

# ASX REDUCING RED TAPE CONSULTATION ANNEXURE A

## HIGH LEVEL SUMMARY OF PROPOSED RULE/PROCEDURE CHANGES

The table that follows is a high level summary of the amendments proposed to the Operating Rules and Procedures for ASX's various markets and facilities to achieve the aims set out in ASX's *Reducing Red Tape* Consultation Paper.

The summary indicates the purpose of the amendment and which provisions in the ASX, ASX 24, ASX Clear (ASXC), ASX Clear (Futures) (ASXCF) and ASX Settlement (ASXS) Operating Rules and Procedures are being amended for that purpose.

The summary does not cover all of the amendments proposed to the Rules and Procedures. In particular, there are some inconsequential drafting changes and minor corrections to the Rules and Procedures that, for the sake of brevity, are not included in the summary. Readers should refer to Annexures B – M to the Consultation Paper for a detailed exposition of all of the proposed amendments to the Rules and Procedures.

The numbers in the light blue shaded columns in the summary are references to provisions in the relevant Rules unless they are preceded by "P", in which case they are references to provisions in the relevant Procedures.

A number of paragraphs and sub-paragraphs in the Rules and Procedures are proposed to be re-numbered as a result of the addition or deletion of provisions around them. The numbers in the light blue shaded columns in the summary refer to the Rules and Procedures as proposed to be amended. Readers should refer to Annexures B – M to the Consultation Paper for any new numbering proposed for the Rules and Procedures in question.

In some cases, where provisions are being harmonised, a Rule or Procedure reference will appear with an asterisk next to it. This denotes that the Rule or Procedure in question is not being amended and does not appear in Annexures B – M to the Consultation Paper. If a reader wishes to see that provision in its current form, the various ASX Operating Rules and Procedures can be viewed on the ASX website at:

<http://www.asx.com.au/regulation/rules-guidance-notes-and-waivers.htm>

Subject	Proposed Action	Purpose	Operating Rule / Procedure (P)				
			ASX	ASX 24	ASXC	ASXCF	ASXS
<b>Standardise &amp; streamline ASX's admission process</b>							
Application form	Align rules to allow the application form for admission as a participant to be prescribed by ASX rather than set out in the Procedures	Alignment	1000(a)	1000(a)	3.1.1(a)	4.1(a)	P 4.2.1*
AFSL requirements	Align rules to recognise that not all participants require an AFSL (eg those that have the benefit of ASIC Class Order relief)	Alignment	1000(c)(i)	1000(c)(i)	3.2.1(c)(i)	4.2(b)(i)	
Business integrity requirements	Align business integrity requirements to recognise that ADIs and applicants holding an AFSL are subject to business integrity regimes administered by APRA and ASIC and can meet ASX's business integrity requirements by confirming compliance with those regimes	Alignment and reduce red tape	1000(d) P 1000(d)	1000(d) P 1000(d)	3.2.1(d) 3.4.1 P 3.4.1	4.2(c) P 4.2(c)	4.3.1(e) 4.4.1(e)* 4.4A.1(e)* 4.5.1(e) 4.11.1 P 4.11.1
Organisational requirements	Simplify and shorten the form of "organisational competence" certification that applicants for admission to the ASX and ASX 24 markets are required to provide under Procedure 1000(e) of the ASX and ASX 24 Operating Rules and replace the admission requirements around management plans and structures that currently apply to the ASX Clear, ASX Clear (Futures) and ASX Settlement facilities with the same form of certification	Alignment and reduce red tape	1000(e) P 1000(e)	1000(e) P 1000(e)	3.2.1(e) 3.2.1(f) 3.5.1 P 3.5.1	4.2(e) P 4.2(e)	4.3.1(h) 4.4.1(h) 4.4A.1(h) 4.5.1(g) 4.18.1 P 4.18.1
Outsourcing agreement	Remove the requirement that applicants provide copies of material outsourcing service agreements as part of the admission process	Reduce red tape	P 1000(e)	P 1000(e)			
Organisational competencies - fair and orderly & operational efficiency	Simplify the drafting of, and remove the duplication concerning, these organisational competency requirements for ASX and ASX 24 participants	Simplification	1000(f) and (g) P 1000(f) and (g)	1000(f) and (g) P 1000(f) and (g)			
Requirement for ASX/ASX 24 applicants to warrant compliance with ASIC MIR management requirements	Remove the requirement for participants to warrant that they are in compliance with the ASIC MIR management requirements (this is a matter supervised by ASIC).	Reduce red tape	1000(h)	1000(h)			

Subject	Proposed Action	Purpose	Operating Rule / Procedure (P)				
			ASX	ASX 24	ASXC	ASXCF	ASXS
ASX/ASX 24 admission requirements regarding capital	Delete the reference to the transitional capital rules from the list of admission requirements for ASX and ASX 24 participants (these no longer have any force or effect since ASIC took over responsibility for supervising the capital requirements of market/trading participants in 2011)	Reduce red tape	1000(j)	1000(j)			
Principal traders	Remove the provisions imposing alternative admission requirements on principal traders and harmonise their eligibility requirements with those of other market/trading participants	Alignment and reduce red tape	1000 1001(a) P 1000(e)	1000 1001 P 1000(e)			
Market makers	Amend the ASX Operating Rules to recognise that not all ASX market makers necessarily require an AFSL (eg those that have the benefit of ASIC Class Order relief)	Reduce red tape	1001(b)				
ASX's discretion to grant or refuse admission	Harmonise ASX's discretionary powers to grant or refuse admission across all rulebooks	Alignment	1200*	1200*	3.1.3 3.1.3A	4.4A	4.2.3A
Admission provisions generally	Align the admission regime for ASX Clear (Futures) participants with the regime applicable to ASX Clear participants in ASX Clear Operating Rules 3.1.1 - 3.1.6 (note that this will also involve consequential amendments to the ASX Enforcement and Appeals Rulebook to confer a right of appeal against decisions to impose conditions on the admission of an ASX Clear (Futures) participant)	Alignment			3.1.1 – 3.1.6	1.1 (definition of "Admission Requirements") 4.1 - 4.7	
<b>A uniform regime for foreign participants</b>							
Registration as a foreign company	Align rules to remove the requirement to be incorporated as a company or registered as a foreign company carrying on business in Australia and only require applicants to be a body corporate carrying on business in its own right and not as trustee of trust	Alignment and reduce red tape	1000(b)	1000(b)	3.2.1(a)	4.2(a)	
Overseas licence requirements	Amend the admission requirements to include a further requirement that participants that are incorporated or carry on business outside Australia must hold any necessary foreign licence for that purpose	Alignment	1000(c)(ii)	1000(c)(ii)	3.2.1c(ii)	4.2(b)(ii)	

Subject	Proposed Action	Purpose	Operating Rule / Procedure (P)				
			ASX	ASX 24	ASXC	ASXCF	ASXS
Conditions ASX can impose on participants incorporated or carrying-on business outside Australia	Align the admission requirements to include in the Procedures the standard conditions that ASX is likely to impose on the admission of applicants incorporated or carrying on business outside Australia	Alignment	1002 P 1002	1002 P 1002	3.2.1(b) 3.8.1 P 3.8.1	4.3A P 4.3A	4.2.2A 4.3.1(f) 4.4.1(f) 4.4A.1(f) 4.5.1(f) P 4.2.2A
<b>A uniform regime for offshoring and outsourcing</b>							
Overseas activity: notification	Introduce a uniform regime for regulating offshoring and outsourcing based on the existing provisions in ASX & ASX24 Operating Rules 1002 and 6400-6403 and the related Procedures, ASX Clear Operating Rules 3.8.1 and 4.19.1 – 4.19.4 and ASX Settlement Operating Rule 4.12.2	Alignment	6400 - 6403 P 6400	6400 - 6403 P 6400	4.19.1 - 4.19.5 P 4.19.1	1.1 (definitions of "Clearing Messages" and "Gateway") 4.15A P 4.15A	4.12.1 - 4.12.5 P 4.12.1
Liability for acts or omissions of employees of related bodies corporate and other persons involved in the participant's business	Adopt a standard definition of "employee" that includes employees of related bodies corporate involved in the participant's business and align the liability provisions across all rule books	Alignment	6500 7100 (definition of "Employee")	6500 7100 (definition of "Employee")	2.10 (definition of "Employee")* 4.17.1	1.1 (definition of "Employee") 4.11A	2.13 (definition of "Employee")* 6.2.1
<b>Removing "responsible executives" from the ASX Clear rules</b>							
Responsible executives	Remove the requirement for participants in the ASX Clear facility to have "responsible executives" (note that this will also involve consequential amendments to the ASX Enforcement and Appeals Rulebook)	Reduce red tape			Section 1 2.10 (various definitions) 3.5.1 3.13.3 4.1.1 4.5.7 4.8.1 4.9.1 4.14.1 4.16 4.22 4.23.5		

Subject	Proposed Action	Purpose	Operating Rule / Procedure (P)				
			ASX	ASX 24	ASXC	ASXCF	ASXS
					4.23.6 Section 19 P 4.1.1 P 4.22.1 P Annexures 5 and 6		
<b>Simplifying and aligning ASX's notification requirements</b>							
Change of name	Harmonise the requirement to notify ASX of change of names	Alignment	P 1400(e)1(a)	P 1400(e)1(a)	4.7.1(a)	4.14(c)(i)	4.6.1(a)*
Change of address	Harmonise the requirement to notify ASX of change of address	Alignment	P 1400(e)1(b)	P 1400(e)1(b)	4.7.1(b)	4.14(c)(ii)	4.6.1(b)
Material business change	Harmonise the requirement to notify ASX if there is a material change in information concerning a participant's business	Alignment	P 1400(e)2(b)(iii)	P 1400(e)2(b)(iii)	4.7.1(d)(iii)	4.14(db)	4.6.1(d)
Provision of incomplete/ inaccurate/ misleading information	Harmonise the requirement to notify ASX of information previously provided that is incomplete, inaccurate or misleading	Alignment	6704*	6704*	4.14.1*	4.11C 4.13(d)	6.2.2
Event of default	Harmonise the requirement to notify ASX of events of default	Alignment	5162	5162	15.1.1 15.2.1	71.3 8.5(a)(v)	12.18.1*
Solvency	Harmonise the requirement to notify ASX of an event that will adversely affect a participant's financial position or solvency	Alignment	P 5000(e)	P 5000(e)	19.1A.1(e) 19.2.3	4.14(f)	12.18.1*
Self-reporting of significant breaches	Harmonise the requirement to notify ASX of significant breaches of its rules and procedures	Alignment	P 5000(a)	P 5000(a)	19.1A(a) 19.2.3	4.11B	12.18.1(j)*
Communication with ASX	Harmonise the requirement to notify ASX as soon as practicable when a participant is unable to send messages to/from ASX	Alignment	P 3111	P 3111*	6.1.1(b)*	4.14(o)	16.1.1(c)*
Appointment of authorised signatories	Update and align the authorised signatory notification requirements across all rulebooks	Alignment	6510 - 6513	6510 - 6513	4.12.1 P 4.12.1	4.14(ea)	4.6.2
Appointment/ removal/ resignation of directors	Harmonise the requirement to notify ASX of the appointment, resignation or removal of a director	Alignment	P 1400(e)2(a)*	P 1400(e)2(a)*	4.7.1(c)	4.14(d)	
Legal proceedings	Harmonise the requirement to notify ASX of legal proceedings	Alignment	P 5000(d)*	P 5000(d)*	4.13.1*	4.14(m)	

Subject	Proposed Action	Purpose	Operating Rule / Procedure (P)				
			ASX	ASX 24	ASXC	ASXCF	ASXS
Regulatory action	Harmonise the requirement to notify ASX if a participant is informed of regulatory action against it or its employees	Alignment	P 1400(e)3 P 5000(c)	P 1400(e)3 P 5000(c)	4.7.1(e)	4.14(n)	
Notifications regarding professional indemnity insurance	Remove all requirements for ASX and ASX 24 participants to provide copies of PI insurance policies, certificates of renewal and other information about insurance from the ASX and ASX 24 Operating Rules (these matters are now regulated by ASIC under the ASIC Market Integrity Rules). Also remove requirements for ASX Clear participants to provide copies of PI insurance policies and certificates of renewal	Alignment and reduce red tape	P 1400(e)4 P 1400(e)5 P 1400(e)6	P 1400(e)4 P 1400(e)5 P 1400(e)6	4.3.1		
Change in auditor	Delete the requirement to notify ASX of changes in auditors from the ASX Operating Rules as the obligation is related to capital-reporting, a matter which is now supervised by ASIC. Harmonise the requirement to notify ASX of changes in auditors in the ASX Clear and ASX Clear (Futures) Operating Rules	Alignment and reduce red tape	P 1400(e)7(b)		4.5.3	4.14(ab)(ii)	
Change to participant's financial year end	Delete the requirement to notify ASX of changes to financial year end from the ASX Operating Rules as the obligation is related to capital-reporting, a matter which is now supervised by ASIC. Harmonise the requirement to notify ASX of changes to financial year end in the ASX Clear and ASX Clear (Futures) Operating Rules	Alignment and reduce red tape	P 1400(e)7(a)		4.4.3(a)	4.14(ab)(i)	
Licences	Harmonise the requirement for a clearing or settlement participant to provide ASX with a copy of any licence authorising it to carry on business as a participant and to notify ASX of any changes to such a licence	Alignment			4.7.1(d)(ii)	4.14(b)	4.3.2 4.6.1(e)
Annual submission of FS 71 Audit report	Replace the requirement for ASX Clear and ASX Clear (Futures) participants to lodge an ASIC Form FS 71 audit report annually with an obligation to notify ASX if a significant issue is identified by the auditor in the report	Reduce red tape			4.5.4 P 4.5.4	4.14(aa) P 4.14(aa)	
Annual submission of group structure chart	Introduce new rules requiring ASX Clear and ASX Clear (Futures) participants to submit to ASX annually a group structure chart to replace the time-consuming process of ASX making annual requests for such charts	Reduce red tape			4.7.1	4.14(ac)	

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			ASX	ASX 24	ASXC	ASXCF	ASXS
Change in control	Harmonise the requirement for ASX Clear and ASX Clear (Futures) participants to notify ASX of a change in control.	Alignment and reduce red tape			2.10 (definition of "Controller") 4.7.1(d)(i)*	1.1 (definition of "Substantial Change in Control" and "Controller") 4.14(da)	
Management structure	Remove the requirement for ASX Clear and ASX Settlement participants to maintain a documented management structure and, in the case of ASX Clear participants, to notify ASX of changes to that management structure	Reduce red tape			4.8.1		4.18.1
Key risks & internal systems statement	Remove the requirement for ASX Clear participants to submit a "key risks & internal system statement"	Reduce red tape			P 4.4.3 Annexure 4.4.3-2		
Management structure	Remove the requirement for ASX Clear participants to notify ASX of changes to a participant's management structure	Reduce red tape			4.7.1(d)(iii)		
Participants clearing market transactions through additional/ multiple AMOs	Remove the requirement in the ASX Clear procedures for such participants to submit a separate statement in the form of Annexure 3.1.8 and a separate acknowledgement in the form of Annexure 3.2.3	Reduce red tape			3.1.8 3.2.3 P 3.1.8 P 3.2.3 Annexure 3.1.8 Annexure 3.2.3		
Attestation by CPs clearing for trading participants utilising multiple CPs	Remove the requirement in the ASX Clear procedures for such participants to submit a separate attestation in the form set out in Annexure 3.2.2	Reduce red tape			P 3.2.2 Annexure 3.2.2		
Annual director's declaration	Remove the requirement for ASX Clear (Futures) participants to submit an annual directors declaration with their Form 1 and Form 2	Reduce red tape				P 4.14(a)	
Changes to partners and shareholders	Remove the requirement for ASX Clear (Futures) participants to notify ASX of changes to partners and shareholders	Alignment and reduce red tape				4.14(d)	

Subject	Proposed Action	Purpose	Operating Rule / Procedure (P)				
			ASX	ASX 24	ASXC	ASXCF	ASXS
Third party providers	Remove the requirement for a settlement participant to notify ASX of a change in third party provider (if material, this will be covered by the requirement to notify ASX of a material change in information concerning the participant's business)	Reduce red tape					Former 4.6.1(c) [note another rule now bears this numbers]
<b>Other reductions in compliance burden</b>							
Clearing participants professional indemnity insurance	Harmonise the PI insurance requirements for ASX Clear and ASX Clear (Futures) participants	Alignment and reduce red tape			4.3.1 4.3.2	4.14(e) P: 4.14(e)	
Exigo Settlement Application Form	Remove the prescribed Exigo Settlement Application Form from the ASX Clear Procedures (this is administrative in nature and need not form part of the Procedures).	Reduce red tape			P 14.6.1 Annexure 7		
Change in control	Remove the requirement for an ASX Clear (Futures) participant to seek ASX's approval for a substantial change in control	Alignment and reduce red tape				1.1 (definition of "Substantial Change in Control") 11.2	
<b>Other amendments</b>							
Third party providers	Remove the provision that a settlement participant is responsible for third party providers under the ASX Settlement Operating Rules (this is now covered by ASX Settlement Operating Rule 6.2.1 mentioned in the item immediately above)	Reduce red tape					6.2.2
Not to employ persons if they have been involved in a rule breach	Delete the prohibition on ASX Clear (Futures) participants from employing someone who has been involved in a breach of the Rules without the prior approval of ASX	Alignment and reduce red tape				4.14(c)	
Maintenance of trading records	Delete the requirement for an ASX Clear (Futures) participant to maintain separate internal records of its own orders and trading (this is regulated by the Corporations Act)	Reduce red tape				4.14(h)	



Subject	Proposed Action	Purpose	Operating Rule / Procedure (P)				
			ASX	ASX 24	ASXC	ASXCF	ASXS
Dealing on behalf of staff of other clearing participants	Remove the existing constraints in the ASX Clear (Futures) Rules prohibiting dealings on behalf of staff of other clearing participants	Reduce red tape				Former 4.14(m) [note another rule now bears this numbers]	
Marketing by ASX Clear (Futures) participants	Remove the existing constraints in the ASX Clear (Futures) Rules regarding advertising and unsolicited business communications	Reduce red tape				Former 4.14(n) and 4.14(o) [note other rules now bear these numbers]	
Transitional provisions for ASX and ASX 24 markets	Delete Section 8 from the ASX and ASX 24 Operating Rules	Simplification	Section 8 P Section 8	Section 8 P Section 8			
Transitional arrangements for partnerships in ASX Clear	Delete transitional rules for partnerships – ASX Clear no longer has any partnerships as participants	Simplification			3.2.1(l) 22.7 23.7		
Representative requirements	Delete the redundant representative requirements in ASX Clear Operating Rule 4.9 (these are no longer necessary having regard to the removal from the Corporations Act of the notion of 'proper authorities' and the proposed removal of "responsible executives" from the ASX Clear rule framework)	Obsolete			4.1.1n 4.9		
Redundant waiver provisions	Remove the redundant provisions regarding admission waivers (the general provisions regarding waivers in ASX Settlement Operating Rule 3.3 cover the same field)	Simplification					4.2.3