ASX MARKETS

EQUITIES WORKING GROUP

Service Release 14 & 15

Friday 14th June 2024

ASX

ASX acknowledges the Traditional Owners of Country throughout Australia.

We pay our respects to Elders past and present.

Equity Market Working Group - Agenda

01 Welcome and overview

02 Rep 708 – IWT & BCP update

03 CDE+ Roadmap update

04 Functional updates

05 Overview of FIX functionality

06 Overview of MDF functionality

07 Next steps

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Equity Market Working Group – Welcome & Overview

Purpose

- Serve as the primary forum for consistent engagement with stakeholders concerning ASX equities market and the ASX Trade platform

Responsibilities

- Our goal is to offer prompt updates containing relevant information, enabling stakeholders to efficiently plan and allocate resources

- Feedback from stakeholders will play a pivotal role in defining and shaping industry-wide readiness activities

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Equity Market Working Group – Housekeeping

✓ Your cameras & microphones are off

✓ Questions can be submitted by using the Q&A panel

✓ Meeting is being recorded and registrants will be sent a replay link

✓ Presentation materials will be made available

✓ All relevant questions and answers will be published

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Equity Market Working Group – Presenters & Panelists

- **Presenters**

  - Jamie Crank – General Manager of Trading

  - Ben Jackson – General Manager, Market Operations

  - Jimmy Halstead – Head of Trading Technology

  - Ed Hearle – Product Manager, Markets

  - Donna Gale – Product Manager, Markets

- **Moderator**

  - Rob Nash – Head of Equities Relationship Management

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Service Release 14
- ASIC REP708

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ASIC's REP708 – ASIC's Expectations

ASIC's Expectations of Market Operators

Expectation 1	• Technology status and market monitoring
Expectation 2	• Session states
Expectation 3	• Order and trade certainty
Expectation 4	• Frequency and content of communications
Expectation 5	• Intraday checkpoints and cut-off times
Expectation 6	• Policies for disabling market components
Expectation 7	• Software release testing framework
Expectation 8	• Business continuity planning and IT disaster recovery

ASIC's Expectations of Participants

Expectation 9	• Arrangements to access alternative markets
Expectation 10	• Removing System dependencies on a single market
Expectation 11	• Best Execution Obligations
Expectation 12	• Client Order Priority
Expectation 13	• Participant BCP
Expectation 14	• Crossing System Operators
Expectation 15	• Trade Reporting

ASIC's Expectations of Large Institutional Investors

Expectation 16	• Arrangements for Market outages

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ASX Response to ASIC's Report 708

Expectation 1:
Improve monitoring tools and proactively find issues

- ASX have developed, tested and deployed monitoring tools into Production

Expectation 2:
Review session state protocols. Consider alternative to ENQUIRE

- ASX have introduced CANCEL_ONLY session state
- ASX can unfreeze market allowing Participants to cancel orders and receive an 'ACK' message back

Expectation 3:
Refine policies and procedures for providing order and trade certainty

- ASX have introduced Order Download Service (ODS) and Trade Download Service (TDS)
- Automatically created for collection/distribution

Expectation 4:
Review communication protocol for market outages and consult with participants

- Confirmed ASX System Status Page is primary mechanism for communication during disruptions
- Incident communication templates drafted

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ASX Response to ASIC's Report 708

Expectation 5:
Develop re-opening / closure protocols & intraday checkpoints

- ASX has introduced Market Closure Assessment (Done for Day)
- 45 min checkpoints with last checkpoint at 13:30

Expectation 6:
Document the circumstances that particular order types or market components will be disabled

- Described the key functionality that ASX is capable of wholly or partially disabling
- Published on ASX Website

Expectation 7:
Introduce a comprehensive test strategy that includes a wide coverage of the system and data.

- Introduced Quality Engineering Testing (QET)
- Completed the development of the enhanced ASX Trade Test Automation Framework

Expectation 8:
BCP Uplift: facilitate testing of simulated market outage events

- 2 BCP events a year – simulating market outage
- Developed a Customer Order Generation Tool to simulate market data in BCP/IWT events

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Industry Wide Test (IWT) – 4th May 2024

Preparation

4	ASX Market Notices
8	Planning / practice sessions
58	Registrations
25	Participants were registered for ODS and TDS

IWT

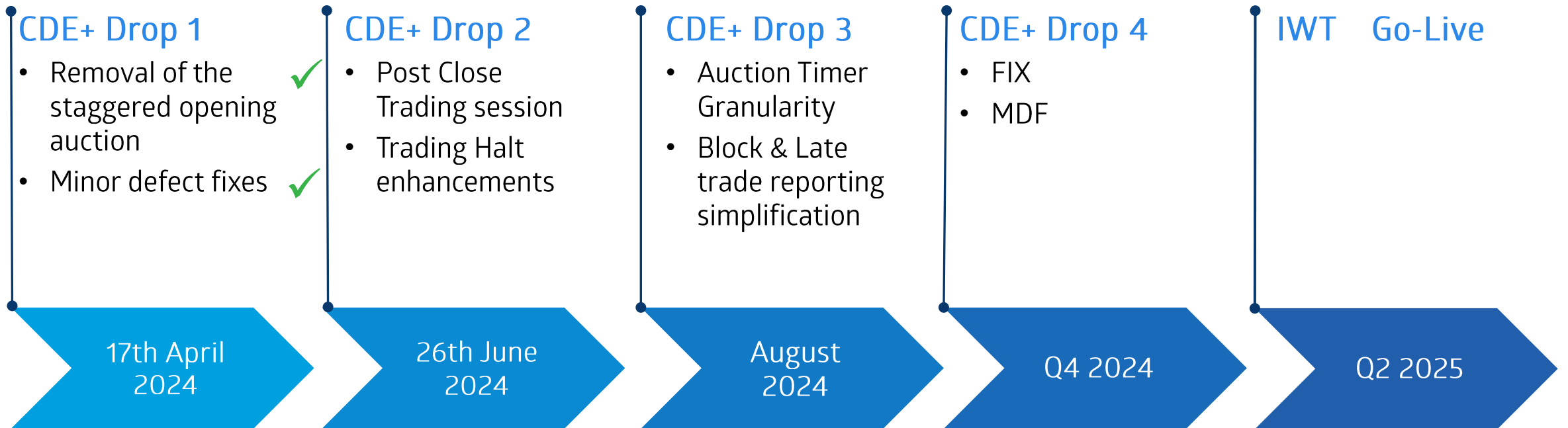|	
57	Participant ID's (PIDS) across 50 Participants - 98.36% of the total cash market share
351	Users logged in
29,540	orders placed 4,973 orders amended
20,945	orders were cancelled during CANCEL_ONLY .
42	74% of Participants cancelled orders during the CANCEL_ONLY session state
20	Participants downloaded ODS and TDS themselves from the SFTP server
24	Participants requested ODS and TDS files from Trading Ops (who are not registered to the SFTP solution)

Outcome

58	'Declaration of Activity' returned to ASX
Majority	had no outstanding issues preventing successful connectivity to the ASX SFTP Site for ODS/TDS
	confirmed they successfully completed functional and operational testing activities
	successfully completed functional testing of CANCEL_ONLY session state.
	successfully completed functional testing activities for ODS and TDS

.
Minor issues including some feedback that:
- messages were not processed or systems not able to connect
- more clarity needed from their vendor
- more time between the issue and moving to ENQUIRE
- noted that more tests in CDE+ tests and BCP's would be appreciated

Positive sentiment. No feedback received that suggested ASX should not go live with the new functionality

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Service Release 15
Update

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CDE+ Roadmap Update

CDE+ Drop 1
- Removal of the staggered opening auction ✓
- Minor defect fixes ✓

17th April 2024

CDE+ Drop 2
- Post Close Trading session
- Trading Halt enhancements

26th June 2024

CDE+ Drop 3
- Auction Timer Granularity
- Block & Late trade reporting simplification

August 2024

CDE+ Drop 4
- FIX
- MDF

Q4 2024

IWT Go-Live

Q2 2025

- Initial Specifications for FIX and MDF will be provided in Q3 2024

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Functional Updates

Self Match Prevention

- A scope discussion item for SR15 involved enhancing the Self Match Prevention (SMP) functionality. However, due to complexity and the potential impact to OUCH protocol, ASX have deferred SMP enhancements to SR16.

- Unintentional Crossing Prevention (UCP) will remain in unchanged for SR15 (with the inclusion of FIX)

SR16 Scope Consideration

- Order level controls for SMP Types   - UCP, Cancel Aggressive/Passive, Cancel Newest/Oldest options
  - Note: Cancel Aggressive/Passive will only apply in continuous lit trading i.e. excluding Auctions and Dark venues

- Cross Broker UCP/SMP optionality

Functional Updates

Trading Halt Enhancements

- Enhancements will be applied to the Trading Halt session state that will:

  o Provide customers with clarity on the listing status of instruments during the 'Adjust' phase at end-of-day

  o Apply an appropriate and consistent set of permitted order management actions during a halt

  o Allow customers to report permitted trades whilst ensuring non-permitted trades remain restricted

Current State Trading Halt	Future State Trading Halt
- ADJUST phase 'trumps' TRADING_HALT due to higher priority - All Trade Reporting transactions are rejected - Full Order Management permitted	- TRADING_HALT assigned higher priority and 'trumps' ADJUST phase - Transactions accepted for 'permitted' Off Market Trades 'Portfolio Specials (SX), & Booking Purpose(BP)' - Order management restricted to cancels & downward amendments

- The ASX Operating Rules will be updated to outline the revised permitted actions during a 'Trading Halt'

Functional Updates

Post Close Trading Session

- An opportunity to execute liquidity at the close reference price immediately following the CSPA

- Continuous 'lit' trading session – Centre Point orders and executions not permitted

- Executions during the session are identifiable via two new deal sources

- Entry of new orders and amendment of existing orders at the closing auction price

- Additional daily test windows configured for Equity Group 5 in CDE+ Test Environment

16:00		16:10	16:11		16:21:30
OPEN	PRE_CSPA		CSPA Random 30 sec	POST_CLOSE	ADJUST

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Functional Updates

ASX will no longer support the following features in FIX Order Entry (OE) and FIX Drop Copy (DC)

- Any Price Block Orders

- Undisclosed Orders

- Partial Short Sell Quantities on Orders and Trades

Other functional changes

- Simplifying the existing Block Special crossing rules - S1, S2, S3 -> SC (Special Crossing)

- Simplifying the 5 Late Trade Codes down to 2 Codes
  - Late Trades, &
  - Late Trade Put Throughs

Overview of supported FIX functionality

ASX will offering FIX version 5.0sp2 for Order Entry and Trade Reporting, along with FIX Drop Copy Sessions for Order Execution Reports and Trade Capture Reports

Cross Protocol Amends

- SR15 will **not** support cross protocol amends between, OMNet, FIX and OUCH.

- ASX has been gathering analysis on cross protocol amends, during recent months – 4 orders were subsequently amended from OUCH by OMNet

- SR15 will support cross protocol cancellations

FIX Cross Sessions Amends

- SR15 will **not** support FIX protocol cross session amends

- SR15 will support FIX protocol cross session cancellations

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Overview of MDF functionality

- MDF is a new additional 'ITCH like' binary market data feed supporting similar features to OMNet, MDF will retain ITCH components such as order book directory, session state changes, instrument tick tables and equilibrium price

- **Expanded Instrument Reference Data & Additional Messages will include**:

  - comprehensive instrument reference information, including corporate actions
  - public trades ticker, settlement prices, open interest, price limits, market announcements, trade statistics (OHLL)

- **Notable MDF points**:

  - MDF will **not** have a BO2 equivalent

  - MDF will **not** disseminate tick by tick ITCH messages e.g. Add, Delete, Executions

  - MDF will publish a consolidated view of levels by price, across all products (number of levels TBC)

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Equity Market Working Group – Next Steps

- Ongoing updates with stakeholders with additional details on timelines & scope.

- Next Equity Market Working Group webinar to be held in Sept 2024.(date to be confirmed)

- Contact your Technical Account Manager.

- ASX Customer Technical Support
  - 1800 663 053
  - +61 2 9227 0372
  - cts@asx.com.au

- For any other enquiries, please email equities@asx.com.au

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Equity Market Working Group – Next Steps

- ASX Equity Markets Working Group web page can be found Here

https://www.asx.com.au/markets/trade-our-cash-market/equity-market-working-group

Next Steps

- All Equity Market Working Group recordings will be available to review

- Presentations will be available to download

- FAQ page on all aspects on SR15 is available and will be regularly updated

- All project documentation will be made available

QUESTIONS

Want to know more?

Equities@asx.com.au

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