and associated network operated by the Exchange in providing a market for the trading of Securities.

"SEATS Market Control" means the unit within the Exchange responsible for the administration of SEATS.

"SEATS Reference Manual" means the document with that title published by ASXO which contains operational and administrative procedures relating to SEATS, as amended from time to time.

"SEATS Trader Workstation Software" means the software product provided by ASXO for use by Trading Participants which provides a Trader Workstation with the functionality necessary to use the Open Interface for trading on SEATS.

"Securities" includes Equity Securities and Loan Securities.

"SEGC" means Securities Exchanges Guarantee Corporation Limited, ABN 19 008 626 793, a company incorporated in Australia, having its registered office at Level 9, 20 Bridge Street, Sydney.

"Short Sale" means a sale of a Security where at the time of sale the seller does not have a presently exercisable and unconditional right to vest the Security in the buyer other than by reason solely of the sale constituting a Conditional Sale and cognate expressions have a corresponding meaning.

"Special Crossing" means a special crossing made in accordance with Rule 2.8. For the purposes of the Corporations Act, such special crossings are described as, or are to be described as "special" when reported to the Exchange.

"Specified Size" means at any time and for a particular Equity Security:

- (a) \$15,000,000 or a higher value as prescribed by the Exchange, for an Equity Security which is at that time prescribed by the Exchange as being a Category A Equity Security for the purposes of Rule 2.8.3(1A);
- (b) \$10,000,000 for an Equity Security which is at that time prescribed by the Exchange as being a Category B Equity Security for the purposes of Rule 2.8.3(1A);

- (c) \$5,000,000 for an Equity Security which is at that time prescribed by the Exchange as being a Category C Equity Security for the purposes of Rule 2.8.3(1A); or
- (d) \$2,000,000 for any other Equity Security.

If, as a result of more than one trade, the value of Facilitated Specified Size Block Special Crossings approach or exceed 20% of the value of all Block Special Crossings (calculated over a period of one week), either overall or for individual Equity Securities, the Exchange will re-categorise the relevant Equity Security(s) into a higher category.

"State of Emergency" means any:

- (a) fire, power failure or restriction, communication breakdown, accident, flood, war or threat of war, embargo, boycott, labour dispute, unavailability of data, processing or any other computer system or facility, act of God; or
- (b) other event,

which, in the opinion of the Exchange, prevents or significantly hinders the operations of a market or facility of the Exchange.

"Trader Workstation" means a personal computer with SEATS Trader Workstation Software installed.

"Trading Day" means:

- (a) a day other than:
 - (i) a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day; and
 - (ii) any other day the Exchange declares and publishes is not a trading day; and
- (b) notwithstanding (a), a day which for the purposes of settlement, the Exchange declares is a trading day notwithstanding there is no Official Meeting on that day or that dealings between Participating Organisations are suspended on that day.

"Trading Fees" means fees for trading activity on SEATS, determined from time to time by the Exchange in accordance with the Rules.

"Trading Messages" means those messages relating to trading functions submitted into SEATS by means of a Gateway, such as Bids or Offers, amendment or cancellation of prior Bids or Offers and the reporting or cancellation of trades on SEATS.

"Trading Permission" means the ability of a Trading Participant to submit Trading Messages into SEATS by means of an Open Interface Device of the Trading Participant.

"Warrants" has the meaning given to that term in Section 8 of the Rules.

"Wholesale Loan Securities" has the same meaning as that term in Section 2D.

"Wholesale Loan Securities Bulletin Board" has the same meaning as that term in Section 2D.

"Wholesale Loan Securities Market" has the same meaning as that term in Section 2D.

2.1A ENTITLEMENT TO TRADE ON SEATS

2.1A.1 ENTITLEMENT TO TRADE

Only Trading Participants are entitled to submit Trading Messages into SEATS and to enter into ASX Transactions. Trading Participants are:

- (a) Participating Organisations which are Trading Participants under Rule 2.1A.2; and
- (b) Registered Independent Options Traders registered by the Exchange under Rule 7.2.4 and subject to the requirements set out in Rule 7.13, which have also been admitted as Trading Participants in SEATS under Rule 7.13.5.

2.1A.2 TRADING PARTICIPANT - PARTICIPATING ORGANISATIONS

- (1) A Participating Organisation will be a Trading Participant if:
 - (a) the Participating Organisation is also a Clearing Participant and the Participating Organisation has completed that part of the application form applicable to Trading Participants which is prescribed by the Exchange; or
 - (b) the Participating Organisation has:
 - (i) completed that part of the application form applicable to Trading Participants which is prescribed by the Exchange;
 - (ii) notified the Exchange of the name of the Clearing Participant which will settle all ASX Transactions of the Participating Organisation and the Exchange has not objected to that Clearing Participant settling all of the ASX Transactions of the Participating Organisation; and
 - (iii) given the Exchange a copy of a Clearing Agreement which complies with Rule 2.1A.4;
- (2) A Trading Participant which is not a Clearing Participant may only have one Clearing Participant at any one time.
- (3) A Trading Participant which is not a Clearing Participant must maintain a Clearing Agreement at all times.

2.1A.3 CLEARING PARTICIPANT

- (1) A Participating Organisation is a Clearing Participant if:
 - (a) it has completed that part of the application form applicable to Clearing Participants and been admitted to participate in CHES under SCH Rule 2.1.1; and
 - (b) satisfies the Exchange and SCH that it has the facilities, procedures, personnel and financial resources which are adequate for the expeditious and orderly transaction of business with the Exchange, SCH and other Clearing Participants.
- (2) The Exchange may require a Participating Organisation to provide further information which the Exchange considers necessary to establish whether the Participating Organisation satisfies the criteria set out in Rule 2.1A.3(1) (b).
- (3) The Exchange, after consulting with SCH, may at any time impose conditions on a Participating Organisation becoming a Clearing Participant which it considers appropriate

and in the interests of maintaining a fair and orderly market or of ensuring the financial integrity of the market or the settlement facilities conducted by SCH.

- (4) Immediately an ASX Transaction is executed by a Trading Participant, that Trading Participant's Clearing Participant has the Settlement Obligations for the ASX Transaction and the SCH Business Rules and the ASX Business Rules apply accordingly.
- (5) A Clearing Participant must at all times:
 - (a) continue to comply with the criteria set out in Rule 2.1A.3(1); and
 - (b) comply with any conditions imposed under Rule 2.1A.3(3).

2.1A.4 CLEARING AGREEMENTS

- (1) A Participating Organisation which is not a Clearing Participant and which intends to be a Trading Participant must enter into and maintain a written agreement ("Clearing Agreement") with a Clearing Participant setting out the terms and conditions which govern their relationship. The Clearing Agreement must:
 - (a) incorporate the terms set out in Appendix E1: and
 - (b) address each of the following functions:
 - (i) opening, approving and monitoring of accounts and rights of the Clearing Participant to refuse to accept particular persons as clients;
 - (ii) procedures with respect to discretionary accounts;
 - (iii) procedures with respect to receipt and delivery of funds, trust accounts and (if applicable) broker sponsorship;
 - (iv) risk management provisions including dealing and position limits;
 - (v) extension of credit;
 - (vi) communications, trade confirmation and reporting between the Trading Participant and the Clearing Participant;
 - (vii) controls and filters (if the Trading Participant is to make Automatic Client Order Processing available); and
 - (viii) fees and stamp duty.

The Clearing Agreement may include other terms and conditions agreed between them, provided those terms are not inconsistent with the terms set out in Appendix E1 (and to the extent that there is any inconsistency, the terms set out in Appendix E1 prevail.)

- (2) Non compliance by a Trading Participant or a Clearing Participant, with any term of the Clearing Agreement which is set out in Appendix E1, is a breach of this Rule 2.1A.4(2).
- (3) A Trading Participant that has entered into a Clearing Agreement must jointly with its Clearing Participant notify the Exchange in writing of any amendments to the Clearing Agreement at least five (5) Business Days prior to an amendment becoming effective. The Trading Participant and its Clearing Participant agree to make (or refrain from making) any amendments to the terms of the Clearing Agreement which the Exchange may direct.

2.1A.5 CESSATION OF CLEARING ARRANGEMENTS

- (1) If a Trading Participant referred to in Rule 2.1A.2(1) (b) intends to terminate its Clearing Agreement with its Clearing Participant, the Trading Participant must notify the Exchange, SCH and its Clearing Participant in writing of the time and date when this will occur (subject to Rule 2.1A.5(3)).
- (2) If a Clearing Participant intends to terminate its Clearing Agreement with a Trading Participant, that Clearing Participant must notify the Exchange, SCH and the Trading Participant in writing of the time and date when this will occur (subject to Rule 2.1A.5(3)).
- (3) Where the date notified under Rule 2.1A.5(1) or Rule 2.1A.5 (2) (as applicable) is less than one Business Day from the date of notification, the termination of the Clearing Agreement is not effective until the Exchange suspends the Trading Permission of the Trading Participant and removes all Bids and Offers of the Trading Participant from SEATS, unless the Trading Participant has by the time and date notified:
 - (a) become a Clearing Participant; or
 - (b) given the Exchange a copy of a Clearing Agreement entered into with another Clearing Participant, which complies with Rule 2.1A.4, and the Exchange has not objected to that other Clearing Participant settling all of the Option Transactions of the Trading Participant.
- (4) Subject to Rule 2.1A.5(3), the entitlement of the Trading Participant to submit Trading Messages into SEATS and to enter into ASX Transactions is automatically suspended from the time and date notified under Rule 2.1A.5(1) or 2.1A.5(2) (as applicable) unless:
 - (a) the Trading Participant has become a Clearing Participant; or
 - (b) the Trading Participant has entered into a Clearing Agreement which complies with Rule 2.1A.4, with another Clearing Participant and the Exchange has not objected to that other Clearing Participant settling all ASX Transactions of the Trading Participant.
- (5) For the avoidance of doubt, the outgoing Clearing Participant has the Settlement Obligations in accordance with Rule 2.1A.3(4) for all ASX Transactions of the Trading Participant which take place prior to:
 - (a) if Rule 2.1A.5(3) applies, the suspension of the Trading Participant's Trading Permission and removal of all Bids and Offers of the Trading Participant from SEATS; or
 - (b) in any other case, the date and time notified under Rule 2.1A.5(1) or 2.1A.5(2) (as applicable).

2.1A.6 SUSPENSION OF TRADING PERMISSION

- (1) If:
 - (a) a Trading Participant ceases to comply with the requirements in Rule 2.1A.2;
 - (b) the Trading Participant or the Clearing Participant with which the Trading Participant has a Clearing Agreement (if applicable):
 - (i) is suspended from any or all of the rights or privileges of recognition as a Participating Organisation of the Exchange; or
 - (ii) has its participation in CHES suspended or restricted by SCH or ceases to be admitted as a Participant under SCH Rule 2.1.1 of the SCH Rules; or

- (c) the Clearing Participant with which the Trading Participant has a Clearing Agreement (if applicable) ceases to be recognised as a Participating Organisation of the Exchange or is declared to be a defaulter and thereupon ceases to be entitled to carry on business as a Participating Organisation,

the Exchange may suspend the Trading Permission and the entitlement of that Trading Participant to enter into ASX Transactions and remove all Bids and Offers of the Trading Participant from SEATS until such time as:

- (d) (if the suspension occurred under Rule 2.1A.6(1)(a)), the Trading Participant complies with the requirements of Rule 2.1A.2; or
- (e) (if the suspension occurred under Rule 2.1A.6(1)(b)):
 - (i) the suspension of the Trading Participant or Clearing Participant (as applicable) from any of the rights or privileges of recognition as a Participating Organisation is lifted by the Exchange;
 - (ii) the suspension or restriction of the participation in CHESS of the Trading Participant or the Clearing Participant (as applicable) is lifted by SCH; or
- (f) (if the suspension of the Trading Participant arose under Rule 2.1A.6(1) (b) in relation to the activities of the Trading Participant's Clearing Participant or under Rule 2.1A.6(1) (c)), the Trading Participant has made other settlement arrangements satisfactory to the Exchange.

2.1A.7 CHANGE OF STATUS

- (1) If a Trading Participant which is a Clearing Participant, no longer wishes to be a Clearing Participant, the Trading Participant must advise the Exchange and SCH in writing by completing a change of status form which is prescribed by the Exchange and comply with the requirements of Rule 2.1A.2(1) (b)(ii) and (iii).
- (2) If a Trading Participant which is not a Clearing Participant, wishes to be a Clearing Participant, the Trading Participant must advise the Exchange and SCH in writing by completing a change of status form which is prescribed by the Exchange and comply with the requirements of Rule 2.1A.3(1).
- (3) If a Clearing Participant which is a Trading Participant, no longer wishes to be a Trading Participant, the Clearing Participant must advise the Exchange in writing by completing a change of status form which is prescribed by the Exchange.
- (4) If a Clearing Participant which is not a Trading Participant, wishes to be a Trading Participant, the Clearing Participant must advise the Exchange in writing by completing a

change of status form which is prescribed by the Exchange and comply with the requirements of Rule 2.1A.2.

2.2 TRADING OBLIGATIONS OF TRADING PARTICIPANT

2.2.1 RESPONSIBILITY OF TRADING PARTICIPANTS

- (1) A Trading Participant is responsible for the accuracy of details, the integrity, and bona fides of, all Trading Messages containing their unique identifier that are submitted into SEATS, regardless of whether a Designated Trading Representative of the Trading Participant was involved in their submission.
- (2) For the avoidance of doubt, a Trading Participant's unique identifier embedded in a Trading Message is conclusive proof (for the purposes of these Rules) that the particular Trading Message was submitted into SEATS by or with the knowledge of the Trading Participant.
- (3) A Trading Participant must at all times comply with the Operational Requirements which are specified in Rules 2.2.1(5) to 2.2.1(7).
- (4) For the avoidance of doubt:
 - (a) the general requirement of Rule 2.2.1(5) (organisational and technical resources) applies in addition to the specific requirements of Rules 2.2.1(6) (trading management arrangements) and 2.2.1(7) (security arrangements);
 - (b) the Operational Requirements apply to all Orders, including those subject to Automated Order Processing.
- (5) A Trading Participant must have and maintain the necessary organisational and technical resources to ensure that:
 - (a) Trading Messages submitted into SEATS by the Trading Participant do not interfere with:
 - (i) the efficiency and integrity of the markets provided by the Exchange; or
 - (ii) the proper functioning of SEATS;
 - (b) the Trading Participant at all times complies with the Rules.
- (6) A Trading Participant must have arrangements in place so that the Trading Participant can at all times determine the origin of all Orders and Trading Messages, including:
 - (a) the different stages of processing each Order (regardless of whether a Trading Message is generated) and the time at which each stage occurred;
 - (b) the Order that corresponds to a Trading Message;
 - (c) the identity and capacity of the person placing the Order that corresponds to the Trading Message;
 - (d) whether the Trading Message was the result of Automated Order Processing;
 - (e) the Open Interface Device, or the computer or other device connected to an Open Interface Device of the Trading Participant, through which the Trading Message was submitted into SEATS;

- (f) the Designated Trading Representative with responsibility for that Open Interface Device or computer or other device connected to the Open Interface Device (unless the Trading Message was the result of Automated Order Processing); and
 - (g) whether the Trading Message was submitted as Principal or for a client.
- (7) A Trading Participant must maintain and enforce at all times appropriate security procedures which are designed to prevent unauthorised entry of Trading Messages into SEATS.
 - (8) A Trading Participant must answer any request by the Exchange for information regarding compliance by the Trading Participant with the Operational Requirements. If requested by the Exchange, a Trading Participant must provide certification in the form prescribed by the Exchange from an appropriately qualified independent person as to compliance by the Trading Participant with the Operational Requirements.
 - (9) The Exchange or its agent may conduct an audit of compliance by the Trading Participant with the Operational Requirements, and the Trading Participant must assist any representative of the Exchange appointed to conduct that audit.

2.2.2 AUTOMATED ORDER PROCESSING

- (1) A Trading Participant using its system for Automated Order Processing, must at all times:
 - (a) comply with the Operational Requirements, including having appropriate automated filters, in relation to the Automated Order Processing; and
 - (b) ensure that the Automated Order Processing does not interfere with:
 - (i) the efficiency and integrity of the markets conducted by the Exchange; or
 - (ii) the proper functioning of SEATS.
- (2) A Trading Participant using its system for Automated Client Order Processing must also have accreditation procedures in place to ensure that each Authorised Person:
 - (a) unless the person is a securities representative of a Trading Participant whose duties include trading or dealing in Securities, has demonstrated that the Authorised Person or the client on whose behalf the Authorised Person has authority to submit Orders, and has the required financial resources to meet its obligations to the Trading Participant in relation to Orders which are the subject of Automated Client Order Processing by the Trading Participant; and
 - (b) has demonstrated to the Trading Participant knowledge of the Order entry system of the Trading Participant and of the Dealing Rules, procedures and practices of the Exchange relevant to the type of Order submission facilities given to the Authorised Person by the Trading Participant.
- (3) A Trading Participant must maintain records for a period of seven years detailing:
 - (a) the name and contact details of an Authorised Person, and if that Authorised Person is an agent of the client, details of the client; and
 - (b) the security arrangements regarding access by the Authorised Person to a computer or other device connected to an Open Interface Device of the Trading Participant and its location, or if not fixed, the method of identifying the computer or other device.

- (4) Before using its system for Automated Order Processing, a Trading Participant must:
- (a) provide certification in the form prescribed by the Exchange from an appropriately qualified independent person concerning compliance by the Trading Participant with Rule 2.2.2(1); and
 - (b) provide any other information regarding compliance by the Trading Participant with the Automated Order Processing Requirements which the Exchange requests.
- (5) If a Trading Participant using its system for Automated Order Processing under the Rules proposes to make a material change to the organisational and technical resources employed to comply with Rule 2.2.2(1), the Trading Participant must immediately Notify the Exchange of those proposed changes and unless the Exchange agrees otherwise, provide at the election of the Exchange:
- (a) confirmation, as prescribed by the Exchange, from an appropriately qualified independent person that the change does not detract from a certification previously provided under Rule 2.2.2; or
 - (b) a further certification, as prescribed by the Exchange, so that the system as changed is certified by an appropriately qualified independent person concerning compliance by the Trading Participant with Rule 2.2.2(1),
- prior to implementation of the proposed material changes.
- (6) The Exchange may request a further certification of compliance with the Automated Order Processing Requirements at any time. If so requested by the Exchange, a Trading Participant must provide a further certification in the form prescribed by the Exchange from an appropriately qualified independent person as to compliance by the Trading Participant with the Automated Order Processing Requirements.
- (7) The Exchange or its agent may conduct an audit of compliance by the Trading Participant with the Automated Order Processing Requirements, and the Trading Participant must assist any representative of the Exchange appointed to conduct that audit.
- (8) If the Exchange reasonably considers that:
- (a) a Trading Participant does not comply with the Automated Order Processing Requirements; or
 - (b) it is otherwise necessary for:
 - (i) the efficiency and integrity of the markets provided by the Exchange; or
 - (ii) the proper functioning of SEATS,
- the Exchange may direct the Trading Participant:
- (c) not to conduct Automated Order Processing until the Exchange is satisfied of compliance by the Trading Participant with the Automated Order Processing Requirements; or
 - (d) to immediately suspend, limit or prohibit the conduct of Automated Order Processing in respect of:
 - (i) one or more Authorised Persons or clients;
 - (ii) Automated Client Order Processing; or
 - (iii) Automated Order Processing.

- (9) If a Trading Participant fails to comply with a direction given by the Exchange pursuant to Rule 2.2.2(8) and the Exchange reasonably considers it necessary for:
- (a) the efficiency and integrity of the markets provided by the Exchange; or
 - (b) the proper functioning of SEATS,
- the Exchange may withdraw Trading Permission from any or all Open Interface Devices of the Trading Participant.
- (10) A direction given by the Exchange under Rule 2.2.2(8) will remain in force until such time as the Exchange is satisfied:
- (a) that the Trading Participant complies with the Automated Order Processing Requirements; or
 - (b) the direction is no longer necessary for:
 - (i) the efficiency and integrity of the markets provided by the Exchange; or
 - (ii) the proper functioning of SEATS.
- (11) If the Exchange withdraws Trading Permission from any or all Open Interface Devices under Rule 2.2.2(9), the Exchange will immediately Notify the Trading Participant of the withdrawal of Trading Permission.
- (12) If requested by a Trading Participant whose Trading Permission has been withdrawn in respect of any or all Open Interface Devices under Rule 2.2.2(9), the Exchange must give the Trading Participant the opportunity to either, at the option of the Trading Participant:
- (a) appear in person or be represented before the Exchange; or
 - (b) lodge a written submission for consideration by the Exchange,
- as to why the withdrawal of Trading Permission is not, or is no longer necessary for the efficiency and integrity of the markets conducted by the Exchange, or the proper functioning of SEATS. The Exchange shall determine the matter without bias and give the Trading Participant a fair hearing and otherwise observe the rules of natural justice.

Note: For the avoidance of doubt, a Trading Participant dissatisfied with a decision of the Exchange may appeal to the Appeal Tribunal.

2.2.3

ORDERLY MARKET

- (1) A Trading Participant must ensure the conduct of an orderly market. For the purpose of discharging this obligation, a Trading Participant must:
- (a) comply with instructions and directions issued by SEATS Market Control;
 - (b) comply with the provisions of the SEATS Reference Manual;
 - (c) ensure that a Designated Trading Representative of the Trading Participant is available to receive communications from other Trading Participants or the Exchange during Normal Trading and the Closing Phase; and
 - (d) not intentionally take advantage of a situation arising as a result of:
 - (i) a breakdown or malfunction in the Exchange's procedures or systems;
 - (ii) an error made over the National Voiceline System;
 - (iii) an error in entries made by the Exchange within SEATS or the Derivatives Trading Facility.

2.2.4

PREVENTION OF MANIPULATIVE TRADING

- (1) A Trading Participant must not make a Bid or Offer for, or deal in, Securities:
 - (a) as Principal:
 - (i) with the intention; or
 - (ii) if that Bid, Offer or dealing has the effect, or is likely to have the effect, of creating a false or misleading appearance of active trading in any Securities or with respect to the market for, or the price of, any Securities; or
 - (b) on account of any other person where:
 - (i) the Trading Participant intends to create;
 - (ii) the Trading Participant is aware that the person intends to create; or
 - (iii) taking into account the circumstances of the Order, a Trading Participant ought reasonably suspect that the person has placed the Order with the intention of creating, a false or misleading appearance of active trading in any Securities or with respect to the market for, or the price of, any Securities.
- (2) In considering the circumstances of the Order, the Trading Participant must have regard to the following matters:
 - (a) whether the Order or execution of the Order would be inconsistent with the history of or recent trading in that Security;
 - (b) whether the Order or execution of the Order would materially alter the market for, or the price of, the Securities;
 - (c) the time the Order is entered or any instructions concerning the time of entry of the Order;
 - (d) whether the person on whose behalf the Order is placed, or another person who the Trading Participant knows to be a Related Party of that person, may have an interest in creating a false or misleading appearance of active trading in any Securities or with respect to the market for, or the price of, any Securities;
 - (e) whether the Order is accompanied by settlement, delivery or security arrangements which are unusual;
 - (f) where the Order appears to be part of a series of Orders, whether when put together with the other Orders which appear to make up the series, the Order or the series is unusual having regard to the matters referred to in this Rule 2.2.4(2); and
 - (g) whether there appears to be a legitimate commercial reason for that person placing the Order, unrelated to an intention to create a false or misleading appearance of active trading in or with respect to the market for, or price of, any Securities.
- (3) A Trading Participant must not:
 - (a) enter into a transaction on behalf of a client or as Principal which; or
 - (b) make a Bid or Offer for Securities the execution of which,

would involve no change of beneficial ownership, unless the Trading Participant can show that:

- (i) the Trading Participant had no reason to suspect that the transaction would involve no change in the beneficial ownership of the Securities; or
 - (ii) the purpose or purposes for which the transaction, or Bid or Offer was made was not, or did not include, creating a false or misleading appearance of active trading in any Securities or with respect to the market for, or the price of, any Securities.
- (4) For the avoidance of doubt, the obligations imposed on a Trading Participant by this Rule 2.2.4 also apply in respect of Orders the subject of Automated Order Processing.

2.2.5 OBSERVANCE OF THE DEALING RULES

- (1) A Trading Participant must ensure that all trading on SEATS by the Trading Participant is conducted:
 - (a) in accordance with the Dealing Rules; and
 - (b) by Designated Trading Representatives or in accordance with the Automated Order Processing Requirements.
- (2) A Trading Participant must ensure that the Wholesale Loan Securities Market is conducted in accordance with the Rules which regulate that market.
- (3) A Trading Participant must ensure that all orders to buy or to sell Wholesale Loan Securities are entered into the Wholesale Loan Securities Market by Designated Trading Representatives.

2.2.6 OVERSEAS ACTIVITY

- (1) A Trading Participant that proposes to locate an Open Interface Device, or a computer or other device connected to an Open Interface Device of the Trading Participant, outside Australia (the "**Overseas Activity**") must:
 - (a) provide prior written notification to the Exchange including details of the proposed Overseas Activity;
 - (b) obtain all necessary regulatory approvals from any relevant governmental agency or regulatory authority in Australia or elsewhere; and
 - (c) comply with the directions of the Exchange and any relevant governmental agency or regulatory authority in Australia concerning the supervision of the Overseas Activity.
- (2) Without limiting the generality of the indemnity given pursuant to Rule 2.3.3(5), a Trading Participant indemnifies the Exchange in respect of any loss or damage caused to the Exchange as a result of a failure by the Trading Participant to observe the requirements of Rule 2.2.6(1).

2.2.7 RECORDS AND IDENTIFICATION OF ORDER SOURCE

- (1) In addition to the requirements of Rule 1.2.1, a Trading Participant must maintain for a period of seven years, records of:
 - (a) the matters referred to in Rule 2.2.1(6); and
 - (b) the name and contact details of persons in relation to whom unique identifiers are allocated under Rule 2.3.4(2)(b).

A Trading Participant must provide those records to the Exchange immediately upon request.

- (2) A Trading Participant must fill the transaction origin identifier field for every Trading Message submitted into SEATS otherwise than by means of a Trader Workstation with details of the unique identifier allocated pursuant to Rule 2.3.4(1)(b) or Rule 2.3.4(2)(b), as the case may require, to enable the identification of the originator of a Trading Message submitted into SEATS by means of a Gateway.

2.2.8 MINIMUM BIDS

- (1) Bids and Offers may only be entered on SEATS in multiples of the minimum bids set out below:

- (a) Equity Securities and redeemable preference shares which are Loan Securities in accordance with paragraph (c) of the definition of Loan Securities:

<u>Market Price</u>	<u>Minimum Bid</u>
Up to 10c	0.1c
Over 10c up to 50c	0.5c
Over 50c up to \$998.99	1c
\$999 or greater	\$1

- (b) Loan Securities excluding redeemable preference shares which are Loan Securities in accordance with paragraph (c) of the definition of Loan Securities:

<u>Market Price</u>	<u>Minimum Bid</u>
Any market price	0.1c

- (2) The Exchange may in its discretion, vary the size of the minimum bid referred to in Rules 2.2.8(1)(a) and (b) above.

2.2.9 DESIGNATED TRADING REPRESENTATIVES

- (1) The function of a Designated Trading Representative is to submit Trading Messages into SEATS using an Open Interface Device of a Trading Participant, or a computer or other device connected to an Open Interface Device of a Trading Participant.
- (2) Subject to this Rule 2.2.9, the Exchange may, upon receipt of an application in writing from a Trading Participant in the form prescribed by the Exchange, register a person nominated by the Trading Participant as a Designated Trading Representative of that Trading Participant.
- (3) To be eligible for registration as a Designated Trading Representative, a person must:
- hold a dealers licence or a proper authority issued by the Trading Participant which allows the person to deal in Securities; and
 - have demonstrated knowledge of the Dealing Rules and relevant practices and procedures of the Exchange. This requirement is initially achieved by passing the examination set for that purpose by the Exchange.
- (4) The Exchange may require the Trading Participant to provide further information the Exchange considers necessary to establish whether registration should be granted under Rule 2.2.9(2).
- (5) The Exchange may register a person as a Designated Trading Representative subject to any conditions it considers appropriate in the interests of maintaining a fair and orderly market.
- (6) Upon registration under Rule 2.2.9(2), a Designated Trading Representative must continue to meet the requirements of Rule 2.2.9(3) at all times.
- (7) The Exchange may refuse to register a person as a Designated Trading Representative if the Exchange considers that person will not be capable of effectively discharging the functions of a Designated Trading Representative, or it is desirable to do so in order to

protect the interests of the Exchange, the markets conducted by the Exchange or the proper functioning of SEATS.

- (8) The Exchange may suspend or withdraw a registration previously given to a person as a Designated Trading Representative if the Exchange considers:
 - (a) the person has caused the Trading Participant to fail to comply with the Rules;
 - (b) the person is not effectively discharging the functions of a Designated Trading Representative;
 - (c) the person has failed to comply with any conditions imposed under Rule 2.2.9(5); or
 - (d) it is desirable to do so in order to protect the interests of the Exchange, the markets conducted by the Exchange or the proper functioning of SEATS.
- (9) The Exchange must notify the relevant Designated Trading Representative's Trading Participant and the Designated Trading Representative in writing of a refusal, suspension or withdrawal of registration under Rule 2.2.9(7) or (8) and the reasons for such refusal, suspension or withdrawal.
- (10) If the Exchange suspends or withdraws the registration of a person as a Designated Trading Representative under Rule 2.2.9(8), it may direct the Trading Participant to remove, at a time specified by the Exchange, that Designated Trading Representative's access to any Open Interface Device of the Trading Participant, or any computer or other device connected to an Open Interface Device of the Trading Participant. The direction may require the Trading Participant to effect immediate removal of such access.
- (11) Without abrogating the right of the Exchange under Rules 2.2.9(7), (8) and (10), a Trading Participant may make submissions to the Exchange in relation to a decision by the Exchange to refuse to register or to withdraw the registration of a Designated Trading Representative of the Trading Participant. For the avoidance of doubt, the Exchange may suspend the registration of a person as a Designated Trading Representative under Rule 2.2.9(8) prior to the making of any submissions to the Exchange under this Rule 2.2.9(11) provided that the initial period of suspension will not exceed one month, but the Exchange may extend the suspension for additional periods of up to one month at a time if the Exchange considers such action necessary or desirable.
- (12) A person who was, at the effective date of adoption of this Rule 2.2.9, a registered SEATS Operator under previous Rule 2.1 will be registered as a Designated Trading Representative if, prior to the effective date of adoption of these Rules, the Trading Participant confirms:
 - (a) the nomination of that SEATS Operator to continue as a Designated Trading Representative; and
 - (b) that the SEATS Operator so nominated complies with the requirements in Rule 2.2.9(3).
- (13) If:
 - (a) a Designated Trading Representative ceases to hold a dealers licence or proper authority which allows that person to deal in Securities for a Trading Participant; or
 - (b) a Trading Participant wishes the registration of a Designated Trading Representative to be withdrawn,

the Trading Participant must Notify the Exchange in writing of:

- (c) the name of the relevant Designated Trading Representative; and

- (d) the Trading Day upon which the withdrawal of the registration is to take effect.

The registration of the Designated Trading Representative will be taken to be withdrawn automatically at the end of After Hours Adjust Phase on the Trading Day specified in that notice, or, if the Exchange so determines, at such earlier time as the Exchange shall Notify the Trading Participant.

- (14) A Designated Trading Representative is not permitted to execute any Order on SEATS for or on account of:

- (a) the Designated Trading Representative; or
- (b) the Immediate Family, Family Company or Family Trust of the Designated Trading Representative,

without the prior written approval of the Trading Participant.

2.2.9A CONTINUING DESIGNATED TRADING REPRESENTATIVE EDUCATION

A Trading Participant must ensure that all its Designated Trading Representatives comply with the continuing professional education requirements published from time to time by the Exchange.

2.3 FUNCTIONS, POWERS AND LIABILITY OF THE EXCHANGE

2.3.1 EXCHANGE FUNCTIONS

- (1) The functions of the Exchange include the following:
 - (a) to provide facilities for fair, efficient and informed trading of Securities, and any other investment products traded under the Rules, including the provision of:
 - (i) facilities for the recording and registration of dealings in Securities and any other investment products traded under the Rules;
 - (ii) information in relation to those dealings,

in accordance with the Corporations Act, the Rules and the terms of contractual agreements entered into with Participating Organisations and others;
 - (b) to encourage compliance by Participating Organisations and other persons with, and where necessary, to take disciplinary action for contravention of the Rules;
 - (c) to co-operate so far as reasonably possible with the Commission, SCH, SEGC and OCH in carrying out the functions set out in paragraphs (a) and (b) and to provide such assistance as is reasonably required by the Commission and SCH in carrying out their functions.
- (2) Official Meetings will be held on Trading Days prescribed by the Exchange. This Rule is subject to Rule 2.3.2. For the avoidance of doubt, Official Meetings of the Exchange shall commence at the beginning of the Pre-Opening Phase and conclude immediately prior to the beginning of the Enquire Phase and for the Wholesale Loan Securities Market, shall be during the Operating Hours.

2.3.2

EXCHANGE POWERS

- (1) If the Exchange reasonably considers that it is necessary for:
 - (a) the efficiency and integrity of the markets provided by the Exchange; or
 - (b) the proper functioning of SEATS,
 the Exchange may:
 - (c) suspend the Trading Permission of a Trading Participant whose actions have, in the opinion of the Exchange, adversely impacted on that efficiency or integrity or the proper functioning; or
 - (d) generally suspend access to SEATS,
 until a satisfactory resolution, in the opinion of the Exchange, of the act, omission or circumstance which gave rise to the suspension has been implemented.
- (2) If the Exchange takes action under Rule 2.3.2(1) in relation to:
 - (a) a Trading Participant referred to in Rule 2.3.2(1)(c); or
 - (b) Trading Participants generally,
 the Exchange will immediately Notify the Trading Participant concerned or Trading Participants generally, as the case may require.
- (3) If requested by a Trading Participant referred to in Rule 2.3.2(1)(c), the Exchange will give the Trading Participant an opportunity to either, at the option of the Trading Participant:
 - (a) appear in person or be represented before the Exchange; or
 - (b) lodge a written submission for consideration by the Exchange as to why the Trading Participant's actions do not or will no longer adversely impact on the efficiency and integrity of the markets conducted by the Exchange or the proper functioning of SEATS.

The Exchange will determine the matter without bias and give the Trading Participant a fair hearing and otherwise observe the rules of natural justice.

Note: For the avoidance of doubt, a Trading Participant dissatisfied with a decision of the Exchange may appeal to the Appeal Tribunal.
- (4) In the event that access to SEATS should be generally restricted for whatever reason, the Exchange may suspend trading on SEATS and place the system in the Adjust Phase. When the Exchange forms the opinion that SEATS can re-commence, the Exchange will Notify Trading Participants of the time at which a new Pre-Opening Phase will commence.
- (5) If in the opinion of the Exchange it is appropriate for the maintenance of an orderly, fair and informed market that the market, or any particular Security, be placed in Pre-Opening Phase, the Exchange may declare that the market, or any particular Security, is in Pre-Opening Phase for a specified period not exceeding 30 minutes.
- (6) A Trading Participant must Notify the Exchange as soon as practicable if it is unable to submit Trading Messages into SEATS in circumstances where access to SEATS has not been suspended under Rule 2.3.2. Upon a Trading Participant Notifying the Exchange of its inability to submit Trading Messages into SEATS, the procedures set out in the SEATS Reference Manual will apply.

- (7) If in the opinion of the Exchange a State of Emergency exists in relation to any of the markets and facilities operated by the Exchange, the Exchange may, for such period not exceeding 30 days as they think fit:
- (a) suspend the operation of any of the Rules of the Exchange relating to the markets and facilities affected;
 - (b) impose temporary State of Emergency Rules (which may be inconsistent with existing Rules); and
 - (c) give such temporary directives and take such other measures as it considers necessary and appropriate in the circumstances of the emergency.

2.3.2A COMMUNICATIONS WITH SEATS

- (1) If the Exchange reasonably believes there is some fact or matter which may impair the ability of a Trading Participant's Open Interface Device to communicate Trading Messages reliably with SEATS, or to correctly process those Trading Messages, the Exchange may, on reasonable notice, require a Trading Participant to undertake testing of its Open Interface Device as specified by the Exchange.
- (2) If:
- (a) after the Trading Participant has undertaken the testing referred to in Rule 2.3.2A(1), the Exchange reasonably believes that the ability of the Trading Participant's Open Interface device to communicate Trading Messages reliably with SEATS or to correctly process those Trading Messages is or will be impaired; or
 - (b) the Trading Participant has not within the time specified by the Exchange complied with the Exchange's requirement to undertake the testing referred to in Rule 2.3.2A(1),

then notwithstanding the operation of Rule 2.3.2A(5), the Exchange may immediately take such steps as it considers necessary or desirable for the efficiency and integrity of the markets provided by the Exchange or the proper functioning or orderly operation of SEATS, including:

- (c) giving instructions or directions to the Trading Participant to prevent or minimise impairment to those communications of Trading Messages with SEATS or the correct processing of those Trading Messages;
- (d) suspending the Trading Permission of the Trading Participant until such time as the Exchange is satisfied that the ability of the Trading Participant's Open Interface Device to communicate Trading Messages reliably with SEATS or to correctly process those Trading Messages is or will no longer be impaired;

- (e) suspending the connection to SEATS of any Open Interface Devices of the Trading Participant until such time as the Exchange is satisfied that the ability of the Trading Participant's Open Interface Device to communicate Trading Messages reliably with SEATS, or to correctly process those Trading Messages is or will no longer be impaired.
- (3) A Trading Participant must observe and give effect to any instructions or directions given under Rule 2.3.2A(2)(c).
- (4) If the Exchange takes steps under Rule 2.3.2A(2), the Exchange will notify the Trading Participant concerned.
- (5) If requested by a Trading Participant referred to in Rule 2.3.2A(2), the Exchange will give the Trading Participant an opportunity to either, at the option of the Trading Participant:
 - (a) appear in person or be represented before the Exchange; or
 - (b) lodge a written submission for consideration by the Exchange
 as to why:
 - (c) the ability of the Trading Participant's Open Interface Device to communicate Trading Messages reliably with SEATS or to correctly process those Trading Messages is, or will not, or will no longer be impaired;
 - (d) the Trading Participant should not be required to undertake the testing referred to in Rule 2.3.2A(1).

The Exchange will determine the matter without bias and give the Trading Participant a fair hearing and otherwise observe the rules of natural justice.

Note: For the avoidance of doubt, a Trading Participant dissatisfied with a decision of the Exchange may appeal to the Appeal Tribunal.

2.3.3 LIABILITY OF THE EXCHANGE

- (1) Nothing in this Rule 2.3.3 excludes, restricts or modifies any condition or warranty implied in the contract constituted by these Rules by any applicable statute (including the *Trade Practices Act 1974*) where to do so would render any part of the Rules void.
- (2) Subject to Rules 2.3.3(1) and (4) the Exchange and its subsidiaries, and their respective employees and agents, will have no obligation or liability of any kind to a Participating Organisation, or to any of its clients in respect to any loss or damage (including consequential loss or damage) which may be suffered or incurred or which may arise directly or indirectly in respect of the supply of goods or services, a Participating Organisation's use of or inability to use SEATS, or in respect of a failure, error or omission on the part of the Exchange or any of its subsidiaries, including any loss or damage in respect of:
 - (a) the results of trading on markets provided by the Exchange, or the suspension, interruption, cancellation or closure of trading on those markets;
 - (b) any inoperability or malfunction of equipment, software or any other product supplied to a Participating Organisation, or in respect of its installation, maintenance or removal;
 - (c) the exercise by the Exchange of a decision making power under the Rules;
 - (d) the National Voiceline System,

whether such loss or damage is caused wholly or partially by negligence on the part of the Exchange, its subsidiaries or any of their respective employees or agents.

- (3) The Exchange and its subsidiaries exclude all conditions and warranties implied by statute, general law or custom except any implied condition or warranty the exclusion of which would contravene any statute or cause any part of this Rule 2.3.3 to be void ("**statutory conditions**").
- (4) To the maximum extent permitted by law, the liability of either or both the Exchange and its subsidiaries for breach of any statutory condition or directly or indirectly arising out of the performance of the contract constituted by these Rules is limited to either of the following at the discretion of the Exchange:
 - (a) in the case of goods:
 - (i) the replacement of the goods; or
 - (ii) the repair of the goods;
 - (b) in the case of services:
 - (i) the supply of the services again; or
 - (ii) the payment of the cost of having the services supplied again.
- (5) Each Participating Organisation indemnifies and agrees to keep indemnified the Exchange, its subsidiaries and their respective employees, contractors and agents ("**those indemnified**") from and against any loss (including its legal costs and expenses on a solicitor/client basis) or liability reasonably incurred or suffered by those indemnified arising from any proceedings against those indemnified where such loss or liability arose out of:
 - (a) any breach by the Participating Organisation of its obligations under the Rules; or
 - (b) any wilful, unlawful or negligent act or omission by a Participating Organisation.

2.3.4 ALLOCATION OF UNIQUE IDENTIFIERS

- (1) The Exchange will allocate a unique identifier to each:
 - (a) Trading Participant;
 - (b) Designated Trading Representative; and
 - (c) Open Interface Device.
- (2) A Trading Participant must allocate a unique identifier to each:
 - (a) computer or other device which can connect to an Open Interface Device of a Trading Participant; and
 - (b) Designated Trading Representative and Authorised Person of that Trading Participant.

2.3.5 ACTION THE EXCHANGE WILL TAKE IN RESPECT OF TAKEOVER BIDS AND SCHEMES

(1) When the Exchange receives information in relation to:

- (a) an Off-Market Bid;
- (b) a Market Bid; or
- (c) Scheme,

the Exchange will take the action set out in Appendix 6.6A.

2.4 DEALING IN SECURITIES NOT YET GRANTED OFFICIAL QUOTATION

2.4.1 DEALINGS IN SECURITIES OF LISTED ENTITIES FOR WHICH OFFICIAL QUOTATION SOUGHT

- (1) Except as permitted in this Rule, a Participating Organisation is prohibited, either in its own office or elsewhere, from making quotations or dealing in a new issue or placement of Securities (except Loan Securities):
 - (a) made for the purpose of qualifying a company for admission to the Official List of the Exchange; or
 - (b) for which Official Quotation will be sought,
 until such Securities have been granted Official Quotation.
- (2) The exceptions to this Rule are:
 - (a) a Participating Organisation may underwrite or sub-underwrite a new issue or placement of Securities;
 - (b) a Participating Organisation may dispose of Securities if those Securities comprise an underwriting or sub-underwriting shortfall;
 - (c) where the Securities have been issued on a pro rata basis to security holders;
 - (d) where a listed company acquires assets and as part or full consideration, issues new Securities (except Loan Securities) to the vendor and the Participating Organisation has made a prior firm arrangement with the vendor to place these Securities as soon as they are issued. The Participating Organisation must then ensure that the details of the issue to the vendor are advised to the Exchange by the listed company immediately the Securities are issued;
 - (e) where a Participating Organisation:
 - (i) makes a placement of new Securities (except Loan Securities) for which Official Quotation will be sought, and the Participating Organisation ensures that all investors accepting the Securities are informed in writing that Participating Organisations cannot deal in the Securities either as Principal or agent until Official Quotation is granted in respect of those Securities; or
 - (ii) accepts selling orders in Securities (except Loan Securities) for which Official Quotation will be sought, and the Participating Organisation takes all reasonable steps to ensure that the Securities are not sold before the Securities have been granted Official Quotation.
 - (f) A Participating Organisation may dispose of or acquire ETF Securities which are the subject of a subscription application if:
 - (i) the ETF Securities are in a class of ETF Securities which are quoted on the Exchange;
 - (ii) the subscription application is irrevocable and subject only to transfer of the subscription consideration from the subscriber to the Issuer;
 - (iii) the disposal or acquisition is made on the Exchange in accordance with these Rules;
 - (iv) there is an arrangement between the Issuer and the Exchange under which the ETF Securities will be granted Official Quotation before settlement of the disposal or acquisition; and

- (v) the number of ETF Securities on issue is regularly reported to the Exchange on the basis required by the Exchange.

2.4.2 DEALINGS IN SECURITIES FOR WHICH OFFICIAL QUOTATION IS NOT SOUGHT

- (1) A Participating Organisation may deal in new Securities for which Official Quotation will not be sought 24 hours after the entity has advised the Exchange of the details of the issue.

2.4.3 DEALINGS IN SECURITIES SUSPENDED FROM OFFICIAL QUOTATION

- (1) A Participating Organisation must not deal in Securities which have been suspended from Official Quotation unless prior approval has been given by the Exchange.

2.5 DEALINGS IN SECURITIES GRANTED OFFICIAL QUOTATION

2.5.1 DEALINGS ON SEATS

- (1) Transactions in Securities granted Official Quotation must be made on SEATS in accordance with Rule 2.6.

2.5.2 NEW ZEALAND STOCK EXCHANGE EXEMPTION

- (1) Rule 2.5.1 does not apply to dealings in Securities in accordance with this Rule 2.5.2.
- (2) A Trading Participant may buy or sell (but may not Cross) Securities through members of the New Zealand Stock Exchange if the sale or purchase:
 - (a) is made in Securities which are quoted on both the Exchange and the New Zealand Stock Exchange; and
 - (b) is made on the New Zealand Stock Exchange during its trading hours.

2.6 DEALING ON SEATS

2.6.1 TRADING PRIORITY ON SEATS

- (1) Each Bid or Offer price for Securities entered into SEATS is placed in priority according to the highest priced Bid and the lowest priced Offer. An earlier entered Bid price has priority over a Bid at the same price entered at a later time. An earlier entered Offer price has priority over an Offer at the same price entered at a later time.

2.6.2 PRE-OPENING PHASE

- (1) During the Pre-Opening Phase, Bids and Offers may be entered, amended or cancelled in SEATS (Bids and/or Offers remaining in SEATS from a previous Trading Day may be amended or cancelled).
- (2) Unless a Bid or Offer is amended or cancelled, the Bids and Offers which were in SEATS at the close of Normal Trading on the previous Trading Day, retain the priority determined in accordance with the trading priority procedures of Rule 2.6.1.
- (3) During the Pre-Opening Phase no Bids or Offers will be matched.

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.

2.6.4 NORMAL TRADING

- (1) Subject to these Rules, during Normal Trading, Bids and Offers may be entered, amended or cancelled in SEATS and matched in accordance with Rule 2.6.1.
- (2) A Trading Participant may withdraw Bids or Offers after the close of Normal Trading and re-enter the Bids or Offers so withdrawn on the following Trading Day. However, the Bids and Offers withdrawn will lose, at the time of that withdrawal, the priority then held for the purposes of Rule 2.6.1.

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.

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.

2.6.6 CLOSING PHASE

- (1) For a period of one hour immediately after the close of Normal Trading or such other period as is prescribed by the Exchange, SEATS will be placed in the Closing Phase.
- (2) Where a Trading Participant receives an Order after the close of Normal Trading and the Trading Participant desires to deal with another Trading Participant during the Closing Phase:
 - (a) that Trading Participant must:
 - (i) enter a Bid or Offer on SEATS at the price at which it desires to deal; and
 - (ii) Bid the Securities to priority sellers as shown on SEATS in order of priority from the lowest Offer price up to and including the price at which the Trading Participant desires to deal; or
 - (iii) Offer the Securities to priority buyers, as shown on SEATS in order of priority from the highest Bid price down to and including the price at which the Trading Participant desires to deal; and
 - (iv) Bid or Offer the Securities to priority buyers or priority sellers by telephone;
 - (b) if any of the priority buyers or priority sellers desire to deal at the Trading Participant's price, the Trading Participant:
 - (i) shall deal only with those priority buyers or priority sellers in accordance with the order of priority described in Rule 2.6.1(1); and
 - (ii) may only effect a transaction with any other Trading Participant after the priority buyers or priority sellers have been fully satisfied up to the quantity of Securities which have been entered on SEATS;
 - (c) a Trading Participant which has entered a Bid or Offer on SEATS in accordance with Rule 2.6.6(2)(a) must trade the quantity of Securities Bid or Offered at the Bid or Offer price;
 - (d) a Trading Participant must take immediate action to manually amend or remove any Bid or Offer which is partly or fully satisfied during the Closing Phase;
 - (e) a Trading Participant which makes a transaction in accordance with this Rule 2.6.6 must report the transaction in accordance with Rule 2.15.4(1).

2.6.7 AFTER HOURS ADJUST PHASE

- (1) For a period of two hours immediately after the Closing Phase or such other period as is prescribed by the Exchange, SEATS will be placed in the After Hours Adjust Phase.
- (2) If a Trading Participant:
 - (a) receives an Order to buy or to sell Securities after the close of Normal Trading; and
 - (b) wants to deal with another Trading Participant during the After Hours Adjust Phase

the transaction must be effected under this Rule.
- (3) Subject to Rule 2.6.7(4), the Trading Participant must by telephone:
 - (a) Bid the Securities to priority sellers as shown on SEATS in order of priority from the lowest Offer price up to and including the price at which the Trading Participant wants to deal; or
 - (b) Offer the Securities to priority buyers, as shown on SEATS in order of priority from the highest Bid price down to and including the price at which the Trading Participant wants to deal.
- (4) If the priority buyer or priority seller does not have a Designated Trading Representative available to receive communications, the Trading Participant may deal in order with subsequent other priority buyers or sellers but must record its attempts to contact that priority buyer or seller.
- (5) If any of the priority buyers or priority sellers wants to deal:
 - (a) the Trading Participant must deal with them according to the order of priority described in Rule 2.6.1(1); and
 - (b) the Trading Participant must only deal with another Trading Participant after those priority buyers or priority sellers have been fully satisfied up to the quantity of Securities which have been entered on SEATS.
- (6) If a priority buyer or seller wants to deal in Securities in accordance with this Rule and entered a Bid or Offer on SEATS for those Securities during the Closing Phase, the priority buyer or seller must trade the quantity of Securities Bid or Offered at the Bid or Offer price during the Closing Phase.
- (7) A Trading Participant must immediately manually amend or remove any Bid or Offer which is partly or fully satisfied during the After Hours Adjust Phase
- (8) A Trading Participant which makes a transaction in accordance with this Rule must report the transaction in accordance with Rule 2.15.4(1).

2.6.8 THE ENQUIRE PHASE

- (1) At the expiration of the After Hours Adjust Phase, SEATS will be placed in the Enquire Phase until commencement of the Pre-Opening Phase on the next Trading Day.
- (2) Where a Trading Participant receives an Order to buy or to sell Securities during the Enquire Phase and that Trading Participant desires to effect a transaction with another Trading Participant, the transaction may be effected at a price which is mutually acceptable.
- (3) A Trading Participant which makes a transaction in accordance with this Rule 2.6.8 must report the transaction in accordance with Rule 2.15.8(3).