

Chapter 6: Dealing

OVERVIEW

This chapter sets out the requirements for dealing on the Exchange.

Right to Deal on the Exchange

- 6.1 Only Exchange brokers have the right to make bids and offers and enter into transactions on the Exchange.

Suspension of Dealing Rights

- 6.2 If all or any of an Exchange broker's rights under the rules are suspended, the Exchange may suspend the Exchange broker's right to deal on the Exchange and remove all of the Exchange broker's bids and offers from the Exchange trading system.

Authorised Trading Representatives

- 6.3 An Exchange broker must appoint one or more authorised trading representatives to deal on the Exchange on their behalf.
- 6.4 An Exchange broker may only appoint a person as an authorised trading representative if the person has been approved by the Exchange.
- 6.5 To be approved as an authorised trading representative a person must:
- (a) be at least 20 years of age and have been engaged in the securities industry for a period of not less than nine months;
 - (b) hold a written notice issued by the Exchange broker that authorises the person to deal in securities on behalf of the broker;
 - (c) have not less than one month's supervised training on the rules and procedures of the Exchange; and
 - (d) have satisfied the Exchange of their knowledge of the rules and procedures of the market and all relevant provisions of the Corporations Act.
- 6.6 Applications for approval to appoint an authorised trading representative must be made to the Exchange in the form prescribed by the Exchange from time to time.
- 6.7 The Exchange may refuse approval for an employee, consultant or agent of an Exchange broker to act, or continue to act, as an authorised trading representative. The Exchange will notify the Exchange broker of the reasons for the refusal or withdrawal of approval.
- 6.8 All transactions entered into by an Exchange broker's authorised trading representatives are on account of the Exchange broker and the Exchange broker is responsible for all such transactions.
- 6.9 An Exchange broker that cancels the appointment of any of their authorised trading representatives must immediately notify the Exchange. The Exchange broker's responsibility for any such authorised trading representatives continues until the Exchange has notified the cancellation to all Exchange brokers. The Exchange will do so as soon as reasonably practicable and in any event within three business days.

Trading Responsibilities

- 6.10 An Exchange broker is responsible for the accuracy of details of all bids and offers.
- 6.11 An Exchange broker must have adequate arrangements in place so they can at all times determine the origin of all orders, bid and offers, including:
- (a) the different stages of processing each order;
 - (b) the identity and capacity of the person placing the order; and
 - (c) whether the order was submitted as principal or for a client.

Orderly Market

- 6.12 An Exchange broker must ensure the conduct of an orderly market and is responsible for ensuring that their authorised trading representatives do so.
- 6.12A If the Exchange determines that a market is not orderly or that trading has been disrupted, the Exchange may take such action it deems necessary including but not limited to imposition of a trading halt on a particular security or suspension of a particular security to restore order or resolve the disruption, or it may suspend the operation of the market until order has been restored or the disruption overcome.
- 6.13 An Exchange broker must not make bids and/or offers for securities with the intention of creating a false or misleading appearance with respect to the market for, or the price of, any securities.
- 6.14 An Exchange Broker must not knowingly engage in a transaction or give an order for the purchase or sale of securities, the execution of which would involve no change of beneficial ownership.

Prohibition on Trading Off Market

- 6.15 An Exchange Broker must not deal in securities quoted on other than as set out in this chapter 6.

Marketable Parcels

- 6.16 The Exchange will specify from time to time what constitutes a marketable parcel. All bids and offers must be in amounts not less than a marketable parcel.

Minimum Bids

- 6.17 The Exchange will specify from time to time and may, in its discretion, vary the size of a minimum bid.

Short Selling

- 6.18 An Exchange broker must not short sell a security other than in accordance with the Corporations Act.

Crossings

- 6.18A An Exchange broker may only cross bids and offers in accordance with the following provisions:
- (a) bids and offers may only be crossed during normal trading;
 - (b) an Exchange broker must enter either a bid or offer at the price at which they wish to cross;
 - (c) where a bid is entered it will be matched with offers in order of priority from the lowest offer price up to but not including offers at the price at which the Exchange broker wishes to cross;
 - (d) where an offer is entered it will be matched with bids in order of priority from the highest bid price down to but not including bids at the price at which the Exchange broker wishes to cross; and
 - (e) any amount of securities remaining available after the procedure outlined in rules 6.18A(b) to (d) has been followed may then be crossed.

Exchange Suspension Powers

- 6.19 The Exchange may:
- (a) suspend an Exchange broker's dealing rights; or
 - (b) generally suspend access to the Exchange trading system,
- if the Exchange considers it necessary to do so in order to ensure the ongoing efficiency and integrity of the market or the proper functioning of the Exchange trading system.
- 6.20 Any suspension under rule 6.19 will continue until the Exchange is satisfied that a satisfactory resolution has been implemented in relation to the act, omission or circumstance that lead to the suspension.
- 6.21 If the Exchange takes action under rule 6.19 it will immediately notify the Exchange broker or Exchange brokers generally as the case may be.

Dealing

- 6.22 Each bid or offer price for securities entered into the Exchange trading system 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.
- 6.23 During the pre-opening phase:
- (a) bids and offers may be entered, amended or cancelled (including bids and offers in the Exchange trading system from the previous trading session);
 - (b) unless a bid or offer is amended or cancelled, bids or offers that were in the Exchange trading system at the close of the previous trading session will retain their priority in accordance rule 6.22;

(c) no bids or offers will be matched.

6.24 During the opening phase:

(a) no new bids or offers may be entered and no existing bids or offers may be amended or cancelled.

(b) subject to rule 6.24 (c), all bids and offers must be matched in accordance with the following:

(i) the priority bid is paired with the priority offer so that either the bid or the offer is fully satisfied;

(ii) a new priority of bids and offers is determined, ignoring the quantity of securities previously paired;

(iii) the processes in rules 6.24 (b) (i) and (ii) are repeated until the priority bid price is below the priority offer price; and

(iv) each paired bid and offer is then matched at the Opening Price

(c) where the highest bid price and the lowest offer price do not match or overlap, those bids and offers must not be matched in accordance with rule 6.24 (b); and

(d) any bids and/or offers which have not been matched at the completion of the procedures in this rule 6.24 will be carried through to normal trading.

6.25 During normal trading, bids and offers may be entered, amended or cancelled and will be matched in accordance with rule 6.22.

Conditional Trading

6.26 Despite any provision of these rules to the contrary, a conditional sale will be cancelled in accordance with rules 6.27 to 6.36 below if the condition is not fulfilled.

6.27 The Exchange may declare a market to be a conditional market if:

(a) an issuer or vendor has:

(i) requested the Exchange in writing to provide a conditional market;

(ii) specified at least one condition which satisfies rule 6.28(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 disclosure document offering to which the request for a conditional market relates:

(i) has a total value of not less than the value prescribed by the Exchange from time to time and not objected to by ASIC; or

(ii) anticipates pre-allotment or pre-transfer trading on an overseas market; and

(iii) sets out the responsibility of and procedures for an applicant for securities pursuant to that prospectus offering to verify their holding and describes the basis of pre-allotment or pre-transfer trading in a manner which clearly describes the underlying contingent nature of the issue of securities until allotment or transfer occurs;

- (c) the issuer or vendor agrees with the Exchange to observe a despatch date stipulated by the Exchange and being a date not more than 5 business days after the date of satisfaction of the conditions;
- (d) an announcement of the basis of quotation as being conditional has been made on the trading system; and
- (e) the issuer or vendor provides a market announcement of the conditions for the conditional market and any other information required by the Exchange listing rules for release to the market.

6.28 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 the vendor of the securities under rule 6.27 (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 the 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.

6.29 The Exchange will make any declaration pursuant to rule 6.27 in writing.

6.30 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 prospectus 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 prospectus offering to determine their entitlements; and
- (b) for such period of time as is agreed by the Exchange.

6.31 Trading of securities on a conditional market will be on a deferred settlement basis.

6.32 If no notification is given to 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.

6.33 If rule 6.32 does not apply, the Exchange and parties to a conditional sale are entitled to rely on advice given to the Exchange pursuant to rule 6.27(a)(iii) as to the fulfilment or non-fulfilment (as the case may be) of the conditions as conclusive evidence of that circumstance.

6.34 Immediately on receipt of advice by the Exchange of fulfilment of all conditions specified pursuant to rule 6.27(a)(ii), all sales that were conditional become unconditional. The Exchange will announce that conditional sales pursuant to rules 6.27 to 6.36 have become unconditional. Subject to rule 6.33, the settlement day of all such contracts shall be the date determined and announced by the Exchange. The settlement day will usually be the sixth business day after the despatch date stipulated by the Exchange pursuant to rule 6.27(c).

- 6.35 Despite 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 prior to the date of the announcement by the Exchange pursuant to rule 6.34 that conditional sales have become unconditional.
- 6.36 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.

Announcements and Trading Halts

- 6.37 The Exchange may impose a trading halt if:
- (a) The Exchange releases an announcement in relation to an issuer that in the opinion of the Exchange is market sensitive; or
 - (b) an issuer requests a trading halt and the Exchange agrees to the request.
- 6.38 Securities subject to a trading halt will be placed into pre-opening phase. However, if the trading halt is imposed after the close of trading, the securities subject to the trading halt will be placed into pre-opening phase the next trading day.
- 6.39 Securities subject to a trading halt must not be traded during the period of the trading halt regardless of whether the securities have been placed into pre-opening phase.
- 6.40 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 trading halt is imposed.
- 6.41 When a trading halt ends, the securities will be placed in the phase next applying to the Exchange as a whole unless the Exchange decides otherwise.

Suspensions

- 6.42 Securities that have been suspended must not be traded by an Exchange broker.
- 6.43 Bids and offers in securities that have been suspended will be placed in adjust phase.
- 6.44 When a period of suspension ends, trading in the securities which are the subject of the suspension will proceed to normal trading.

Errors

- 6.45 Where the Exchange becomes aware of any error in the entry of a bid or offer into the Exchange trading system, and a transaction is effected in relation to that bid or offer, the Exchange may, if it believes it is appropriate in the circumstances, cancel the transaction. If it does so, it will promptly advise the Exchange brokers to the transaction.

Cancellation Of Transaction

- 6.46 Other than as provided in rule 6.45, a transaction will not be cancelled by the Exchange except by agreement between the Exchange brokers to the transaction and with the consent of the Exchange.

Exchange Brokers Deal as Principals

- 6.47 Exchange brokers are deemed to deal with each other as principals and are responsible for satisfying the obligations associated with any contract they enter into as a result of the matching of a bid and offer on the Exchange system at the price and for the volume specified in the matched bid and offer as a principal.

Dispute Resolution

- 6.48 Any dispute arising between Exchange brokers in relation to the rules in this chapter 6 must be promptly referred to the Exchange.
- 6.49 The Exchange will investigate the dispute and make a determination in relation to it. Subject to rule 6.51, the determination will be binding upon the parties to it.
- 6.50 A party to a determination made by the Exchange under rule 6.49 may appeal the determination to the Compliance Committee.