



## **Operating Rules**

**Version 1.1**  
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**Chi-X Australia Pty Ltd**  
ABN 47 129 584 667

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### Introduction

Chi-X Australia Pty Ltd (**Chi-X**) operates a licensed financial market in Australia for the execution of transactions in **financial products**. These **rules**, apart from those in section 11, are the operating rules of **Chi-X** for the purposes of the **Corporations Act**. The **rules** in section 11 are the compensation rules of **Chi-X** for the purposes of Division 3 of Part 7.5 of the **Corporations Act**. These **rules** are binding on **Chi-X** and all **participants**. The **rules** should be read in conjunction with the **Market Integrity Rules (Competition in Exchange Markets)**, the **Market Integrity Rules (Chi-X Market)**, the **procedures** and the **Corporations Act**.

**1 INTERPRETATION AND APPLICATION OF RULES**
**1.1 Definitions**

In these rules, the following words have the following meanings, unless the context requires otherwise.

Alternative central counterparty	An alternative clearing and settlement facility to the <b>designated central counterparty</b> , in respect of which <b>Chi-X</b> has given consent under <b>rule 6.2</b> .
ASIC	The Australian Securities and Investments Commission.
ASX	ASX Limited ABN 98 008 624 691 or the market for <b>financial products</b> operated by ASX Limited (as applicable).
Board	The board of directors of <b>Chi-X</b> .
Business Day	A day on which the <b>Chi-X market</b> is open and any other day notified by <b>Chi-X</b> to <b>participants</b> .
Chi-X	Chi-X Australia Pty Limited ACN 129 584 667.
Chi-X Market	The market for specified classes of <b>financial products</b> operated by <b>Chi-X</b> .
Claim	A claim made in accordance with <b>rule 11</b> in relation to a <b>loss</b> .
Clearing Participant	An entity which is a clearing <b>participant</b> or clearing member of a <b>designated central counterparty/alternative central counterparty</b> and is authorised to clear relevant transactions under the rules of the <b>designated central counterparty/alternative central counterparty</b> .
Clearing Rules	The operating rules of the <b>designated central counterparty</b> or an <b>alternative central counterparty</b> (as applicable).
Client	The customer of a <b>participant</b> .
Compliance Committee	A sub-committee of the <b>Board</b> the members of which will include an Independent Non-Executive Director of the <b>Board</b> and the Head of <b>Chi-X</b> Compliance and may include other suitably qualified members of the legal profession and financial services industry.
Control and Controller	As defined in the <b>Corporations Act</b> .
Corporations Act	The <i>Corporations Act 2001</i> (Cth), as amended from time to time, including any regulations made thereunder.
Designated central counterparty	A clearing facility approved by <b>Chi-X</b> for the purposes of this definition and set out in the <b>procedures</b> .
Dispute	Has the meaning given in <b>rule 5.4(a)</b> .
Employee	In relation to a <b>participant</b> means a director, employee, officer, agent, representative, consultant or adviser of that <b>participant</b> , or an independent contractor who acts for or by arrangement with a <b>participant</b> .
Equity market product	As defined in the <b>Market Integrity Rules (Chi-X Market)</b> .
Excluded loss	A loss that under section 885D of the <b>Corporations Act</b> is not a Division 3 loss.
Financial product	As defined in the <b>Corporations Act</b> .

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Fidelity fund	The compensation fund described in <b>rule 11</b> .
GST Law	Means the same as "GST Law" means in the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth)
Listing Market	The market on which <b>Chi-X</b> determines a <b>financial product</b> has its primary listing, which unless determined otherwise, is the primary market operated by <b>ASX</b> .
Loss	Has the meaning given in <b>rule 11.7</b> .
Match, matching	The electronic matching on the <b>Chi-X market</b> of buy and sell orders submitted to the <b>Chi-X market</b> .
Market Integrity Rules (Chi-X Market)	The Market Integrity Rules (Chi-X Market) made by ASIC.
Market Integrity Rules (Competition in Exchange Markets)	The Market Integrity Rules (Competition in Exchange Markets) made by ASIC.
Minister	The Minister that at the relevant time has portfolio responsibility for the regulation of the <b>Chi-X Market</b> .
Order	An electronic message submitted to the <b>Chi-X market</b> to buy or sell a <b>financial product</b> .
Off market transaction	A transaction executed (a) other than by a <b>match</b> and (b) in compliance with the <b>Market Integrity Rules (Competition in Exchange Markets)</b> .
Participant	An entity admitted as a <b>participant</b> of <b>Chi-X</b> under these <b>rules</b> and whose admission has not been terminated or whose resignation has not taken effect.
Procedures	The procedures made by <b>Chi-X</b> under <b>rule 1.7</b> .
Related Body Corporate	As defined in the <b>Corporations Act</b> .
Relevant Transaction	A transaction in respect of <b>financial products</b> that arises upon the <b>matching</b> of <b>orders</b> on the <b>Chi-X market</b> or which is reported as an <b>off-market transaction</b> to <b>Chi-X</b> under these <b>rules</b> .
Retail Client	As defined in the <b>Corporations Act</b> .
Review Committee	The committee established to review and decide on a particular matter in accordance with these <b>rules</b> and the <b>procedures</b> .
RCTI	A Recipient Created Tax Invoice as described in <b>rule 13.5</b> .
Rules	These <b>rules</b> .
Trading Notice	A notice issued by <b>Chi-X</b> on its website.

### 1.2 Rules of interpretation

- (a) Headings are for convenience only, and do not affect interpretation. The following rules also apply in interpreting these **rules**, except where the context makes it clear that a rule is not intended to apply.

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- (b) A reference to:
  - (i) a legislative provision or legislation (including subordinate legislation) is to that provision or legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;
  - (ii) a document (including this document) or agreement, or a provision of a document (including this document) or agreement, is to that document, agreement or provision as amended, supplemented, replaced or novated;
  - (iii) a party to this document or to any other document or agreement includes a successor in title, permitted substitute or a permitted assign of that party;
  - (iv) a person includes any type of entity or body of persons, whether or not it is incorporated or has a separate legal identity, and any executor, administrator or successor in law of the person; and
  - (v) anything (including a right, obligation or concept) includes each part of it.
- (c) A singular word includes the plural, and vice versa.
- (d) A word which suggests one gender includes the other genders.
- (e) If a word or phrase is defined, any other grammatical form of that word or phrase has a corresponding meaning.
- (f) If an example is given of anything (including a right, obligation or concept), such as by saying it includes something else, the example does not limit the scope of that thing.
- (g) A reference to time is to the time in Sydney, Australia.
- (h) If a party to this document is made up of more than one person, or a term is used in this document to refer to more than one party, then unless otherwise specified in this document:
  - (i) an obligation of those persons is joint and several;
  - (ii) a right of those persons is held by each of them severally; and
  - (iii) any other reference to that party or term is a reference to each of those persons separately, so that (for example) a representation, warranty or undertaking relates to each of them separately.
- (i) A rule is not to be interpreted against the interests of **Chi-X** merely because **Chi-X** prepared these rules or because **Chi-X** relies on a provision of these **rules** to protect itself.
- (j) Terms defined in the **GST Law** have the same meaning in clause concerning GST unless the context otherwise requires.

### 1.3 Application and effect of these rules

- (a) These **rules** have effect as a binding contract under seal between **Chi-X** and each **participant**, and between each **participant** and each other **participant**, under which:

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- (i) each participant agrees to observe and to engage in the conduct required by the rules; and
  - (ii) **Chi-X** agrees to observe and to engage in the conduct required by the rules.
- (b) These **rules** should be read in conjunction with the **procedures**, the **Corporations Act**, the **Market Integrity Rules (Chi-X Market)** and the **Market Integrity Rules (Competition in Exchange Markets)**. To the extent of any inconsistency between these **rules** and the **procedures**, the terms of these **rules** will prevail. To the extent of any inconsistency between these **rules** and the **Corporations Act**, the **Market Integrity Rules (Competition in Exchange Markets)** and/or the **Market Integrity Rules (Chi-X Market)**, these **rules** should be read down and interpreted in a manner that is consistent with the **Corporations Act**, the **Market Integrity Rules (Competition in Exchange Markets)** and the **Market Integrity Rules (Chi-X Market)**.

### 1.4 Changes to the rules

- (a) The rules may only be added to, amended or deleted by **Chi-X**. Unless otherwise provided in this **rule 1** any new rule or variation shall be effective from the date determined by **Chi-X**. **Chi-X** shall cause all new rules and variations to be made publicly available. Failure to give such notice will not invalidate a new **rule** or vary or delay its operation.
- (b) The conduct of a **participant** will, unless otherwise specified, be governed by and subject to the **rules** and **procedures** in force at the time of the conduct.

### 1.5 Waiver of the rules

**Chi-X** may waive the obligation of one or more **participants** to comply with these **rules** and the **procedures**. **Chi-X** may impose conditions on any waiver which must be satisfied by any participant relying on the waiver. **Chi-X** will keep a register of waivers granted under this rule and make the register available for inspection.

### 1.6 Reviews

- (a) A decision by **Chi-X** or any delegate of **Chi-X** under these **rules** may only be reviewed in accordance with these **rules** and the **procedures**.
- (b) A review conducted by the **Review Committee** pursuant to these **rules** must be conducted in accordance with these **rules** and the **procedures**.
- (c) Subject to **rule 1.6(d)**, a **participant** can only request a review by:
  - (i) notifying **Chi-X** in accordance with these **rules** and **procedures**, including as to the time by which a notification must be made, of the request for a review;
  - (ii) including the following information and material with the notification:
    - A. the name of the **participant** seeking the review, the decision in respect of which the review is sought, and all material facts;
    - B. all relevant documents including all those upon which the **participant** will rely; and

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- (iii) lodging with **Chi-X** the applicable filing fee set out in the **procedures**, prior to or at the same time as the **participant** notifies **Chi-X** of the request for a review.
- (d) For the sake of clarity, a notification under **rule 5.5(a)** may be provided by telephone or email.
- (e) A **participant** must comply with any procedural direction by the **Review Committee**.
- (f) The **Review Committee** may dismiss a request for a review on the basis that the **participant** has failed to comply with a direction.

### 1.7 Procedures

- (a) **Chi-X** may approve written **procedures** relating to the operation of these **rules**, the **Chi-X market** and the conduct of **participants**.
- (b) If a rule requires compliance with the **procedures** then failure to comply with the **procedures** as required is a contravention of that rule.
- (c) The procedures do not form part of the **rules** other than as outlined in **rule 1.7(b)**.
- (d) **Chi-X** may change the **procedures** and will give notice before those changes take effect.

### 1.8 Governing law and jurisdiction

These **rules** will be interpreted in accordance with and governed by the laws applying in the state of New South Wales, Australia, or as applicable the laws of Australia. **Chi-X** and each **participant** shall irrevocably and unconditionally submit to the non-exclusive jurisdiction of the courts of New South Wales and irrevocably and unconditionally waive any immunity from, or any objection to, any action in the courts exercising any jurisdiction in New South Wales.

## 2 PARTICIPATION

### 2.1 Applications for participation

An applicant for participation must:

- (a) accurately complete and sign the relevant **Chi-X participant** application form and provide any information required to be annexed to the **Chi-X participant** application form; and
- (b) provide any other additional information as required by **Chi-X** in connection with the application.

### 2.2 Participation criteria

For an applicant to be eligible for admission as a **participant**:

- (a) the applicant must be a corporation;
- (b) the applicant must, subject to **rule 2.4**, hold an appropriate Australian financial services licence;
- (c) the applicant must satisfy **Chi-X** that it has adequate internal procedures and controls and adequate execution and order management systems in place by providing **Chi-X** with:
  - (i) a document setting out the relevant entity's proposed management structure and allocation of responsibilities;
  - (ii) resumes for each person who is a responsible executive of the entity under the **Market Integrity Rules (Chi-X Market)**;
  - (iii) the applicant must provide to **Chi-X** copies of the written certifications it has provided to and received from **ASIC** under the **Market Integrity Rules (Chi-X Market)** in respect of the applicant's automated order processing; and
  - (iv) any other information **Chi-X** may require for this purpose;
- (d) **Chi-X** must have no reason to believe that the applicant is not, or those of its **employees** that are involved in management are not, of good fame and character;
- (e) the applicant must have in place clearing and settlement arrangements for **relevant transactions** which comply with **rules 6 and 7**; and
- (f) the applicant must satisfy general technical and systems requirements determined by **Chi-X**.

### 2.3 Guidance

The **procedures** may contain guidance on how an **applicant** may satisfy those requirements in **rule 2.2** that are similar or connected to requirements in the **Market Integrity Rules (Chi-X Market)**.

### 2.4 Exception to the requirement to hold a licence

An applicant is not required to hold an Australian financial services licence if that licence is not required by **ASIC** in respect of the applicant's activities as a **participant**. An applicant

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that does not hold an Australian financial services licence must satisfy any additional requirements for participation that are specified in the **procedures**.

### 2.5 Approval of participant

- (a) **Chi-X** participation shall become effective on such date and at such time as **Chi-X** may specify upon satisfactory fulfilment of the requirements of **rules 2.1** and **2.2** and is at the full discretion of **Chi-X**.
- (b) Where **Chi-X** admits an applicant as a **participant**, it may at that time (or at any later time) impose any conditions on the admission (or continued admission) of the **participant** which **Chi-X** considers appropriate.

### 2.6 Resignation

- (a) A **participant** must provide **Chi-X** with at least three calendar months written notice of its proposed resignation.
- (b) **Chi-X** may, in its absolute discretion, refuse to accept a notice of resignation in the event that **Chi-X** considers there is an outstanding matter concerning the **participant** that is subject to an ongoing investigation or ongoing enforcement action.
- (c) A **participant** that has provided notice of its resignation or whose resignation has taken effect, must continue to observe and comply with the **rules** in respect of the participant's conduct during the period of participation including, without limitation, **rules 1, 3.2, 3.3, 4.5, 8, 9, 10, 11, 12, 13** and this **rule**.
- (d) A **participant** that has provided notice of its resignation or whose resignation has taken effect, will remain responsible and liable under these **rules** for its acts and omissions and those of its **employees** during the period of participation.

### 2.7 Unique Identifiers

- (a) **Chi-X** will allocate one unique identifier to each:
  - (i) **participant**; and
  - (ii) logical connection used by the **participant** to access the **Chi-X market**.
- (b) A **participant** must allocate a unique identifier to each device which can be connected to the logical connection used by the **participant** to access the **Chi-X market**.

### 3 ONGOING COMPLIANCE

#### 3.1 Continuing obligations

- (a) A **participant** must at all times comply with the **rules**, the **procedures** and any guidance notes, guides, **trading notices**, technical specifications, directions, decisions, requirements and conditions of **Chi-X**.
- (b) A **participant** must at all times continue to satisfy all requirements under **rule 2.2**.
- (c) A **participant** must notify **Chi-X** of details of changes to items set out in the **procedures** by the times set out in the **procedures**.
- (d) A **participant** must, in relation to its activities as a **participant**, comply with Chapter 7 of the **Corporations Act**, any regulations made under Chapter 7 of the **Corporations Act**, and the conditions of its Australian financial services licence.
- (e) A **participant** must comply with the **Market Integrity Rules (Chi-X Market)** and the **Market Integrity Rules (Competition in Exchange Markets)**.
- (f) A **participant** must ensure that the information it submits to **Chi-X** is not false or misleading.
- (g) A **participant** must ensure that an **employee** responsible for submitting orders by or on behalf of the **participant** to the **Chi-X market** is sufficiently trained and has adequate experience, knowledge and competency.
- (h) A **participant** must at all times have one or more persons, identified to **Chi-X**, who are competent to advise the **participant** on the application of these **rules**.

#### 3.2 Record keeping

A **participant** must make each record required to be kept under the **Corporations Act**, including Regulations made thereunder, the **Market Integrity Rules (Chi-X Market)**, the **Market Integrity Rules (Competition in Exchange Markets)** and the **procedures** in relation to its dealings on the **Chi-X market**. The records must comply with the requirements of the **Corporations Act**, the **Market Integrity Rules (Chi-X Market)**, the **Market Integrity Rules (Competition in Exchange Markets)** and the **procedures**, as applicable. These records must be kept for at least the period required by the **Corporations Act** and be capable of being produced for inspection by **Chi-X** on demand and in legible form.

#### 3.3 Responsible for actions of employees

A **participant** is responsible for the acts and omissions of any **employee** in relation to its conduct as a **participant**.

#### 3.4 Notification

A **participant** must inform **Chi-X** immediately if:

- (a) it becomes subject to external administration within the meaning of the **Corporations Act** or if a person involved in the management of the **participant** becomes bankrupt;
- (b) any event occurs that may make a material adverse change to the financial position of the **participant**;

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- (c) any legal, regulatory or disciplinary action is taken, that could reasonably be expected to impact on the **participant's** ability to comply with its obligations as a **participant** (whether under these **rules** or otherwise);
- (d) a **participant's** overseas activities may have a material adverse impact on its ability to meet its obligations under these **rules**; or
- (e) it becomes aware that it or an **employee** has breached any of the **rules**, the **Market Integrity Rules (Competition in Exchange Markets)**, the **Market Integrity Rules (Chi-X Market)** or Chapter 7 of the **Corporations Act** and that breach is significant.

## 4 TRADING

### 4.1 Access to Chi-X market

A **participant** is responsible for all obligations and liabilities arising from the entry, amendment, deletion and execution of all electronic messages, including orders, submitted to the **Chi-X market** by or on behalf of the **participant**.

### 4.2 Hours of operation

**Chi-X** will determine and set out in the **procedures** the times during which the **Chi-X market** will be open. A **participant** may only submit, amend, or delete orders from the **Chi-X market** during those times.

### 4.3 Trade reporting

A **participant** may report to the **Chi-X market** an **off market transaction** that has not already been reported to another licensed market. The report must comply with the **procedures**.

### 4.4 Classes of financial products

The classes of **financial products** that may be traded on the **Chi-X market** are **equity market products**. The **procedures** contain a further description of the specific **equity market products** that are able to be traded on the **Chi-X market**.

### 4.5 Orders and matching

- (a) A **participant** may submit the following **order** types to the **Chi-X market**:
  - (i) limit **orders**; or
  - (ii) pegged **orders** that are referenced to a source specified in the **procedures**.
- (b) An order submitted to the **Chi-X Market**:
  - (i) must have the mandatory attributes specified in the **procedures**; and
  - (ii) may have the optional attributes specified in the **procedures**.
- (c) All orders entered into the **Chi-X market**:
  - (i) are firm and available for execution, subject to **rule 4.6**;
  - (ii) will be **matched** based on price/visibility/time priority, subject to the exceptions set out in the **procedures**; and
  - (iii) must otherwise comply with the **procedures**.
- (d) If a **client** places an **order** with a **participant** and expressly or implicitly instructs the **participant** to only use the **Chi-X market** in relation to the **order**, then the **participant** must make a record of this and retain the record for seven years and produce it to **Chi-X** upon request.
- (e) **Chi-X** may impose restrictions and limits in relation to the entry of **orders** or the execution of **relevant transactions**.

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- (f) The **matching** of buy and sell **orders** in the **Chi-X market** results in a contract between the **participants** responsible for the entry of those **orders** for the acquisition and sale of the relevant **financial products** at the price and volume that has been **matched**, subject to these **rules** and the **procedures**.

### 4.6 Purging of orders

An **order** in the **Chi-X Market** that is **unmatched** at the close of trading will automatically be cancelled by **Chi-X** in accordance with the **procedures**.

### 4.7 Order routing

- (a) A **participant** may provide, or arrange for the provision of, an automatic order routing facility or direct market access to a **client** which enables the **client** to submit **orders** to the **Chi-X market**.
- (b) A **participant** that submits orders to the **Chi-X market**, or who provides, or arranges for the provision of facilities under paragraph (a), shall, at all times, have adequate order management systems, procedures and controls in place to prevent the entry of erroneous **orders** to the **Chi-X market**.
- (c) A **participant** is responsible for all **orders** submitted by the **participant**, including those submitted by a **client** to whom the **participant** provides, or arranges for the provision of, facilities under paragraph (a).

### 4.8 Short sale reporting

Where a **participant** is required to provide information to **Chi-X** under Division 5B of the **Corporations Act** or the **Market Integrity Rules (Competition in Exchange Markets)** in respect of sell **orders** or **relevant transactions** involving a sale by the **participant**, the **participant** must provide the information to **Chi-X** in accordance with the **Corporations Act** and the **Market Integrity Rules (Competition in Exchange Markets)** and in the form and by the time specified in the **procedures**.

**5 FAIR AND ORDERLY MARKET**
**5.1 Chi-X orderly markets powers**

**Chi-X** may take any action it considers necessary to ensure that the **Chi-X market** is fair, orderly and transparent, including:

- (a) rejecting one or more **orders** or other electronic messages submitted to **Chi-X** or entered into the **Chi-X market**;
- (b) suspending or halting trading in all or part of the **Chi-X market**;
- (c) cancelling or amending any **relevant transaction**;
- (d) directing any **participant** to take, or not to take, specified action in connection with the **Chi-X market**;
- (e) modifying, restricting or suspending access by one or more **participants** to all or part of the **Chi-X market**; or
- (f) requesting a **designated central counterparty** or **alternative central counterparty** to exercise its powers.

**5.2 Request for a review of a decision under Rule 5.1(e)**

A participant may request a review of a decision by **Chi-X** under **rule 5.1(e)** to modify, restrict or suspend the **participant's** access to the market, by notifying **Chi-X** of that request in accordance with these **rules** and within the 10 **business days** following the **participant's** receipt of the notice of the **Chi-X** decision. **Chi-X** must establish a **Review Committee** to review a decision under **rule 5.1(e)** that is the subject of a **participant** request made in accordance with these **rules**.

**5.3 Suspension of access to or trading on the Chi-X market**

**Chi-X** may suspend access to or cease trading on the **Chi-X market** if:

- (a) **Chi-X** determines a systems or communications problem has occurred or is likely to occur which may result in disorderly trading conditions on the **Chi-X market**;
- (b) a specific **financial product** is the subject of a suspension or trading halt on the **listing market**; or
- (c) **Chi-X**, in its absolute discretion, considers it appropriate to do so.

**5.4 Market-related disputes**

- (a) A **participant** may notify **Chi-X** of any market-related dispute (**dispute**) between the **participant** and another **participant** arising in relation to any of the **rules**.
- (b) **Chi-X** will consider a **dispute** as soon as reasonably practicable following the referral by a **participant**.
- (c) In considering a dispute, **Chi-X** may make any enquiries relevant to the **dispute**, seek information from the relevant **participants** and determine how the **dispute** will be considered.
- (d) **Chi-X** may decide to take any action (or refrain from taking action) and give any directions it considers appropriate in relation to the **dispute** including:

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- (i) cancelling the **relevant transaction**;
  - (ii) varying the **relevant transaction**;
  - (iii) re-instating an **order** which gave rise to the disputed **relevant transaction**, the time priority of the re-instated **order** being set according to the time of the re-instatement;
  - (iv) giving directions to the **participant(s)** who are a party to the disputed **relevant transaction**; and
  - (v) requesting a **designated central counterparty** (or **alternative central counterparty**) to act or refrain from acting under their clearing rules, for example to give effect to **Chi-X's** actions under this **rule**.
- (e) **Chi-X** will notify each **participant** involved in the **dispute**, of the action, if any, it proposes to take.
- (f) **Chi-X** will not take steps to implement the action proposed in a notice issued pursuant to **rule 5.4(e)** unless:
- (i) the period for notifying a request for a review under **rule 5.5(a)** has expired (unless the **participants** affected agree to waive that period); or
  - (ii) in the opinion of **Chi-X** circumstances require the proposed action to be taken immediately.
- (g) Subject to **rule 5.5**, the exercise by **Chi-X** of its powers under **rule 5.4(d)** is final and binding on the **participant(s)**.
- (h) Subject to **rule 5.5**, **participants** must comply with any request made, or directions given, by **Chi-X** under this **rule 5.4**.

### 5.5 Review of dispute

- (a) A **participant** may request a review of the proposed exercise of the powers in **rule 5.4(d)** by notifying **Chi-X** of that request by 10am on the first **business day** following the **participant's** receipt of the notice issued pursuant to **rule 5.4(e)**.
- (b) Upon receipt of a request for a review that has been made under **rule 5.5(a)** and is in accordance with these **rules**, **Chi-X** must establish and refer the **dispute** to a **Review Committee** as soon as reasonably practicable.
- (c) The Chairman of the **Review Committee** established pursuant to this **rule 5.5** will convene a meeting as soon as reasonably practicable to consider the **dispute**.
- (d) A person must not sit as a member of the **Review Committee** considering a **dispute** if the Chairman of the **Review Committee** determines that the member has a conflict of interest which precludes their participation.
- (e) **Chi-X** and each **participant** involved in the **dispute** will be given the opportunity to make a submission in relation to the **dispute** and the proposed decision of **Chi-X** under **rule 5.4**.
- (f) The **Review Committee** will make a decision and may take any action or give any direction available to **Chi-X** under **rule 5.4(d)**, or confirm the decision of **Chi-X** under **rule 5.4**.

- (g) The **Review Committee**'s decision is final and binding.

**5.6 Error trades and clearly erroneous trades**

- (a) A **participant** may submit to **Chi-X** a request to amend or cancel an error trade. Such a request will be dealt with in accordance with the **procedures**.

In this **rule** an "error trade" is a **relevant transaction** arising from an error in an order submitted by a **participant**, or other error by a **participant** which relates to the **relevant transaction**. Examples of an error trade include:

- (i) a **relevant transaction** which arises because, when submitting an **order** or **off-market transaction** to **Chi-X**, the **participant** made a mistake as to the identity of the financial product, the price or volume involved, the status of buy or sell, the basis of quotation or the **order** type; and
- (ii) an **order** or a **relevant transaction** affected by a failure of **Chi-X**'s systems or processes.
- (b) **Chi-X** may amend or cancel a clearly erroneous trade in accordance with the **procedures**.

In this **rule** a "clearly erroneous trade" is a **relevant transaction** which **Chi-X** considers may be an error trade (as defined in paragraph (a)), for example because the transaction was effected at a price substantially away from, or inconsistent with, the prevailing market price for the relevant **financial product** at the time of execution.

**5.7 Other powers**

Nothing in this **rule** 5 precludes **Chi-X** from taking any other action which it is permitted to take under the **rules** and the **procedures** in connection with the **dispute** including, without limitation, the taking of disciplinary action under **rule** 9.

## 6 CLEARING ARRANGEMENTS

### 6.1 Clearing

A **participant** that is a party to a **relevant transaction** authorises **Chi-X** to deliver that **relevant transaction** for clearing to the **designated central counterparty** or an **alternative central counterparty**.

### 6.2 Appointment and use of central counterparties

- (a) **Chi-X** will appoint the **designated central counterparty** and may appoint one or more **alternative central counterparties**. Each appointment will be recorded in the **procedures** and may be conditional.
- (b) **Relevant transactions** will be delivered for clearing and settlement to the **designated central counterparty** unless delivery is not required or a **participant** has notified **Chi-X** under **rule 6.7(a)** that the **relevant transactions** to which it is a party should be delivered to an **alternative central counterparty**.

### 6.3 Third party clearing

- (a) A **participant** may have an agreement in place with one or more **clearing participants** pursuant to which the **relevant transactions** to which the **participant** is a party will be cleared.
- (b) A **participant** must:
  - (i) notify **Chi-X**, in accordance with the **procedures**, of the identity of each **clearing participant** with which it has a clearing agreement under this **rule 6.3**;
  - (ii) provide **Chi-X** with a copy of any agreement between the **participant** and a **clearing participant** immediately that it is entered; and
  - (iii) notify **Chi-X** of any amendment to an agreement between the **participant** and a **clearing participant** no later than two **business days** before the amendment takes effect.

### 6.4 Participant obligations

- (a) A **participant** must:
  - (i) not enter **orders** into the **Chi-X Market** unless it is a **clearing participant**, or has a clearing agreement under **rule 6.3**, in respect of any resulting **relevant transactions**;
  - (ii) not report an **off market transaction** to the **Chi-X Market** under **rule 4.3** unless it is a **clearing participant**, or has a clearing agreement under **rule 6.3**, in respect of that transaction;
  - (iii) notify **Chi-X** immediately of any suspension, termination or restriction of the **participant's** arrangements for clearing **relevant transactions**; and
  - (iv) comply with any direction from **Chi-X** in relation to clearing.
- (b) Each **participant** acknowledges that the clearing of a **relevant transaction** will be subject to, and governed by, the **clearing rules** of the **designated central**

**counterparty** or **alternative central counterparty** which accepts the **relevant transaction** for clearing.

#### 6.5 Rejected Transactions

Chi-X may cancel a **relevant transaction** that is rejected by the **designated central counterparty** or **alternative central counterparty**, in which case the **relevant transaction** will be deemed to have not been executed.

#### 6.6 Action to ensure adequate clearing arrangements

Chi-X may take any action it considers necessary to ensure there are adequate arrangements for the clearing of **relevant transactions** including, without limitation suspending, restricting or terminating a **participant's** participation in or access to the **Chi-X market**.

#### 6.7 Alternative central counterparty

- (a) A **participant** must notify **Chi-X**, in accordance with the **procedures**, if the **relevant transactions** to which the **participant** is a party should be delivered to an **alternative central counterparty**.
- (b) A **participant** may notify **Chi-X** that it intends to use a licensed clearing and settlement facility that has not yet been appointed under **rule 6.2** but must not use that facility to clear **relevant transactions** unless that facility has been appointed the **designated central counterparty** or an **alternative central counterparty** under **rule 6.2**.

## 7 SETTLEMENT & CORPORATE ACTIONS

### 7.1 Obligation to settle

- (a) A **participant** must satisfy **Chi-X** that it has in place and will maintain adequate arrangements for the settling of all **relevant transactions** entered into by the **participant**.
- (b) The settlement date for all **relevant transactions** is the third **business day** following the day the **relevant transaction** was created, or such other time as determined in accordance with the **procedures**. At settlement, the seller of the **financial products** the subject of the **relevant transaction** must deliver the **financial products** free of any charge or encumbrance and the buyer must pay the price for the **financial products** purchased.
- (c) **Chi-X** may postpone or extend a settlement period for **relevant transactions** in some or all **financial products** on a given day, indefinitely or for a specified period.

### 7.2 Corporate actions

- (a) A **participant** shall treat a **financial product** as being 'ex' a benefit from the time that **financial product** is marked 'ex' that benefit on the **listing market**.
- (b) **Chi-X** will take no responsibility for marking a **financial product** as 'ex' or 'cum' a benefit on the **Chi-X market**.
- (c) The responsibility for accurately pricing a **financial product** undergoing a **corporate action** is solely with the **participant**.

## 8 MONITORING & INVESTIGATION

### 8.1 Monitoring compliance and investigation

- (a) **Chi-X** will monitor the **Chi-X market** and execution of **relevant transactions** for the purpose of ensuring a fair, orderly and transparent market.
- (b) **Chi-X** will monitor compliance by a **participant** with the **rules**, and may at any time investigate the activities of a **participant**.
- (c) Where **Chi-X** has reason to suspect that a **participant** or the **employee** of a **participant** has committed, is committing or is about to commit a significant breach of the **Corporations Act, the Market Integrity Rules (Competition in Exchange Markets)** or the **Market Integrity Rules (Chi-X Market)**, it must refer the matter to **ASIC**.

### 8.2 Information

- (a) As part of any investigation **Chi-X** may require a **participant** to provide any information, document or record relating to the **participant's** activities in connection with the **Chi-X market** or the performance by the **participant** of its obligations under the **rules**.
- (b) **Chi-X** may also require the immediate production of documents, relevant to trading by the **participant**, that are in the **participant's** possession, custody, power or control.
- (c) **Chi-X** may require the immediate provision by a **participant** of accurate information about its transactions in a format, electronic or otherwise, as specified by **Chi-X**.
- (d) **Chi-X** may require a **participant** to permit **Chi-X** to access its premises in order to inspect any records or information required by **Chi-X** as part of any investigation.
- (e) **Chi-X** may give any direction to a **participant**, in relation to an investigation by **Chi-X** under these **rules**, which **Chi-X** considers is reasonably necessary to preserve the integrity of an investigation by **Chi-X** or is otherwise appropriate having regard to the obligations of **Chi-X** as the holder of an Australian Market Licence.

### 8.3 Independent Report by a Qualified Person

**Chi-X** may require a **participant** to provide, at the **participant's** cost, a report from an independent and appropriately qualified person in relation to the compliance by the **participant** with these **rules**, and any other matter which in the opinion of **Chi-X** is appropriate to assist **Chi-X** in the discharge of its functions and responsibilities under these **rules**. **Chi-X** will notify the **participant** of the scope of the report and the time by which it must be provided.

### 8.4 Costs

The **participant** is responsible for any costs the **participant** incurs in connection with any investigation conducted by **Chi-X** under these **rules**.

## 9 DISCIPLINARY ACTIONS, SANCTIONS AND OTHER POWERS

### 9.1 Disciplinary action

- (a) If **Chi-X** determines in its discretion that a **participant** has contravened the rules **Chi-X** may, by notice to the **participant**, impose one or more sanctions set out in **rule 9.3** without conducting formal disciplinary proceedings. The determination of **Chi-X** under this **rule 9.1(a)** is binding on the **participant**, subject to **rule 9.1(b)**.
- (b) A **participant** may request a review of a determination by **Chi-X** under **rule 9.1(a)** by notifying **Chi-X** of that request in accordance with these **rules** and within the 10 **business days** following the **participant's** receipt of the notice of the **Chi-X** determination.
- (c) **Chi-X** must establish a **Review Committee** to review a determination under **rule 9.1(a)** which is the subject of a request for review made in accordance with these **rules**.
- (d) **Chi-X** may refer an alleged contravention of the **rules** to a **Review Committee** without making a determination under **rule 9.1(a)**.
- (e) The **Review Committee** will publish reasons in writing for its decision.
- (f) A decision of the **Review Committee** is binding on the **participant** and **Chi-X**.

### 9.2 Agreed outcomes

- (a) **Chi-X** may, by agreement with a **participant**, impose a sanction of the kind described in **rule 9.3** in relation to a contravention of these **rules** or an alleged contravention of these **rules**.
- (b) If a **Review Committee** is established under **rule 9.1**, **Chi-X** and the **participant** may submit a proposed agreed outcome to the **Review Committee** for its consideration. A **Review Committee** is not bound to accept the agreed outcome proposed.

### 9.3 Sanctions

**Chi-X** and any **Review Committee** established under this **rule 9** may impose or utilise one or more of the following sanctions in relation to a contravention of the **rules**:

- (a) a written warning;
- (b) the suspension or restriction of access to the **Chi-X market**;
- (c) a public statement identifying the **participant** and outlining the **rule** contravention;
- (d) termination of participation on any conditions that are appropriate, including as to the continued application of these **rules** to the **participant**;
- (e) a fine up to a maximum amount specified in the **procedures**;
- (f) disgorgement of any profit arising from the contravention of the **rules**;
- (g) an order to pay the reasonable costs of **Chi-X** and any **Review Committee**;
- (h) obtain an undertaking by a **participant** to complete an education and/or compliance program; and

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- (i) any other sanction set out in the **procedures**.

### 9.4 Register of decisions

**Chi-X** will keep a register of decisions under this **rule 9**, which will, subject to the **procedures**, be available for inspection.

### 9.5 Other default powers

If **Chi-X** considers that circumstances exist which have or may have a material adverse effect on:

- (a) the capacity of the **participant** to meet its obligations to **Chi-X**, the **designated central counterparty**, an **alternative central counterparty**, relevant settlement facility or one or more other **participants**;
- (b) the financial position of **Chi-X**, the **designated central counterparty**, an **alternative central counterparty**, relevant settlement facility; or
- (c) the **Chi-X market** or the **listing market**;

**Chi-X** may immediately after giving written notice to the **participant** of its intention to rely on this **rule 9**, take any action it considers appropriate to protect **Chi-X**, the **designated central counterparty**, an **alternative central counterparty**, a relevant settlement facility or other **participants** including without limitation, suspending, restricting or terminating the **participant's** participation or access to the **Chi-X market**.

### 9.6 Review of certain action taken under rule 9.5

A **participant** may request a review of a decision by **Chi-X** under **rule 9.5** to restrict, suspend or terminate a **participant's** access to the **Chi-X market**, by notifying **Chi-X** of that request in accordance with these rules and within the 10 **business days** following the **participant's** receipt of the notice of the **Chi-X** decision. **Chi-X** must establish a **Review Committee** to review a decision under **rule 9.5** which is the subject of a request for a review made in accordance with these **rules**.

## 10 SUPERVISION OF A PARTICIPANT BY ASIC

### 10.1 Application

This **rule 10** applies to a **participant** that:

- (a) is a **related body corporate** of **Chi-X**; or
- (b) conducts, or participates in a business in competition with a business conducted by **Chi-X** or a **related body corporate** of **Chi-X** and requests **ASIC** to make decisions and take action in relation to the matters in **rule 10.2**.

### 10.2 Supervision of a participant by ASIC

**ASIC**, instead of **Chi-X**, will make the decisions and take action under these **rules** (or require **Chi-X** to take action on **ASIC's** behalf) in respect of a **participant** to which this **rule** applies where the decision or action is one of the following matters, or matters related to such matters:

- (a) an application to become a **participant** in the **Chi-X market**;
- (b) the expulsion and suspension of a **participant** from the **Chi-X market**;
- (c) the disciplining of a **participant**;
- (d) compliance by a **participant** with the **rules, procedures, Corporations Act, the Market Integrity Rules (Competition in Exchange Markets)** or the **Market Integrity Rules (Chi-X Market)**, including:
  - (i) the method of determining whether a **participant** has complied with the **rules, procedures, Corporations Act, the Market Integrity Rules (Competition in Exchange Markets)** and the **Market Integrity Rules (Chi-X Market)**; and
  - (ii) any action (including the imposition of a fine or penalty) to be taken in respect of any contravention of these **rules, procedures, Corporations Act, the Market Integrity Rules (Competition in Exchange Markets)** and **Market Integrity Rules (Chi-X Market)**.

### 10.3 Application of relevant rules

For the purposes of **rule 10.2**, in the case of any decision or action concerning a **participant** to which this rule applies, a reference in any relevant **rule** or **procedure** to **Chi-X** shall be construed as a reference to **ASIC**.

## 11 COMPENSATION ARRANGEMENTS

### 11.1 Introduction

- (a) The **Corporations Act** requires **Chi-X** to have in place approved compensation arrangements for the protection of **retail clients** of **participants** in certain circumstances.
- (b) **Chi-X** has established a **fidelity fund** to assist in meeting the requirement to compensate clients of **participants**. The **fidelity fund** operates under Division 3 of Part 7.5 of the **Corporations Act**.
- (c) This **rule 11** sets out how the **fidelity fund** will be established, operated and administered, details of the kinds of **losses** covered by the **fidelity fund**, how clients can make a **claim** on the **fidelity fund**, and various other matters.

### 11.2 Establishment of the fidelity fund and insurance coverage

- (a) **Chi-X** will contribute an initial amount of \$200,000 into the **fidelity fund** before **Chi-X** commences operation.
- (b) **Chi-X** will also obtain and maintain an insurance policy to support the **fidelity fund** and which will be set at a level determined by **Chi-X** to cover potential **claims** (subject to the limits in **rule 11.10(d)**).

### 11.3 General administration of the fidelity fund

- (a) **Chi-X** will be responsible for the administration of the **fidelity fund**.
- (b) The money in the **fidelity fund** must be held in accordance with the requirements of the **Corporations Act**. **Chi-X** may invest money in the **fidelity fund** in accordance with the requirements of the **Corporations Act**, including by appointing a person to invest on **Chi-X's** behalf.
- (c) **Chi-X** may pay out of the **fidelity fund**, as permitted by the **Corporations Act**:
  - (i) costs and expenses incurred in relation to the administration of the **fidelity fund**, including in relation to **claims**;
  - (ii) insurance premiums in relation to the insurance policy referred to in **rule 11.2(b)**; and
  - (iii) any other amounts permitted by the **Corporations Act**.
- (d) **Chi-X** will appoint a compliance officer to monitor compliance with this **rule 11** and report breaches of this **rule 11** to the **board**.
- (e) **Chi-X** will delegate to one or more independent persons (which may include an independent director of the **Board**) responsibility for:
  - (i) monitoring the adequacy of the **fidelity fund**;
  - (ii) monitoring compliance of **Chi-X** with the **Corporations Act** in respect of the **fidelity fund**; and
  - (iii) reporting to the **board** on the need for, or desirability of, changes to the **fidelity fund**.

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- (iv) **Chi-X** will give the independent person or persons such assistance as they reasonably require in this regard.
- (f) **Chi-X** must keep financial records in relation to the **fidelity fund** in accordance with the **Corporations Act**.

### 11.4 Audit

- (a) **Chi-X** must appoint an auditor to audit the accounts of the **fidelity fund** in accordance with the **Corporations Act**.
- (b) **Chi-X** must, within 14 days after receiving an auditor's report, lodge with **ASIC** a copy of the report and a copy of the **fidelity fund's** financial statements.

### 11.5 Levies

- (a) If at any time the amount of the fidelity fund falls below \$200,000, or such other amount that the **Minister** states should be in the **fidelity fund**, **Chi-X** may raise a levy on one or more **participants** to ensure that adequate funds are held by the **fidelity fund**.
- (b) The maximum amount which may be levied in any 12 month period in relation to a single **participant** is \$20,000.
- (c) **Participants** must pay any levy raised under this **rule** 11.5 within the period and in the manner specified by **Chi-X**.
- (d) Subject to **rule** 11.5(b), the amount of the levy shall be determined in accordance with the following formula:

$$L = A/P$$

where:

A = the amount by which the fidelity fund has fallen below either:

(a) \$200,000; or

(b) the amount specified by the **Minister**;

P = the number of **participants**;

L = the amount of the levy.

- (e) **Chi-X** will comply with the relevant provisions of the **Corporations Act** in relation to the imposition of any levy under this **rule** 11.5.

### 11.6 Excess money in the fidelity fund

- (a) If the amount of money in the **fidelity fund** together with the amount of cover provided by the insurance arrangements referred to in **rule** (b) at any time exceeds the minimum amount of cover required by the conditions to **Chi-X's** licence, **Chi-X** may pay the amount of the excess into a designated financial industry development account.
- (b) **Chi-X** must only apply money deposited into a financial industry development account in accordance with the requirements of the **Corporations Act**.

**11.7 Losses covered**

A loss is a **loss** covered by the **fidelity fund** if it is not an **excluded loss** and:

- (a) a client gave money or other property, or authority over property, to a **participant** (or an entity which was previously a **participant** and which the **client** reasonably believed was a **participant**);
- (b) the money or other property, or the authority, was given to the **participant** in connection with effecting a transaction, or proposed transaction, through the **Chi-X market**;
- (c) the effecting of the transaction through the **Chi-X market** constitutes or would constitute the provision of a financial service to the client as a **retail client**; and
- (d) the client suffers a loss because of the defalcation or fraudulent misuse of the money, other property, or the authority given by the client (as applicable), by the **participant**.

For the avoidance of doubt a **claim** relating to an alleged **loss** caused by defalcation or fraudulent misuse may be allowed even if the person against whom the defalcation or misuse is alleged has not been convicted or prosecuted, or the evidence on which the **claim** is allowed would not be sufficient to establish the guilt of that person on a criminal trial in respect of the defalcation or criminal misuse.

**11.8 Making a Claim**

- (a) A **client** who has suffered a **loss** may make a claim on the **fidelity fund** by completing the claim form available on the **Chi-X** website at [www.chi-x.com.au](http://www.chi-x.com.au).
- (b) A **client** may only make one **claim** in respect of a particular **loss**.
- (c) A **claim** must be made within six months of the latter of the **claim** arising and the **client** becoming aware of its ability to make a **claim**.
- (d) **Chi-X** may require a **client** making a **claim** to pay money, or transfer other property, in support of a **claim**.
- (e) **Chi-X** may, by notice, require a person to deliver to it documents or copies of documents (including documents of or evidencing title to **financial products**), statements of evidence or other information that **Chi-X** considers will assist it in determining a **claim**.
- (f) **Chi-X** may disallow a **claim** if the person making the **claim** fails to comply with rule (e).

**11.9 Determination of Claims**

- (a) **Chi-X**, or a delegate of **Chi-X**, may determine a **claim**.
- (b) **Chi-X** must determine a **claim** within a reasonable time of receipt and notify a **client** of the outcome of a determination in relation to a **claim** within 10 **business days** of its determination.
- (c) A **claim** may be dismissed, allowed in full, or allowed in part (including, without limitation, in a case where **Chi-X** considers that the conduct of the person making the **claim** contributed to the relevant **loss**).

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- (d) Without limiting anything else in this **rule** 11.9, a **claim** may be disallowed if a person making a **claim** refuses to exercise any available right of set off.

### 11.10 Amount and payment of compensation

- (a) If **Chi-X** determines a **claim** in favour of the person making the **claim** (whether in part or in full), **Chi-X** must determine the amount of compensation to be paid.
- (b) Subject to paragraphs (c) and (d), the amount of compensation to be paid in respect of a **loss** is to be not less than the sum of:
- (i) The actual pecuniary loss suffered by the **client**, calculated by reference to the market value of any relevant assets or liabilities as at the date on which the **loss** was suffered;
  - (ii) The **client's** reasonable costs of, and disbursements incidental to, the making and proof of the **claim**; and
  - (iii) Interest on the amounts set out in paragraphs (i) at a rate of 5% per annum for the period from the day the **loss** was suffered until the day when compensation is paid in respect of that **loss** (or that part of the **loss**).
- (c) The amount of compensation payable in respect of a **loss** may be reduced by the amount of any set off available to the relevant **client**.
- (d) The maximum amount of compensation payable in respect of a **claim** is \$100,000, and the maximum amount of compensation payable in respect of all **claims** referable to a particular event or circumstance is \$1,000,000.
- (e) If the **fidelity fund** is insufficient to meet all **claims**, **claims** will be reduced on a pro rata basis or in such other manner as **Chi-X** considers appropriate.
- (f) Compensation in relation to a **claim** may be paid in any manner **Chi-X** deems appropriate, including but not limited to lump sums or instalments.
- (g) If the **fidelity fund** makes a payment in relation to a **claim**, **Chi-X** may recover from the **participant** or **participants** who caused the relevant **loss** the costs or expenses incurred by **Chi-X** in determining the **claim** and the amount of any payments in relation to the **claim**. Each **participant** indemnifies and must keep indemnified **Chi-X** in relation to any such amounts.
- (h) If a **claim** is allowed, the **fidelity fund** must make the relevant payment in relation to the Claim within 28 days of the determination under **rule** 11.9.

### 11.11 Disclosure

A **participant** must provide the compensation disclosure contained in the **procedures** to a **retail client** before it accepts, from that **client**, an order for execution on the **Chi-X market**.

### 11.12 Termination and winding up of compensation arrangements

- (a) If **Chi-X** is no longer required to have compensation arrangements in place, and elects to cease to do so, it must put in place transitional arrangements in relation to **claims** which may arise after the date that **Chi-X** ceases to have compensation arrangements in place.

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- (b) The transitional arrangements under paragraph (a) must remain in place for a period of one year after the date on which **Chi-X** ceases to have compensation arrangements in place.
- (c) The compensation arrangements under paragraph (a) may consist of an undertaking by **Chi-X** to pay any valid **claim** which arose before the date on which **Chi-X** ceased to have compensation arrangements in place.

**12 CHI-X LIABILITY**
**12.1 Limitation of liability**

Subject to **rule 12.2**, **Chi-X** is not liable to a **participant** or a **participant's clients** for any direct, indirect or consequential loss, damage or expense (including legal costs) arising in any way in relation to:

- (a) the supply of services, goods or products relating to the **Chi-X market** including, without limitation, any services, goods or products relating to **relevant transactions**, trading information or documentation concerning a **participant** or **clients**;
- (b) any negligent conduct or omission of **Chi-X** including, without limitation, any systems malfunctions or failure, programming error, error inputting data or any other error, in relation to a computer or otherwise, in connection with the supply by **Chi-X** of any services, goods or products;
- (c) any implied conditions and warranties, including those implied by statute, general law or custom, in relation to the supply of services, goods or products by **Chi-X**;
- (d) the operation, enforcement or implementation of these rules, including without limitation any act or omission to ensure the **Chi-X Market** is fair, orderly and transparent; or
- (e) the exercise of any decision making power by **Chi-X** under these **rules** or by any **designated central counterparty**, **alternative central counterparty** or relevant settlement facility under their respective rules or arrangements.

**12.2 Certain liability not excluded**

**Chi-X** does not exclude under this **rule 12** any liability arising from conditions and warranties implied by or contained in statute, general law or custom where the exclusion or limitation of that liability would contravene any statute (including the Competition and Consumer Act 1974) or cause any part of this **rule 12** to be void.

**12.3 Limitation of liability**

The liability of **Chi-X** under any condition or warranty in **rule 12.2** may be limited at the discretion of **Chi-X** to:

- (a) in the case of services, the supply of the relevant services again or payment of the cost of having the relevant services supplied again;
- (b) in the case of goods and products, the repair or replacement of those goods and/or products or the payment of the cost of having the goods and/or products repaired or replaced.

**12.4 Extension of liability exclusions and limitations to others**

To the extent permitted by law, each exclusion and limitation in this **rule 12** extends to every **related body corporate** of **Chi-X** and every officer, employee, agent, contractor, delegate, person acting for or on behalf of **Chi-X** or **related body corporate** as if a reference to **Chi-X** included a reference to each of them. The benefit of any limitation or exclusion under this **rule 12** in favour of any person other than **Chi-X** under this **rule 12** is held by **Chi-X** for the benefit of those other persons and **Chi-X** may enforce that benefit on their behalf.

**13 GENERAL**
**13.1 Confidentiality**

**Chi-X** will take all reasonable measures to protect from unauthorised use or disclosure information provided to it in confidence by or on behalf of a **participant**. The circumstances in which **Chi-X** is authorised to disclose or use such information will include the following:

- (a) disclosure to any government agency, regulatory authority, exchange, market operator or clearing and settlement facility;
- (b) where disclosure is required under any law or any order of any court or tribunal, authority or regulatory body;
- (c) disclosure of information generally available to and known by the public;
- (d) for the purposes of monitoring compliance with, or the enforcement of, the **rules** or the determination of those matters including, without limitation, under **rule 9**; and
- (e) where disclosure is required to enable **Chi-X** to fulfil its licence obligations or supply the goods, services and products it has been engaged to supply.

**13.2 Complaints**

**Chi-X** will manage all complaints against it or its **employees** in accordance with its complaints policy and procedure which can be accessed at [www.chi-x.com.au](http://www.chi-x.com.au).

**13.3 Fees and charges**

- (a) A **participant** must pay to **Chi-X** all applicable subscriptions, charges, fees and any other costs due in accordance with these **rules** or pursuant to any agreement signed with **Chi-X**. Any such subscription, charge, fee or other cost may be amended by **Chi-X**.
- (b) If a **participant** does not pay any fees or other charges payable under **rule 13.3(a)** within one month from the date of any valid invoice, the outstanding amount will be subject to interest at the rate specified in the **procedures** and **Chi-X** may take other steps specified in the **procedures**.

**13.4 GST & other Taxes**

- (a) **Participants** are liable for all stamp duty and other taxes or duties that may arise in respect of any **relevant transaction**, services provided by **Chi-X** under these **rules**. **Participants** will indemnify **Chi-X** against liability for any taxes or duties so arising under this **rule** and **Chi-X** may set off any such taxes against any monies owed by **Chi-X** to the **participant**.
- (b) All subscriptions, charges, fees and any other costs due in accordance with these **rules**, the **procedures** or in any agreement signed by **Chi-X** are stated exclusive of GST.
- (c) If GST is or will be payable on a supply made by **Chi-X** or a **participant** under or in connection with these **rules** or the **procedures**:
  - (i) the consideration otherwise provided for that supply is increased by the amount of that GST; and

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- (ii) the recipient must make payment of the increase as and when the consideration otherwise provided for, or relevant part of it, must be paid or provided, subject to the issue of a tax invoice (except where **rule 13.5** applies).
- (d) The right of a **participant** to recover any amount of GST from **Chi-X** is subject to:
  - (i) the **participant** first providing evidence satisfactory to **Chi-X** that it is registered for GST; and
  - (ii) except where **rule 13.5** applies, the **participant** issuing the relevant tax invoice or adjustment note to the recipient within 4 years of the **participant's** liability to that GST arising.

### 13.5 Recipient Created Tax Invoices

- (a) For supplies made under **rule 13.4(c)** for which GST is payable by a **participant**, **Chi-X** will, if and while it meets the requirements of the **GST Law** to do so, issue Recipient Created Tax Invoices (**RCTIs**).
- (b) **Chi-X** and the **participants** acknowledge that, pursuant to **rule 1.3(a)** and section 793B of the **Corporations Act**, this **rule 13.5** constitutes a written agreement to issue **RCTIs** between **Chi-X**, as the entity issuing the **RCTI**, and the **participant** on whose behalf it is issued.
- (c) A **participant** on whose behalf a **RCTI** is issued warrants to **Chi-X** that it is registered for GST and will notify **Chi-X** if it ceases to be registered. The **participant** indemnifies **Chi-X** against any loss resulting from the **participant** not being registered for GST.
- (d) **Chi-X** warrants that it is registered for GST and will notify the **participant** if it ceases to be registered.
- (e) A **participant** will not issue a tax invoice or adjustment note for supplies that it makes to **Chi-X** in respect of which **Chi-X** will issue a **RCTI**.

### 13.6 Foreign Participants

- (a) If a **participant** provides evidence satisfactory to **Chi-X** that:
  - (i) it is a non-resident of Australia and will not be in Australia in relation to any supply which **Chi-X** makes to it;
  - (ii) it acquires the supplies from **Chi-X** in carrying on an enterprise but it is not registered or required to be registered for GST;
  - (iii) the supply by **Chi-X** to the **participant** is not otherwise subject to GST; and
  - (iv) it will only make supplies to **Chi-X** which are not connected with Australia;

**Chi-X** will treat its supplies to the **participant** as GST-free, and the **participant** will treat its supplies to **Chi-X** as not subject to GST.
- (b) A **participant** to which this **rule** applies, indemnifies **Chi-X** against any loss suffered by **Chi-X** as a result of relying on information provided by the **participant**.

**13.7 Notifications**

- (a) All notifications under these **rules** by a **participant** shall be made as soon as is reasonably practicable and in accordance with the **procedures**. Where a notification is initially made verbally or via electronic mail, there may be a requirement for the notice to be confirmed in writing.
- (b) For the purposes of any **rule** that requires or permits a document to be given to a person, whether the expression "serve", "give" or "send" or any other expression is used, the document may be given, and will be taken to have been received, at the time and in the manner set out in the **procedures**.
- (c) A **participant** must have and maintain an operating e-mail system for the purposes of receiving notices under these **rules**.

If **Chi-X** must give notice under these **rules** to some or all **participants**, accidental omission by **Chi-X** to give notice to one or more **participants** does not affect the validity or enforceability of any resolution, decision, proceeding or act in connection with which the notice is required.