

2.7 CROSSINGS

2.7.1 CROSSINGS PERMITTED DURING NORMAL TRADING

- (1) Crossings during Normal Trading may be effected only in one of the following ways.
 - (a) A Crossing can be made by matching in SEATS a Bid or Offer entered or amended using Automated Order Processing with a pre-existing or simultaneously entered or amended Bid or Offer of the Trading Participant, if:
 - (i) the Trading Participant has made the disclosure required under Rule 3.3;
 - (ii) the Trading Participant has not pre-arranged the entry of the Bids or Offers; and
 - (iii) the same Authorised Person did not enter both sides of the Crossing.
 - (b) A Crossing can be made by matching in SEATS a Bid or Offer with a pre-existing Bid or Offer of the Trading Participant if:
 - (i) the Trading Participant has not pre-arranged the entry of the Bids or Offers; and
 - (ii) the second Bid or Offer was entered or amended at least 10 seconds after the first Bid or Offer was entered or amended,
SEATS carries out Crossings under this Rule 2.7.1(1)(b) according to price and time priority.
 - (c) A priority Crossing can be made in SEATS by using parameter X if:
 - (i) the Trading Participant has an Order in SEATS at the price at which the Trading Participant wants to Cross (i.e. the Trading Participant appears in the market).
 - (ii) the highest Bid price and lowest Offer price are not more than one Price Step apart (ie. there is a Crossing market); and
 - (iii) the Crossing market has existed for at least 10 seconds before the Crossing is executed.
- (2) SEATS carries out priority Crossings as follows:
 - (a) before the priority Crossing Order can be executed at the Crossing price, all Bids and Offers in SEATS at better prices are satisfied, as far as possible. SEATS does not satisfy Bids and Offers at the same price, even if they would otherwise have time priority; and
 - (b) any remaining part of the Crossing order is then Crossed at the Crossing price.

2.7.2 CROSSINGS PERMITTED DURING THE CLOSING PHASE

- (1) Where a Trading Participant receives an Order to buy or an Order to sell Securities after the close of Normal Trading and the Trading Participant desires to Cross the Order with an opposite Order to sell or buy Securities during the Closing Phase the Trading Participant must effect that Crossing in accordance with this Rule 2.7.2.
- (2) The Trading Participant must:
 - (a) enter a Bid and /or an Offer on SEATS at the price at which the Trading Participant desires to Cross and, if necessary, make a Crossing market not more than one minimum Bid apart; and

- (b) Bid the Securities to priority sellers, as shown on SEATS in order of priority from the lowest Offer price up to but not including the price at which the Trading Participant desires to Cross; or
- (c) Offer the Securities to priority buyers, as shown on SEATS in order of priority from the highest Bid price down to but not including the price at which the Trading Participant desires to Cross; and
- (d) Bid or Offer the Securities to priority buyers or priority sellers by telephone.
- (3) Should any of the priority buyers or priority sellers desire to deal at the Trading Participant's price, the Trading Participant:
 - (a) must deal only with priority buyers or priority sellers in accordance with the order of priority as set out in Rule 2.6.1(1); and
 - (b) must only effect a Crossing or 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.
- (4) A Trading Participant which has entered a Bid or Offer on SEATS during the Closing Phase in accordance with this Rule 2.7.2 must trade the quantity of Securities Bid or Offered at the Bid or Offer price.
- (5) A Trading Participant must immediately amend or remove any Bid or Offer which was entered pursuant to this Rule 2.7.2, when the Order to which the Bid or Offer relates is partly or fully satisfied.
- (6) A Trading Participant which makes a Crossing in accordance with this Rule 2.7.2 must report the Crossing in accordance with Rule 2.15.4(1)

2.7.3**CROSSINGS DURING THE AFTER HOURS ADJUST PHASE**

- (1) Where a Trading Participant receives an Order to buy or an Order to sell Securities after the close of Normal Trading and the Trading Participant desires to Cross the Order with an opposite Order to sell or buy the Securities during the After Hours Adjust Phase the Trading Participant must effect that Crossing in accordance with this Rule 2.7.3.
- (2) The Trading Participant must:
 - (a) Bid the Securities to priority sellers as shown on SEATS in order of priority from the lowest Offer price up to but not including the price at which the Trading Participant desires to Cross; or
 - (b) Offer the Securities to priority buyers as shown on SEATS in order of priority from the highest Bid price down to but not including the price at which the Trading Participant desires to Cross; and
 - (c) Bid or Offer the Securities to priority buyers or priority sellers by telephone.
- (3) Should any of the priority buyers or priority sellers desire to deal at the Trading Participant's price, the Trading Participant:
 - (a) must deal only with priority buyers or priority sellers in accordance with the order of priority set out in Rule 2.6.1(1); and
 - (b) must only effect a Crossing or 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.
- (4) Where a Trading Participant is unable to contact the priority sellers or priority buyers by telephone, the Trading Participant must not effect a Crossing.
- (5) A Trading Participant which makes a Crossing in accordance with this Rule 2.7.3 must:

- (a) trade the quantity of Securities Bid or Offered at the Bid or Offer price if the Trading Participant entered a Bid or Offer on SEATS for those Securities during the Closing Phase; and
 - (b) immediately amend or remove any Bid or Offer which was entered when the Order to which the Bid or Offer relates is partly or fully satisfied.
- (6) A Trading Participant which makes a Crossing in accordance with this Rule must report the Crossing in accordance with Rule 2.15.4(1).

2.7.4 CROSSINGS DURING THE ENQUIRE PHASE

- (1) Where a Trading Participant receives an Order to buy or to sell Securities during the Enquire Phase, the price at which a Crossing may be made shall be:
- (a) the price negotiated on account of the clients; or
 - (b) when the Trading Participant sells or buys the Securities as Principal, the price agreed between the client and the Trading Participant.
- (2) A Trading Participant which makes a Crossing in accordance with this Rule 2.7.4 must report the Crossing in accordance with Rule 2.15.8(1).

2.7.4A CROSSINGS PRIOR TO COMMENCEMENT OF NORMAL TRADING

- (1) A Crossing may be effected up to 15 minutes prior to the commencement of Normal Trading at the beginning of any Trading Day when:
- (a) an overseas resident client is involved in both sides of the transaction; or
 - (b) an overseas resident client is involved in one side and the Trading Participant is acting as Principal on the other side of the transaction; and
 - (c) a stock market maintained by a Recognised Stock Exchange:
 - (i) in the overseas client's country of residence; or
 - (ii) if both sides of the transaction involve overseas resident clients, in the country of residence of one of those clients,
- is open for trading at that time.
- (2) A Trading Participant which makes a Crossing in accordance with this Rule 2.7.4A must report the Crossing in accordance with Rule 2.15.8A.

2.7.5 CROSSINGS DURING A MARKET BID OR SCHEME

- (1) A Crossing must not be effected pursuant to Rule 2.7.4 in a class of Equity Securities where the Crossing is at a price which is at or below the offer price for that class of Equity Securities during the Offer Period under a Market Bid or Scheme.

2.8 SPECIAL CROSSINGS

2.8.1 SPECIAL CROSSINGS PERMITTED

- (1) A Special Crossing may only be effected in accordance with this Rule 2.8 and subject to Rule 2.8.8.
- (2) A Special Crossing must be reported in accordance with Rule 2.15.

2.8.2 LOAN SECURITIES

- (1) A Special Crossing in Loan Securities may be effected by a Trading Participant when the consideration for the transaction is not less than \$1,000,000 or such other amount greater than \$1,000,000 as is prescribed by the Exchange.

2.8.3 BLOCK SPECIAL CROSSINGS

- (1) A Block Special Crossing in Equity Securities may be effected by a Trading Participant if:
 - (a) the consideration for the transaction is not less than \$1,000,000 or such other amount, greater than \$1,000,000, as is prescribed by the Exchange;
 - (b) the Equity Securities to be bought or sold are:
 - (i) of a single Issuer; and
 - (ii) of the same class and paid up value; or
 - (iii) are of different classes which differ only in relation to the amount of dividend payable;
 - (c) either the Equity Securities are:
 - (i) bought by the Trading Participant as Principal, or as agent on behalf of one or more clients of the Trading Participant or in both capacities; and
 - (ii) sold by the Trading Participant as a Principal or as agent on behalf of one client of the Trading Participant. That client may be a Funds Manager acting on behalf of more than one client account;
 or the Equity Securities are:
 - (iii) sold by the Trading Participant as Principal, or as agent on behalf of one or more clients of the Trading Participant or in both capacities; and
 - (iv) bought by the Trading Participant as Principal or as agent on behalf of one client of the Trading Participant. That client may be a Funds Manager acting on behalf of more than one client account.
- (1A) A Facilitated Specified Size Block Special Crossing (or other trade prescribed by the Exchange and not objected to by the Commission) in Equity Securities may be effected by a Trading Participant under Rule 2.15.5B rather than under Rules 2.15.3 and 2.15.4 if:
 - (a) the parties to the trade are the Trading Participant acting as Principal and the Trading Participant acting as agent on behalf of one client (the client may be a Funds Manager acting on behalf of more than one fund);
 - (b) the trade consideration is at least the Specified Size for the relevant Equity Security, as at the time of the trade; and

- (c) the trade is not effected to unwind, close out or liquidate (in whole or in part) a position established by a trade which meets the requirements in paragraphs (a) and (b).
- (2) A Block Special Crossing in Warrants may be effected by a Trading Participant if:
 - (a) the consideration for the transaction is not less than \$500,000 or such other amount, greater than \$500,000, as is prescribed by the Exchange;
 - (b) the Warrants to be bought or sold are of the one series;
 - (c) either the Warrants are:
 - (i) bought by the Trading Participant as Principal, or as agent on behalf of one or more clients of the Trading Participant or in both capacities; and

Next Page is 235

- (ii) sold by the Trading Participant as Principal or as agent on behalf of one client of the Trading Participant. That client may be a Funds Manager acting on behalf of more than one client account;

or the Warrants are:

- (iii) sold by the Trading Participant as Principal, or as agent on behalf of one or more clients of the Trading Participant or in both capacities; and
- (iv) bought by the Trading Participant as Principal or as agent on behalf of one client of the Trading Participant. That client may be a Funds Manager acting on behalf of more than one client account.

2.8.4 PORTFOLIO SPECIAL CROSSINGS

- (1) A Portfolio Special Crossing may be effected by a Trading Participant if:
 - (a) the portfolio comprises a number of purchases and/or sales of different Equity Securities pursuant to a single agreement for an agreed price;
 - (b) the Trading Participant:
 - (i) acts as agent for both the buyer and seller of the portfolio; or
 - (ii) as Principal buys from or sells to the client, the portfolio;
 - (c) there are at least 10 purchases and/or sales of different Equity Securities which have a consideration of not less than \$200,000 each, or such other amount greater than \$200,000 as is prescribed by the Exchange, although additional purchases and/or sales of less than \$200,000 (or the amount otherwise prescribed by the Exchange) may be included;
 - (d) the total consideration for all purchases and/or sales making up the portfolio is not less than \$5,000,000, or such other amount greater than \$5,000,000 as is prescribed by the Exchange.

2.8.4A INDEX REPLICATING SPECIAL TRADE

- (1) For the purpose of this Rule 2.8.4A(1), "**Approved Index**" means an index approved by the Exchange and listed in Appendix 6.5A of the Rules. For the purposes of this Rule 2.8.4A(1), the Exchange may, in the interests of market integrity and efficiency, approve an Index as an "Approved Index" but only if at least 20% of the classes of Securities comprising the index are, in the opinion of the Exchange, illiquid.
- (2) A Special Crossing in Equity Securities may be effected by a Trading Participant where the Trading Participant is acting as Principal and the other party to the Special Crossing is the entity which is acquiring the Equity Securities and at the time of the Special Crossing:
 - (a) the Equity Securities comprise not less than 90% of all classes of Securities which are included in an Approved Index; and
 - (b) the aggregate value of the Equity Securities is not less than the minimum amount of the consideration permitted for a "**block**" special crossing under the Rules or 90% of the value of the Approved Index (where the method of valuation is prescribed by the Exchange and listed in Appendix 6.5A of the Rules), whichever is the greater.

2.8.5 UNDERWRITING DISPOSALS

- (1) Special Crossings may be effected where the transaction involves the initial disposal by the Trading Participant of the underwriter's or sub-underwriter's commitment.

2.8.6 EXCHANGE APPROVAL

- (1) A Special Crossing of Equity Securities may be effected by a Trading Participant with the prior approval of the Exchange where:
 - (a) the sale is for the purpose of enabling an Issuer to maintain or obtain a spread of holders in accordance with Listing Rule 12.4; or
 - (b) the sale results from an approach to holders of Equity Securities of an Issuer pursuant to Rule 3.2.

2.8.7 COMPLETION OF ORDER

- (1) A Special Crossing of Securities may be effected by a Trading Participant when the Securities constituting the sale comprise less than a Marketable Parcel and the sale is made for the purpose and will have the effect of:
 - (a) completing a client's order in accordance with the terms of that order; or
 - (b) reselling the Securities pursuant to Rule 3.6.2A.

2.8.8 SPECIAL CROSSINGS PROHIBITED

- (1) A Special Crossing of any Equity Securities of an Issuer, must not be effected in either of the following cases:
 - (a) during a Bid Period for a Takeover Bid or Scheme for the Equity Securities of the Issuer; or
 - (b) on behalf of an Issuer during the term of an On-market buy back offer by the Issuer.

2.8A ETF SPECIAL TRADES**2.8A.1 GENERAL RULE**

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

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

2.8A.2 NOTIFICATION TO THE EXCHANGE

Where a Trading Participant effects an ETF Special Trade, the Trading Participant must:

- (a) immediately advise SEATS Market Control by facsimile or email; and
- (b) if the Trading Participant entered the ETF special trade as agent on behalf of a client, immediately notify the Exchange using the SEATS parameter specified by the Exchange; or

- (c) if the Trading Participant entered the ETF Special Trade as principal, notify the Exchange using the SEATS parameter specified by the Exchange no later than 15 minutes before the commencement of Normal Trading on the next Trading Day.

2.8A.3 NO NGF COVER FOR ETF SPECIAL TRADES

An ETF Special Trade is not reportable to the Exchange and does not constitute a "reportable transaction" for the purposes of the National Guarantee Fund cover.

2.9 DEALING ON A DIFFERENT BASIS OF QUOTATION

2.9.1 GENERAL RULE

- (1) A Trading Participant must, unless Rule 2.9.2 applies, deal on SEATS in a quoted Security on the basis it is quoted.

2.9.2 EXCEPTIONS

- (1) A Trading Participant may deal on SEATS in a quoted Security on a basis different to the existing quotation if a market for such dealing is established in accordance with the following procedures:
 - (a) the Trading Participant must advise SEATS Market Control of the proposal to deal on a different basis of quotation and SEATS Market Control may then cause an announcement to be made on SEATS and over the National Voiceline System of the different basis of quotation;
 - (b) dealing on the different basis of quotation will not commence until the expiry of a period of Pre-Opening of at least 15 minutes after the announcement referred to in paragraph (a) has been made. However Trading Participants may change Bid and Offer prices during that period of Pre-Opening;
 - (c) trading on the different basis of quotation will only be permitted on the Trading Day on which the different basis of quotation was announced in accordance with paragraph (a).
- (2) A Trading Participant may effect a Special Crossing in Securities in accordance with Rule 2.8 on a basis different to the existing basis of quotation provided the Trading Participant reports that different basis of quotation through SEATS.

2.10 NON-DISCLOSURE OF QUANTITY OF SECURITIES BID OR OFFERED

2.10.1 GENERAL RULE

- (1) A Trading Participant must, unless Rule 2.10.1(2) applies, when entering a Bid or Offer into SEATS, specify both the price and quantity of the Securities the subject of that Bid or Offer.
- (2) Subject to Rule 2.10.1(3), a Trading Participant may elect not to disclose the quantity of the Securities the subject of a Bid or Offer entered by the Trading Participant into SEATS when the value of the Securities the subject of that Bid or Offer exceeds the amount prescribed by the Exchange. The amount prescribed by the Exchange for this purpose will not be less than \$100,000.

Note: The Exchange has prescribed an amount of \$200,000 for the purposes of Rule 2.10.1(2).

- (3) The Exchange may prescribe a day on which Trading Participants are prohibited from:
 - (a) entering an Order which does not disclose the quantity of Securities the subject of the Order;
 - (b) amending an Order which discloses the quantity of Securities the subject of that Order to an Order which does not disclose the quantity of Securities; and
 - (c) amending a previously entered Order which does not disclose the quantity of Securities the subject of the Order in any of the following ways:
 - (i) to increase the quantity of the Order;
 - (ii) if a Order is a Bid, to increase the Bid price; or
 - (iii) if the Order is an Offer, to decrease the Offer price;

in any market phase, or part of a market phase as determined by the Exchange;

2.10.2 NO UNDISCLOSED ORDERS IN CLOSING SINGLE PRICE AUCTION DURING TRIAL - DELETED

2.11 SHORT SELLING

2.11.1 GENERAL RULE

- (1) A Trading Participant is only permitted to effect a Short Sale in accordance with the Corporations Act and this Rule 2.11..
- (2) Rule 2.11.2 complements the requirements of Section 1020B(4)(b) of the Corporations Act and must be observed when a Trading Participant wants to effect a Short Sale as part of an arbitrage transaction.
- (3) Subject to Rule 2.11.3(4), Rules 2.11.3 to 2.11.5 contain requirements which must be observed when a Trading Participant wants to effect a Short Sale in accordance with Section 1020B(4)(e) of the Corporations Act.
- (4) Rules 2.11.3(4)(b) and 2.11.3A(4)(b) refer to reporting requirements which must be observed when a Trading Participant wishes to effect a Short Sale in accordance with Section 1020B(4)(d) of the Corporations Act.

2.11.2 ARBITRAGING

- (1) A Trading Participant which is registered with the Exchange as an arbitrageur, may sell Securities before buying the same Securities on a bona fide arbitrage account in another market. In doing so, the conditions of Rule 2.11.2 (2) must be satisfied.
- (2) Either:
 - (a) the sale obligation must be covered by the acquisition of Securities to fill it, prior to the close of business on the second business day after the sale; or
 - (b) the shortfall in Securities to meet the sale obligation must be Notified to the Exchange:
 - (i) by the time specified in paragraph (a); and
 - (ii) then, daily,
 until the shortfall no longer exists and the sale obligation is covered.
- (3) If a Trading Participant effects a sale in another market which, in the opinion of the Exchange is not a bona fide arbitrage transaction, the registration of the Trading Participant as an arbitrageur will be cancelled.

2.11.3 PERMITTED SHORT SELLING OF SECURITIES

- (1) A Trading Participant may Short Sell:
 - (a) an Approved Security; or
 - (b) a Public Security,
 in accordance with this Rule 2.11.3 and subject to Rules 2.11.4 and 2.11.5.
- (2) Except as otherwise provided in this Rule 2.11.3, the Business Rules of the Exchange apply to Short Sales of Approved Securities and Short Sales of Public Securities in accordance with this Rule 2.11.3 as if they were Conventional Sales.
- (3) Trading Participants must advise the Exchange by no later than 7.30 pm on each Trading Day of their net Short Sale position as at 7.00 pm on that Trading Day in the manner prescribed by the Exchange.
- (4) For the purposes of Rule 2.11.3 (3), a 'net Short Sale position' includes:
 - (a) Securities which are short sold pursuant to this Rule 2.11.3;
 - (b) Securities where, at the time of the sale, the seller:
 - (i) has borrowed the Securities; or
 - (ii) has entered into a borrowing agreement or arrangement under which he or she will be able to borrow the Securities in order to be able to deliver the Securities at settlement.
- (5) A client who requests a Trading Participant to effect a transaction that, under these Rules, is a Short Sale, must at the time of the request, inform the Trading Participant that the sale is a Short Sale.
- (5A) Where a Trading Participant is not a Clearing Participant, the Trading Participant must notify its Clearing Participant if a client has informed the Trading Participant that a sale is a Short Sale.

- (6) A Short Sale of an Approved Security during Normal Trading (not being an arbitrage transaction) must be made at a price not lower than the price at which the last reported sale of the Approved Security was made during Normal Trading.
- (7) A Short Sale of an Approved Security (not being an arbitrage transaction) may be made during the Closing Phase or the After Hours Adjust Phase provided that the sale price:
 - (a) is not lower than the price at which the last reported sale of the Approved Security was made during Normal Trading; or
 - (b) is not lower than the price of a sale which has been made after the close of Normal Trading and reported pursuant to Rule 2.15.
- (8) Where a Trading Participant receives an order to buy or sell Approved Securities during the Enquire Phase, a Short Sale may be made in those Securities at a price which is agreed between the seller and buyer.
- (9) For the purposes of Rules 2.11.3(6) and (7) the Trading Participant desiring to Short Sell must not be a party to the last reported sale unless the Approved Securities the subject of the desired Short Sale comprise less than a Marketable Parcel and the Short Sale is to be made by the Trading Participant as Principal and will have the effect of completing a client's order in accordance with the terms of that order.
- (10) Rule 2.11.3(9) will not apply if:
 - (a) Trading Participants, other than the Trading Participant desiring to Short Sell, were involved in dealing at the last reported sale price; or
 - (b) the party for whom the Trading Participant desires to Short Sell is different from and not associated with the party for whom the Trading Participant dealt in the last reported sale.
- (11) Rules 2.11.3 (3), (4) and (5), Rule 2.11.4 (1) and Rules 2.11.5 (1), (2), (3), (4) and (5) do not apply to a Short Sale of Public Securities.
- (12) Trading Participants must report to the Exchange by 10.00 am on the first Trading Day in each week all Short Sales of Public Securities which have not been closed out.
- (13) For the purposes of this Rule 2.11.3 the Exchange has power to prohibit or limit Short Sales in any Approved or Public Security or in all Approved or Public Securities for any period the Exchange may determine.

2.11.3A PERMITTED SHORT SELLING OF ETFS

- (1) A Trading Participant may Short Sell an Approved ETF in accordance with this Rule 2.11.3A and subject to Rule 2.11.4 and 2.11.5.
- (2) Except as otherwise provided in this Rule 2.11.3A, the Business Rules of the Exchange apply to Short Sales of Approved ETFs in accordance with this Rule 2.11.3A as if they were Conventional Sales.
- (3) Trading Participants must advise the Exchange by no later than 7.30 pm on each Trading Day of their net Short Sale position as at 7.00 pm on that Trading Day in the manner prescribed by the Exchange.
- (4) For the purposes of Rule 2.11.3A(3), a 'net Short Sale position' includes:
 - (a) ETF Securities which are short sold pursuant to this Rule 2.11.3A;
 - (b) ETF Securities where, at the time of the sale, the seller:
 - (i) has borrowed the ETF Securities; or

- (ii) has entered into a borrowing agreement or arrangement under which he or she will be able to borrow the ETF Securities in order to be able to deliver the ETF Securities at settlement;
 - (c) Approved ETFs which are short sold, where at the time of the sale, the seller has entered into an irrevocable subscription application for the ETF Securities, which is conditional only on the transfer of the subscription consideration.
- (5) A client who requests a Trading Participant to effect a transaction that, under these Rules, is a Short Sale, must at the time of the request inform the Trading Participant that the sale is a Short Sale.
- (6) Where a Trading Participant is not a Clearing Participant, the Trading Participant must notify its Clearing Participant if a client has informed the Trading Participant that a sale is a Short Sale.
- (7) Where a Trading Participant receives an order to buy or sell Approved ETFs during the Enquire Phase, a Short Sale may be made in those Approved ETFs at a price which is agreed between the seller and buyer.
- (8) For the purposes of this Rule 2.11.3A the Exchange has power to prohibit or limit Short Sales in any Approved ETF for any period the Exchange may determine.

2.11.4 PROHIBITIONS ON SHORT SELLING

- (1) A Trading Participant shall not Short Sell an Approved Security of an Issuer if as a result of the Short Sale, Approved Securities of that Issuer comprising more than 10% of the total number of all Approved Securities of that Issuer would be the subject of subsisting Short Sales contracts.
- (2) Short Sales shall not be made in Approved Securities or Approved ETFs during the Offer Period of a Takeover Bid or Scheme in respect of those Securities or that Approved ETF.
- (3) A Short Sale of Public Securities shall not be made with a settlement date more than 10 Trading Days after the date of sale.

2.11.5 MARGIN OF COVER REQUIREMENTS

- (1) Before a Trading Participant makes a Short Sale of an Approved Security or an Approved ETF on behalf of a client, the Trading Participant (where the Trading Participant is a Clearing Participant) or the Trading Participant's Clearing Participant (where the Trading Participant is not a Clearing Participant), must secure from the client an initial margin of cover of not less than 20% of the contract price of the Approved Security or Approved ETF short sold. Where the Trading Participant is not a Clearing Participant, the Trading Participant must ensure that its Clearing Participant secures the initial margin of cover from the client in accordance with this clause. The Trading Participant or Clearing Participant (as applicable) must hold that cover in trust until the Short Sale has been covered by a purchase of the same number of Securities or the issue of the ETF Securities from a third party.



Next Page is 241

- (2) Where the Trading Participant (if the Trading Participant is a Clearing Participant) or the Trading Participant's Clearing Participant (if the Trading Participant is not a Clearing Participant) acts as agent in arranging the borrowing of Securities to effect a delivery in settlement of a Short Sale, the Trading Participant or Clearing Participant (as applicable) must retain the margin of cover until the client has covered his short position by the delivery of replacement Securities to the lender.
- (3) Any margin of cover required by this Rule 2.11.5 must be provided in cash or Securities admitted to Official Quotation (which are not suspended), or both. When Securities are provided in accordance with Rule 2.11.5(2) they must be regarded as having a value of the lower of:
- (a) 90% of their market price at the time the margin of cover is required from the client; or
 - (b) such value as the Trading Participant or Clearing Participant (as applicable) considers is reasonable at the time the margin of cover is required from the client, having regard to the business undertaken by the Issuer of the Securities, the relevant risk attached to the assets of the ETF, the number of Securities provided and the volatility of the market price of the Securities in the preceding period of 12 months.
- (4) Whenever the market price of:
- (a) Approved Securities or Approved ETFs short sold rises in excess of 10% of the contract price of the Securities short sold the Participating Organisation must immediately call on its selling client to provide an additional margin of cover equal to the amount of the increase. That additional cover must also be held in trust;
 - (b) Securities provided by a client as margin cover falls, the Trading Participant or Clearing Participant (as applicable) must immediately call on the selling client to provide to the Trading Participant or Clearing Participant (as applicable) an additional margin of cover. That additional cover must also be held in trust.
- (5) In addition to the requirements of Rules 2.11.5 (1), (2), (3) and (4) a Trading Participant or Clearing Participant (as applicable) may require its selling client at any time to pay or provide security for 100% of the current cost of closing out a Short Sale at the point of time the demand is made.
- (6) The following business entities are exempted from the requirements contained in Rules 2.11.5 (1), (2), (3), (4) and (5) above:
- (a) Australian Life Insurance Companies with assets of statutory funds held in Australia exceeding \$30 million;
 - (b) Australian General Insurance Companies provided they are authorised by the Insurance Commissioner to undertake general insurance business and their total tangible assets exceed their total liabilities by no less than \$30 million as at the date of its last published audited balance sheet;
 - (c) Superannuation, Retirement and Pension Funds whose net assets are in excess of \$30 million as at the date of its last audited balance sheet and which has satisfied the Exchange that the constituent documents of the Fund empower the Fund to enter into the appropriate contract;
 - (d) ADIs provided they have net assets in excess of \$30 million as at the date of their last published audited balance sheet or which lodge with the Exchange an approved Bank or insurance company bond or indemnity in the amount of \$30 million guaranteeing the performance of all short sale contracts entered into. The Exchange may in its absolute discretion refuse to approve a bond for the purposes of this Rule;

- (e) Investment Companies provided they have net assets in excess of \$30 million as at the date of their last published audited balance sheet and are listed on the Exchange.
- (7) If the client:
 - (a) fails to provide margin of cover to the Trading Participant (where the Trading Participant is a Clearing Participant) or the Trading Participant's Clearing Participant (where the Trading Participant is not a Clearing Participant); or
 - (b) having been called upon to provide an additional margin of cover or additional Securities, fails to do so by the commencement of the next trading session after the demand is made,
 the Trading Participant or the Clearing Participant (as applicable) may proceed to close out, or cause to be closed out, the Short Sale at the client's risk and expense.
- (8) If a profit results from the action taken by the Trading Participant pursuant to Rule 2.11.5(7), the Trading Participant (where the Trading Participant is a Clearing Participant) or the Trading Participant's Clearing Participant (where the Trading Participant is not a Clearing Participant) will account to the client for the profit. If a loss results, the client will account to the Trading Participant or Clearing Participant (as applicable) for the loss.

2.11.6

DESIGNATION AS APPROVED SECURITIES

- (1) The Exchange will not designate an Equity Security as an **"Approved Security"** unless:
 - (a) 50 million Securities of the class have been issued (excluding Securities of the class issued but held by any entity which the Exchange considers is related to the Issuer);
 - (b) the market capitalisation of the Securities of the class on issue is not less than \$100 million;
 - (c) in the opinion of the Exchange there is sufficient liquidity in the market for the Securities of the class; and
 - (d) the Exchange considers that the Securities should be designated as an **"Approved Security"** for the purposes of these Rules.

2.11.6A

DESIGNATION AS AN APPROVED ETF

- (1) The Exchange will not designate an ETF as an **"Approved ETF"** unless:
 - (a) the ETF Securities are in a class of ETF Securities which are quoted on the Exchange; and
 - (b) the Exchange considers that the ETF should be designated as an **"Approved ETF"** for the purposes of these Rules.

2.11.7

EXCEPTION FROM SHORT SELLING REQUIREMENTS

- (1) The provisions of Rule 2.11.3 do not apply to Securities which are bought and sold in accordance with Rule 2.11.2.

2.11.8 REPORTING OF SHORT SALES

- (1) A Short Sale effected pursuant to Rule 2.11.3 must be reported in accordance with Rule 2.15.9.

2.12 CONDITIONAL TRADING**2.12.1 CONDITIONAL SALE**

- (1) Notwithstanding any provision of these Rules to the contrary, a Conditional Sale will be cancelled in accordance with this Rule 2.12 if the Condition is not fulfilled.

2.12.2 WHEN THE EXCHANGE MAY DECLARE A CONDITIONAL MARKET

- (1) The Exchange may declare a market to be a Conditional Market if:
- (a) an Issuer or vendor of Securities the subject of an offering has:
 - (i) requested the Exchange in writing to provide a Conditional Market;
 - (ii) specified at least one condition which satisfies Rule 2.12.2(2)(b);
 - (iii) specified the date by which each Condition is required to be satisfied; and
 - (iv) undertaken to notify the Exchange immediately of the fulfilment or non-fulfilment of each Condition;
 - (b) the offering of the Securities:
 - (i) has a total value of at least the value prescribed by the Exchange and not objected to by the Commission; or
 - (ii) anticipates pre-allotment or pre-transfer trading on an overseas market;
 - (c) the offer document for the Securities:
 - (i) states that it is the responsibility of an applicant for Securities under that offering to verify their holding and sets out procedures to do this; and
 - (ii) describes the basis of pre-allotment or pre-transfer trading in a manner which clearly describes the underlying contingent nature of the issue or sale of Securities ;
 - (d) the Issuer or vendor agrees with the Exchange to observe a Dispatch Date stipulated by the Exchange, being a date no later than 5 Business Days after the date of satisfaction of all the Conditions;
 - (e) an announcement of the basis of quotation as being conditional has been made on SEATS and over the National Voiceline System; and
 - (f) the Issuer or vendor provides a market announcement of the Conditions for the Conditional Market and any other information required by Listing Rule 3.1 for release to the market.
- (2) A Conditional Market will be subject to the following Conditions:
- (a) the allotment or transfer of the Securities to successful applicants under the offer; and

- (b) each condition which is specified by the Issuer or vendor of the Securities under Rule 2.12.2(1)(a)(ii) and which is:
 - (i) (in the case of a condition specified by an Issuer) a prerequisite to the Issuer allotting Securities to applicants under the offer;
 - (ii) (in the case of a condition specified by a vendor) a prerequisite to the vendor transferring Securities to applicants under the offer; and
 - (iii) (in any case) a condition the satisfaction of which cannot be influenced by those who will buy and sell the Securities on the Conditional Market.
- (3) The Exchange will make any declaration under Rule 2.12.2 in writing.

2.12.3 **CONDITIONAL MARKET OPERATION**

- (1) A Conditional Market will only be permitted to operate:
 - (a) if prior to the commencement of the Conditional Market:
 - (i) the issue or sale price of the Securities the subject of the offering has been determined; and
 - (ii) the Issuer or vendor has made arrangements satisfactory to the Exchange to enable applicants for Securities the subject of the offering to determine their entitlements; and
 - (b) for such period of time as is agreed by the Exchange.
- (2) Trading of Securities on a Conditional Market will be on a deferred settlement basis.

2.12.4 **FULFILMENT OR NON-FULFILMENT OF CONDITION**

- (1) If the Issuer or vendor does not notify the Exchange of the fulfilment or non-fulfilment of a Condition on the date by which that Condition was required to be satisfied the Condition will be deemed not to have been fulfilled.
- (2) If the Issuer or the vendor does notify the Exchange of the fulfilment or non-fulfilment of a Condition, the Exchange and the parties to a Conditional Sale are entitled to rely on this advice as conclusive evidence of that circumstance.
- (3) Immediately on receipt of advice by the Exchange of fulfilment of all Conditions:
 - (a) all sales that were conditional become unconditional;
 - (b) the Exchange will announce that Conditional Sales have become unconditional; and
 - (c) subject to Rule 2.12.4(4), the Settlement Day of all such contracts will be the date determined and announced by the Exchange. The Settlement Day will usually be the fourth Business Day after the Dispatch Date stipulated by the Exchange under Rule 2.12.2(1)(e).
- (4) Notwithstanding any provision of these Rules to the contrary, parties to a Conditional Sale may:
 - (a) agree to a particular settlement date which is a date other than the Settlement Day so determined and announced by the Exchange; or

- (b) effect delivery obligations other than on that Settlement Day, provided that the particular settlement date or the date of effecting delivery obligations is not before the date the Exchange announces under Rule 2.12.4(3) that Conditional Sales have become unconditional.

2.12.5 WHEN CANCELLATION IS EFFECTIVE

- (1) Cancellation of a Conditional Sale (and the corresponding conditional purchase) for non-fulfilment of a Condition is effective:
 - (a) if notice of non-fulfilment was given to the Exchange, upon receipt of that notice; or
 - (b) if no notice of fulfilment or non-fulfilment was received by the Exchange, on the Trading Day immediately following the date on which the Condition was required to be satisfied,

without any liability whatsoever other than for the return of any money paid, or Securities or documents delivered, in connection with settlement of the Conditional Sale (and corresponding conditional purchase). The effect of such cancellation is to avoid the contract for the sale and purchase of Securities.

2.13 FORWARD DELIVERY

2.13.1 REQUIREMENTS FOR BENEFICIAL OWNERSHIP AND LEGAL TITLE

- (1) A Trading Participant shall not sell or offer to sell to any person, Securities on a forward delivery basis if those Securities are not beneficially owned by:
 - (a) the Trading Participant; or
 - (b) the selling client being a party to the contract.
- (2) Before a Trading Participant makes a Forward Delivery Transaction on behalf of a selling client, it must:
 - (a) notify its Clearing Participant (if applicable); and
 - (b) if the Trading Participant is a Clearing Participant:
 - (i) secure from the client the Forward Securities; or
 - (ii) satisfy itself that the client:
 - (A) is the registered holder;
 - (B) has the legal right to become the registered holder; or
 - (C) has the irrevocable right to call for delivery to the buying client,

of the Forward Securities, and is legally entitled or authorised to sell or dispose of the Forward Securities; or

 - (c) if the Trading Participant is not a Clearing Participant, ensure that its Clearing Participant has complied with Rule 2.13.1.2(b) (i) and (ii).

2.13.2 DEPOSIT REQUIREMENTS

- (1) Before a Trading Participant makes a Forward Delivery Transaction on behalf of a buying client, the Trading Participant (where the Trading Participant is a Clearing Participant) or the Trading Participant's Clearing Participant (where the Trading Participant is not a Clearing Participant) must secure from the client:
 - (a) an initial deposit of not less than 25% of the Forward Price; and
 - (b) where the Forward Price exceeds the market value of the Forward Securities at the time of the transaction - a margin equal to the difference between the Forward Price and the market value of the Forward Securities.
- (2) For the purposes of Rules 2.13.2 (1), (3) and (4) the aggregate amount held as margin and deposit shall not exceed the Forward Price.
- (3) Where the market price of the Forward Securities changes by at least 10% of the Forward Price the Trading Participant or Clearing Participant (as applicable) acting for the buying client must, as applicable:
 - (a) immediately call on its client to provide; or
 - (b) repay to the client upon request by the client,

the amount necessary to maintain a margin equal to the difference between the Forward Price and the market value of the Forward Securities.
- (4) Where the market value of any Collateral Securities changes by at least 10% of the Forward Price the Trading Participant or Clearing Participant (as applicable) acting for the buying client who lodged such Collateral Securities must, as applicable:
 - (a) immediately call on its client to provide; or
 - (b) repay to the client upon request by the client,

the amount necessary to maintain the percentage of the Forward Price originally secured by the Collateral Securities.

2.13.3 REMEDY IN EVENT OF DEFAULT BY CLIENT

- (1) If the buying client who has been called on to provide a margin fails to comply within one Trading Day from the date of request the Trading Participant or the Clearing Participant concerned (as applicable) may as against and at the risk of its client proceed to sell out, or cause to be sold out, such of the Forward Securities as are necessary to provide for due completion of the Forward Delivery Transaction in question.
- (2) A Trading Participant or Clearing Participant (as applicable) who takes action in accordance with Rule 2.13.3(1) must immediately Notify the relevant circumstances to the Exchange.

2.13.4 DIVIDENDS

- (1) Dividends payable between the date of sale and maturity of a Forward Delivery Transaction shall accrue to the buyer.
- (2) Dividends must be accounted for at the time of settlement of the Forward Delivery Transaction in question.

2.13.5 REPORTING

- (1) A Forward Delivery Transaction must be reported in accordance with Rule 2.15.11.

2.14 EQUITY COMBINATION TRANSACTIONS

- (1) Where a Trading Participant in Defined Circumstances has an Order to buy or sell Equity Securities and that Order is conditional upon the sale or purchase of Exchange Traded Options overlying those Equity Securities, the Trading Participant may deal in and transact that Order with another Trading Participant in accordance with Rule 7.7 and any transaction so resulting shall be deemed to be an "Equity Combination" transaction.
- (2) A Trading Participant may only effect a Crossing of Orders for an Equity Combination if it is transacted in accordance with Rule 7.8.2.6 or 7.8.3.3, as applicable.

2.15 REPORTING

2.15.1 APPLICATION OF RULE

- (1) This Rule applies only in respect of:
 - (a) Securities granted Official Quotation; and
 - (b) other investment products traded pursuant to the Rules,

and the parameters and functions specified for reporting under this Rule 2.15 are attributable to functionality available by means of a Trader Workstation. Similar functions apply for any Trading Participant systems connected to an Open Interface Device other than a Trader Workstation, in which case the relevant message structures are detailed in the *SEATS Open Interface Specification* as published by ASXO.

2.15.2 GENERAL OBLIGATION

- (1) A Trading Participant must report to the Exchange the following:
 - (a) all sales effected by the Trading Participant;
 - (b) all Crossings and Special Crossings; and
 - (c) all transactions effected pursuant to Rules 2.5.2 and 2.7.4A.
- (2) All transactions made during the Pre-Opening Phase, Normal Trading, Closing Phase, After Hours Adjust Phase and the Enquire Phase must be reported through SEATS and pursuant to this Rule.

2.15.3 REPORTING OF SPECIAL CROSSINGS EFFECTED DURING NORMAL TRADING

- (1) A Trading Participant must immediately report through SEATS, in accordance with this Rule 2.15.3, Special Crossings effected during Normal Trading, except where Rule 2.15.5, 2.15.5A or 2.15.5B apply.
- (2) Except, where Rule 2.15.3(3), 2.15.5 or 2.15.5A applies, parameter P must be used.
- (3) Where the Special Crossing is a Special Crossing effected pursuant to:
 - (a) Rule 2.8.7 parameter E must be used;
 - (b) Rule 2.8.5 or 2.8.6, parameter Z must be used.

2.15.4 REPORTING OF DEALINGS AFTER CLOSE OF NORMAL TRADING

- (1) Sales, including Crossings, effected after the close of Normal Trading and until the close of the After Hours Adjust Phase, shall be immediately reported through SEATS. Unless Rule 2.15.4(2), 2.15.5, 2.15.5A or 2.15.5B apply, parameter N must be used.

- (2) Where the transaction is a Special Crossing:
 - (a) pursuant to Rule 2.8.2, or a Block Special Crossing (pursuant to Rule 2.8.3), parameter P must be used;
 - (b) effected pursuant to Rule 2.8.5 or 2.8.6, parameter Z must be used;
 - (c) effected pursuant to Rule 2.8.7, parameter E must be used.
 - (d) effected pursuant to Rule 2.8.4 parameter X must be used;
 - (e) effected pursuant to Rule 2.8.4A parameter I must be used.

2.15.5 REPORTING OF PORTFOLIO SPECIAL CROSSINGS

- (1) Where a Trading Participant effects a Portfolio Special Crossing pursuant to Rule 2.8.4, the Trading Participant must:
 - (a) immediately advise SEATS Market Control of the portfolio by facsimile or electronically; and
 - (b) report it in accordance with Rules 2.15.5 (2) and (3).
- (2) Where a Trading Participant acts as agent for both the buyer and seller, the Trading Participant must immediately report the Portfolio Special Crossing using parameter X;
- (3) Where a Trading Participant acts as Principal, the Trading Participant must report the Portfolio Special Crossing using parameter X not later than 15 minutes prior to the commencement of Normal Trading on the next Trading Day.
 - (a) not later than 15 minutes prior to the commencement of Normal Trading on the next Trading Day if the trade is effected before 1.00 pm on the previous Trading Day; or
 - (b) not later than 1.00 pm on the next Trading Day if the trade is effected after 1.00 pm on the previous Trading Day.

2.15.5A REPORTING OF INDEX REPLICATING SPECIAL TRADE

- (1) Where a Trading Participant effects a Special Crossing pursuant to Rule 2.8.4A, the Trading Participant shall immediately advise SEATS Market Control by facsimile or electronically of the Special Crossing and report it in accordance with Rule 2.15.5A(2).
- (2) Where a Trading Participant effects a Special Crossing pursuant to Rule 2.8.4A, the Trading Participant shall report the Special Crossing using parameter "I" not later than 15 minutes prior to the commencement of Normal Trading on the next Trading Day.

2.15.5B REPORTING OF FACILITATED SPECIFIED SIZE BLOCK SPECIAL CROSSINGS

- (1) If a Trading Participant effects a trade which meets the requirements in Rule 2.8.3(1A), the Trading Participant must:
 - (a) immediately advise SEATS Market Control by facsimile or electronically of:
 - (i) the identity of the Trading Participant;
 - (ii) the Equity Security the subject of the trade;
 - (iii) the number of Securities;
 - (iv) the consideration; and

- (b) report the trade on SEATS using parameter P:
 - (i) not later than 15 minutes prior to the commencement of Normal Trading on the next Trading Day if the trade is effected before 1.00 pm on the previous Trading Day; or
 - (ii) not later than 1.00 pm on the next Trading Day if the trade is effected after 1.00 pm on the previous Trading Day.

2.15.6 NEW ZEALAND EXCHANGE TRANSACTIONS

- (1) Where a Trading Participant purchases or sells Securities on the New Zealand Stock Exchange in accordance with Rule 2.5.2 the Trading Participant must immediately report the transaction using parameter O.

2.15.7 RECOGNISED OVERSEAS STOCK EXCHANGE TRANSACTIONS

- (1) Where a Trading Participant acts in a buying or selling transaction with a member of a Recognised Overseas Stock Exchange during the Enquire Phase on a Trading Day, or at any time on a day other than a Trading Day, the Trading Participant shall report the transaction through SEATS not later than 15 minutes prior to the commencement of Normal Trading on the next Trading Day using parameter O.

2.15.8 REPORTING OF DEALINGS DURING ENQUIRE PHASE

- (1) Where a Trading Participant effects a sale including a Crossing during the Enquire Phase on any Trading Day it must report the sale through SEATS not later than 15 minutes prior to the commencement of Normal Trading on the next Trading Day using parameter N.
- (2) Where a Trading Participant effects a Special Crossing during the Enquire Phase on any Trading Day it must report the Special Crossing through SEATS not later than 15 minutes prior to the commencement of Normal Trading on the next Trading Day as follows:
 - (a) Special Crossings effected pursuant to Rule 2.8.2 or a Block Special Crossing pursuant to Rule 2.8.3, using parameter P;



Next Page is 249

- (b) Portfolio Special Crossings pursuant to Rule 2.8.4, using parameter X;
 - (c) Special Crossings pursuant to Rule 2.8.5 or 2.8.6, using parameter Z;
 - (d) Special Crossings pursuant to Rule 2.8.7, using parameter E;
 - (e) Special Crossings pursuant to Rule 2.8.4A, using parameter I.
- (3) Where a Trading Participant effects a sale with another Trading Participant during the Enquire Phase on any Trading Day the Trading Participant must report the transaction through SEATS not later than 15 minutes prior to the commencement of Normal Trading on the next Trading Day using parameter N.
- (4) Where a Trading Participant effects a Crossing during the Enquire Phase on any Trading Day where one of the orders is on account of an overseas resident the Trading Participant must report the Crossing through SEATS not later than 15 minutes prior to the commencement of Normal Trading on the next Trading Day using parameter O.

2.15.8A REPORTING OF CROSSINGS PRIOR TO COMMENCEMENT OF NORMAL TRADING

- (1) Where a Trading Participant effects a transaction in accordance with Rule 2.7.4A the Trading Participant must report the transaction through SEATS by no later than 15 minutes prior to the commencement of Normal Trading on the next Trading Day using parameter O.

2.15.9 SHORT SALES

- (1) Where a Trading Participant effects a Short Sale pursuant to Rule 2.11.3, the Trading Participant must immediately report the sale using parameter S.

2.15.10 FOREIGN TO FOREIGN IN FOR SECURITIES

- (1) Where a Trading Participant effects a sale the subject of the condition Foreign To Foreign in FOR Securities, the Trading Participant shall report the transaction using parameter U.

2.15.11 FORWARD DELIVERY TRANSACTIONS

- (1) Where a Trading Participant effects a sale the subject of the condition "Forward Delivery" the Trading Participant must immediately report the transaction using parameter F.

2.15.12 EQUITY COMBINATION TRANSACTIONS

- (1) Where a Trading Participant effects a sale the subject of the condition "Equity Combination" the Trading Participant shall immediately report the transaction using parameter J.

2.15.13 TRANSACTIONS IN LOAN SECURITIES

- (1) Where a Trading Participant effects a transaction in Loan Securities which are not dealt on SEATS, the Trading Participant must immediately report the transaction in accordance with the SEATS Reference Manual.

2.15.14 "BUY BACK" SALES

- (1) Where a Trading Participant effects a sale the subject of the condition "Buy-Back" the Trading Participant must immediately report the transaction using parameter K.

2.15.15 "BOOK VALUE SWITCH" SALES

- (1) Where a Trading Participant effects a sale the subject of the condition "Book Value Switch" the Trading Participant must immediately report the transaction using parameter V.

2.15.16 DIRECTED REPORTING

- (1) Where a Trading Participant is directed to report a trade by the Exchange following discussions with SEATS Market Control, the Trading Participant must immediately report the trade using parameter D or such other parameter nominated by SEATS Market Control.

2.15.17 ASX MATCH REPORTING - DELETED**2.16 SUSPENSIONS AND TRADING HALTS****2.16.1 SUSPENSIONS**

- (1) Securities which have been suspended from Official Quotation can only be traded with the permission of the Exchange.
- (2) Bids and Offers in Securities the subject of the suspension will be placed in suspend.
- (3) At the termination of the period of suspension, trading in the Securities which are the subject of the suspension will proceed to Normal Trading after a period of Pre-Opening.

2.16.2 TRADING HALTS

- (1) A trading halt may be imposed by the Exchange if:
 - (a) the Exchange releases an announcement in relation to an Issuer which, in the opinion of the Exchange, is market sensitive; or
 - (b) an Issuer requests a trading halt and the Exchange agrees to impose a trading halt.
- (2) Securities subject to a trading halt will be placed into Pre-Opening Phase. However, if the trading halt is imposed after the end of Closing Phase, the Securities subject to a trading halt will be placed into Pre-Opening Phase the next Trading Day.
- (3) Securities subject to a trading halt must not be traded (including by way of Crossings and Special Crossings) during the period of the trading halt, regardless of whether the Securities have been placed into Pre-Opening Phase.
- (4) A trading halt will end at the earlier of:
 - (a) the time announced by the Exchange that the trading halt will end (and the Exchange will provide at least ten minutes notice before the end of the trading halt); or
 - (b) the commencement of Normal Trading on the second Trading Day after the day the trading halt is imposed.
- (5) When a trading halt ends, the Securities will be placed in the phase applying to the market as a whole unless the Exchange decides otherwise.

2.17 ERRORS AND CANCELLATIONS

2.17.1 CANCELLATION AFTER MATCHING ON SEATS

- (1) A Trading Participant must ensure that each of its Designated Trading Representatives:
 - (a) comply with the instructions and directions issued by SEATS Market Control;
 - (b) comply with the SEATS Reference Manual;
 - (c) do 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) Where a Trading Participant becomes aware of a transaction effected as a result of:
 - (a) any of the matters in Rule 2.17.1(1)(c); or
 - (b) an error in the entry of a Bid or Offer,the following provisions of this Rule 2.17.1 apply.
- (3) A Trading Participant identifying such error must contact the Trading Participant with whom the transaction was effected and request the agreement of that Trading Participant to cancel the transaction.
- (4) If agreement is reached, both Trading Participants must as soon as possible after reaching that agreement Notify the Exchange of:
 - (a) the error;
 - (b) agreement to cancel the transaction;
 - (c) full details to enable identification of the transaction to be cancelled.
- (5) On receiving notification from both Trading Participants pursuant to Rule 2.17.1(4), the trade may be cancelled in accordance with the procedures set out in the SEATS Reference Manual.
- (6) A Trading Participant responsible for an error in the entry of a Bid or Offer which results in a transaction being effected in relation to that Bid or Offer, must, if requested by the other Trading Participant or the Exchange, pay the costs involved in cancelling the transaction.

2.17.2 CANCELLATIONS PRIOR TO MATCHING ON SEATS PERMITTED

- (1) A Trading Participant may authorise a Designated Trading Representative to amend, cancel or withdraw any Bid or Offer prior to a transaction being effected on SEATS.
- (2) Subject to Rule 2.12, a transaction matched on SEATS cannot be cancelled except by mutual agreement between the Trading Participants which are party to that transaction.

2.18 DISPUTE RESOLUTION

2.18.1 SEATS GOVERNORS

- (1) The Exchange may appoint one or more Affiliates, Designated Trading Representatives, employees or agents of the Exchange as SEATS Governors for such period and on such terms and conditions as the Exchange determines.

2.18.2 INVESTIGATIONS BY SEATS GOVERNORS

- (1) Any dispute arising in relation to any of the Dealing Rules must be promptly referred to the SEATS Governors.
- (2) The SEATS Governors will investigate the dispute and make a determination in respect of it. That determination shall, subject to Rule 2.18.3, be final and binding on the parties to the dispute and their Clearing Participants (if applicable).
- (3) A SEATS Governor who is:
 - (a) a Designated Trading Representative, partner or director of any Trading Participant which is a party to the dispute; or
 - (b) associated with a Trading Participant which is a party to the dispute,
 cannot take any part in the investigation or making of a determination in respect of that dispute.
- (4) To fulfil their role pursuant to Rule 2.18.2(2), SEATS Governors may enquire into all facts, matters and circumstances relevant to the dispute and for this purpose may take statements (orally or in writing) from persons and generally conduct their inquiries and proceedings for the resolution of the dispute as they think fit.
- (5) The SEATS Governors must use their best endeavours to reach a decision on any such dispute before 5.00 pm on the Trading Day on which the dispute occurs or if the day on which the dispute arose is not a Trading Day or the dispute occurs after 5.00 pm on a Trading Day, then before 5.00 pm on the following Trading Day.

2.18.3 APPEAL FROM A DETERMINATION OF THE SEATS GOVERNORS

- (1) A Trading Participant aggrieved by a determination of the SEATS Governors may appeal to the National Adjudicatory Tribunal.
- (2) The National Adjudicatory Tribunal will conduct any such appeal in accordance with Rules 14.2.1 and 14.2.3.
- (3) The appeal will not be conducted as a rehearing but the National Adjudicatory Tribunal may review any findings reached in the determination of the SEATS Governors. The National Adjudicatory Tribunal may affirm, vary or set aside that determination.
- (4) The determination of the National Adjudicatory Tribunal will be final and binding on the Trading Participants involved in the dispute and their Clearing Participants (if applicable).
- (5) The legal or other costs or expenses incurred by the National Adjudicatory Tribunal in conducting and hearing an appeal under this Rule must be borne by the Participating Organisations involved in the dispute, in such proportions as the National Adjudicatory Tribunal in its discretion determines.

2.19 CONTRACTS BETWEEN CLEARING PARTICIPANTS

- (1) For an ASX Transaction entered into between Trading Participants, or between a Trading Participant and a member of an overseas stock exchange, the Clearing Participant of each such Trading Participant has the Settlement Obligations immediately the ASX Transaction is executed so that the Settlement Obligations to which any Clearing Participant becomes subject, are owed by it:
 - (a) in place of corresponding obligations owed by the Trading Participant; and
 - (b) as principal, regardless of whether the Trading Participant executed the ASX Transaction as principal or agent (including as agent for an undisclosed principal).
- (2) In the sale of Securities carrying any liability for calls, unless such Securities are transferred to a transferee within 42 days from the date of settlement, the seller is entitled to demand the name of the buyer.

2.19A NO MERGER

Where the Rules 2.1A.3(4) and 2.19 would cause the Settlement Obligations on each side of a single ASX Transaction to be with a single Clearing Participant (being the Clearing Participant of both Trading Participants involved), no form of merger or extinguishment shall occur and the respective Settlement Obligations shall continue to subsist in such a way as to be regarded, for the purposes of the SCH Rules, as separately existing Settlement Obligations of the Clearing Participant.

2.20 TAKEOVER BIDS

2.20.1 DEED OF INDEMNITY

A Trading Participant acting on behalf of a Bidder in relation to a Market Bid must:

- (a) enter into a written agreement with the Bidder which sets out the terms and conditions which govern their relationship. The agreement must include the terms set out in Appendix 6.5. The agreement may include other terms and conditions provided those terms and conditions are not inconsistent with the terms set out in Appendix 6.5 (and to the extent that there is any inconsistency, the terms set out in Appendix 6.5 prevail).
- (b) give a copy of the agreement to the Exchange before making an announcement of a Market Bid on behalf of the Bidder or buying Securities in the Bid Class on behalf of the Bidder, as the case may be.

2.20.2 MARKET BID - ANNOUNCEMENT BY TRADING PARTICIPANT

- (1) A Trading Participant acting on behalf of a Bidder in relation to a Market Bid must announce the bid to the Exchange. The announcement must include the following information :
 - (a) a description of the Bid Class of Securities in the Target and the total number of Securities in that Bid Class;
 - (b) the price offered for Securities in the Bid Class;
 - (c) the date of the commencement and conclusion of the Offer Period;

- (d) the number of Securities in the Bid Class that the Bidder had a relevant interest in immediately prior to the announcement (expressed as a percentage of the total number of Securities in the Bid Class);
 - (e) a statement:
 - (i) as to whether the Bidder will buy Securities in the Bid Class On-market before the Offer Period commences and, if so, the maximum number of those Securities to be bought and the price that will be paid;
 - (ii) that the Market Bid is an offer to buy all the Securities in the Bid Class that exist or will exist at any time during the Offer Period for the price offered;
 - (iii) that the Offer Period may be extended and the offer price may be increased in accordance with the Corporations Act.
- (2) A Trading Participant acting on behalf of a Bidder in relation to a Market Bid must announce to the Exchange in writing of:
- (a) an increase to the offer price;
 - (b) an extension to the Offer Period;
 - (c) a withdrawal of the Market Bid;
 - (d) any other variation to the Market Bid in accordance with the Corporations Act; or
 - (e) if it ceases to act on behalf of the Bidder.

2.20.3 ACQUISITION OF SECURITIES DURING THE BID PERIOD

- (1) A Trading Participant acting on behalf of a Bidder must not offer to buy Securities in the Bid Class On-market during the Bid Period for a price that varies from the consideration offered under the Takeover Bid unless and until an announcement has been made to the Exchange. This restriction applies to both Market Bids and Off-Market Bids.
- (2) Where Securities are subject to a Market Bid, a Trading Participant acting on behalf of another Bidder, must not buy the Securities in the Bid Class of the Target on behalf of that Bidder unless and until the Trading Participant has announced:
 - (a) a Market Bid on behalf of the person pursuant to Rule 2.20.2(1); or
 - (b) an increase in the price offered under a Market Bid for the Securities pursuant to Rule 2.20.2(2).

The next Section is Section 2A

Approved for Public Register and
to be published on the Internet

YES / NO

161513

17773