

Date: 29 July 2011

Reference number: 0002/11

Subject: Anomalous Order Thresholds and Extreme Cancellation Range

Under the Market Integrity Rules (MIR's), Chi-X is required to introduce anomalous order thresholds. As a result of this, Chi-X has defined pre-trade controls to check all inbound orders against a relative value (%) and an absolute value (\$). The checks are applied at a security level and an order will be rejected if it fails **BOTH** of these checks.

To assist with the familiarisation of this feature prior to the commencement of qualification testing, we are in the process of applying our proposed thresholds to the securities in the participant test environment. This will be completed by Monday morning, 1st August. The anomalous order thresholds will be applied to the current security database (S&P 200, + ETF's) and are based on the tiers defined in the table below.

Security Price Tier	Relative (%)	Absolute (\$)
0 < \$1	15%	\$0.10
\$1 < \$2	12%	\$0.20
\$2 < \$5	11%	\$0.50
\$5 < \$10	10%	\$1.00
\$10 < \$30	9%	\$3.00
\$30 +	8%	\$5.00

Implementation of an "Extreme Cancellation Range" is another requirement of the MIRs that Chi-X has applied to the participant test environment. The Market Integrity Rules provide for a Reference Price to be used for each security to define the extreme cancellation range. Full details are set out in the MIRs, however, in general terms, the reference price is set by ASX and will typically be the opening price of the day. If an order is outside the extreme cancellation range it will be rejected with an error message (OUT OF VALID TRADING RANGE). Specific details of the thresholds can be found in Part 2.2 of the MIRs.

[http://www.asic.gov.au/asic/pdflib.nsf/LookupByFileName/ASIC-market-integrity-rules-competition-in-exchange-markets-2011.pdf/\\$file/ASIC-market-integrity-rules-competition-in-exchange-markets-2011.pdf](http://www.asic.gov.au/asic/pdflib.nsf/LookupByFileName/ASIC-market-integrity-rules-competition-in-exchange-markets-2011.pdf/$file/ASIC-market-integrity-rules-competition-in-exchange-markets-2011.pdf)

If you have any questions or comments regarding these changes, please contact us at: operations-cxa@chi-x.com.

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