



ASX-Listed Company Announcements

**Response to consultation on the processes for
advising of changes to security status and
timeframes related to company announcements**

CONSULTATION RESPONSE

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Consultation Process

On the 6th September 2017, ASX released a [Consultation Paper](#) seeking comment from market stakeholders on proposed changes to the market announcement process.

This consultation followed on from the recommendations of an ASIC review into the September 2016 ASX Trade outage. Among the recommendations was that ASX should consider the dependencies between ASX Trade and other ASX systems and identify changes to mitigate the impacts of ASX system failures. This included that 'ASX should develop procedures to allow ASX to carry out its listing and associated functions (including the processing and dissemination of individual security statuses and company announcements) in a timely manner, irrespective of the trading status of the ASX market.'

The [ASIC report](#) also included some recommendations for market participants. In summary, market participants were advised to review their arrangements for dealing with market outages and to inform their clients of the arrangements, including: arrangements for undertaking and reporting crossings (including that transactions do not occur in securities that have been suspended and that the national best bid and offer (NBBO) calculation only includes accessible orders); and to review their own system preparedness for managing market outages.

The ASX consultation paper outlined a proposal to establish an independent FIX gateway to remove interdependencies between ASX's listings operations and ASX Trade. The solution will be the primary source to enable stakeholders to receive updates to individual security trading status for price sensitive announcements independent of the ASX trading platform. The paper also considered other matters including a proposal to simplify the different periods during which trading is not permitted after a price sensitive announcement.

ASX received eleven responses to the Consultation Paper and also had follow-up discussions with those parties to better understand their views.

Consultation Feedback and ASX responses

Implications of a FIX gateway

All respondents indicated that the use of FIX was the appropriate solution to disseminate security status updates related to company announcements. ASX has reviewed other possible solutions and considers FIX as the global standard and the most appropriate solution. Some respondents requested further details on the proposed design and technical specifications. The FIX Specification is now complete and available [here](#). ASX is open to feedback and discussion around the solution outlined in the documents.

The solution will provide an independent mechanism for stakeholders to receive updates to individual security trading status for price sensitive announcements and will be the primary source for such changes. The solution aims to reduce complexity around market announcement reconciliation for redundancy and failover scenarios. Connectivity information can be made available to interested parties via an email request to the CTS team (Customer Technical Support) at cts@asx.com.au.

A number of respondents indicated a preference to continue to rely on security status updates from ASX Trade and not from the new FIX gateway. The FIX gateway will become the primary source for changes to security status relating to company announcements. As noted in the consultation paper, if ASX Trade is unavailable, participants receiving security status information via ASX Trade must ensure they have appropriate arrangements in place to ensure they comply with ASIC's market integrity rules by only conducting and reporting crossings when trading is permitted.

The consultation paper noted that in the longer term, ASX may consider whether to continue to make session state changes relating to security status available via ASX Trade as well as through the new FIX gateway. ASX confirms that it will not discontinue the ASX Trade channel in the near term and will conduct further consultation should ASX proceed with this change in the future.

There were some questions as to how time clocks will be synchronised. All ASX platforms are synchronised to Coordinated Universal Time (UTC). Further details can be referenced in the technical specification.

Proposed timeline

The consultation paper indicated that details of the technology solution would be published in October and ASX will deliver the technical solution by March 2018. The FIX Specification is now complete and can be viewed [here](#). As stated, ASX welcomes further discussion around the technical details of the proposed solution.

ASX received mixed feedback in relation to the proposed implementation timeline, with some submissions requesting consideration of a longer transition period to allow them time to prepare for the new gateway. ASX has reviewed the timeline based on the feedback received and will offer an extended period for subscribers to develop to and test their technical solutions and ensure ample time prior to the proposed go-live date. The ASX solution is planned to be ready for Industry Wide Testing (IWT) from February 2018. ASX is targeting a go-live in the second quarter of 2018 and will provide an update accordingly.

Extension to security status updates

All respondents were supportive of the proposal to extend the time period for processing security status updates for changes related to company announcements. This change will help to ensure that ASX market participants do not submit off-market trade reports before market open and after market closing auction where such trading is not permitted due to the receipt and processing of a company announcement.

ASX will extend the period for such changes to between 7:30am and 7:00pm. This change will be implemented in conjunction with the go-live of the new platform.

Takeover and scheme of arrangement announcements

All respondents were supportive of the proposal for a 60 minutes notice period prior to the resumption of trading following a takeover and scheme of arrangement announcements. A 60 minute trading pause was viewed as being appropriate time for the market to evaluate takeover or scheme documentation.

Some submissions noted that the replacement of the existing '50/10' arrangement (50 minutes in Adjust sessions state followed by 10 minutes in Pre-NR) with the 60 minute price discovery period, would reduce complexity and is an appropriate change giving increased time and flexibility for participants to enter, amend and cancel market orders.

ASX will replace the existing '50/10' arrangement for appropriate takeover and scheme of arrangement announcements with a single 60 minute trading pause. In such circumstance, the security will be in a price discovery period or 'pre-NR' session state. This change will be implemented in conjunction with the go-live of the new solution.

Standardising timeframes

All respondents were supportive of the proposal to standardise timeframes related to the continuation of trading following trading pauses although there were differing views expressed about what the minimum period should be.

There was consensus that 10 minutes is still the appropriate notice period for the resumption of trading following a release of a price sensitive announcement and ASX will continue this market practice.

A number of respondents, however, indicated that the proposal to reduce the existing 20 minutes to 10 minutes for securities resuming from a Trading Halt and Suspend session states is too short. In fact some thought the existing 20 minute period may already be too short given additional time would be useful for the market to review any new material information and contact clients for new trading instructions.

ASX sought further feedback from Market Participants on the notification period for trading halts and suspensions with recipients asked to provide a preference of 10, 20 or 60 minutes. The majority indicated that the existing 20 minutes notice period following the lifting of a Trading Halt or a Suspension was preferable.

In response to the feedback received ASX will standardise the notice period for lifting both trading halts and suspensions to 20 minutes prior to the resumption of trading. In practice this means that the change only affects the current period (40 minutes) prior to the reinstatement of trading from an intra-day suspension. This change will be implemented through a change in ASX Operating Rule Procedures, at the time of the go-live of the new solution.

Next Steps

Following the consultation ASX will be undertaking a range of actions.

- Publishing a technical specification for the FIX gateway. This has been completed and can be found [here](#)
- Incorporating the proposed amendments to the timeframes will be incorporated into the ASX Operating Rules Procedures
- Offering an extended period of industry wide testing (IWT) from February 2018 to allow subscribers to develop to and test their technical solutions.
- Confirming the delivery of the FIX gateway technical solution into production and final go-live date through a market notice.