



Arrangements for Anomalous Order Thresholds

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1 Introduction

Under section 2.1.1 of the ASIC Market Integrity Rules (Competition in Exchange Markets), Chi-X is required to have arrangements in place for rejecting orders whose price does not fall within the price range determined by Chi-X for the particular product on the Chi-X market. The price range determined by Chi-X for the product is known as an Anomalous Order Threshold (**AOT**), and stops participants entering incorrectly priced orders that fall outside the valid price range.

Accordingly, Chi-X has determined the AOT for cash products quoted on the Chi-X market. The AOT does not apply to warrants. This document provides:

- i. a description of the AOT framework, validation process and reference prices; and
- ii. the list of Threshold Security Groups and the parameters associated with each group.

2 Framework

Orders entered into the Chi-X trading system are subject to validation against a Reference Price¹ using two parameters known as the Relative Threshold Value and the Absolute Threshold value.

3 Order Validation

When an order entry or order amendment is received by Chi-X, the limit price of the order will be subject to the following two validation checks, and the order will be rejected if it fails **BOTH** of these checks:

- i. Check 1 - Relative Threshold Value
This is the maximum percentage the price of an order may deviate from the Reference Price. An order will fail the relative check if it deviates from the Reference Price in the following circumstances:
 - a) A buy order fails the relative check if:
Price of order > Reference Price x (1 + Relative Threshold Value).
 - b) A sell order fails the relative check if:
Price of order < Reference Price x (1 - Relative Threshold Value).
- ii. Check 2 - Absolute Threshold Value
This is the maximum value the price of an order may deviate from the Reference Price. An order will fail the absolute check if it deviates from the Reference Price in the following circumstances:
 - a) A buy order fails the absolute check if:
Price of order > Reference Price + Absolute Threshold Value.
 - b) A sell order fails the absolute check if:
Price of order < Reference Price – Absolute Threshold Value.

¹ The Reference Price is determined in accordance with Section 4 of this document.

Anomalous Order Thresholds

4 Determination of Reference Price

The reference price is determined daily as follows:

- i. the reference price will be the last traded price on either ASX Tradematch or the Chi-X market today; otherwise
- ii. if the instrument has not traded during the Continuous Trading phase so far today, the Reference Price will be the previous day last price at which the security traded on ASX Tradematch. If there is no previous day trade then the most recent ASX Tradematch close price is used.

In limited circumstances Chi-X may be required to manually change the Reference Price to take into account matters such as corporate actions or overnight market sensitive news.

5 Threshold Security Groups

The Relative Threshold Value and the Absolute Threshold Value for each Threshold Security Group is outlined in the table below:

Group	Relative Threshold Value (%)	Absolute Threshold Value (\$)	Lower price (\$) (Inclusive)	Upper price (\$) (Exclusive)
A	15%	\$0.10	\$0	\$1.00
B	12%	\$0.20	\$1.00	\$2.00
C	11%	\$0.50	\$2.00	\$5.00
D	10%	\$1.00	\$5.00	\$10.00
E	9%	\$3.00	\$10.00	\$30.00
F	8%	\$5.00	\$30.00	

The allocation of securities to each of these Threshold Security Groups is updated each trading day and is typically based on the last traded price from ASX Tradematch on the previous trading day. If no last traded price exists, the Threshold Security Group will be set based on the first trade of the day on either ASX Tradematch or Chi-X. If required, Chi-X may change the Threshold Security Group for a security based on factors other than the last traded price.

6 Notifying changes to Threshold Security Groups

The Relative and Absolute Threshold values for each security are published each business day in the CHIXTSL (Chi-X Securities List) reference file which can be found on the Chi-X FTP site and the [Chi-X website](#). Where instruments have undefined thresholds within CHIXTSL, the thresholds may be determined by applying the thresholds from the Threshold Security Group table (in section 5 above) which have been aligned to the lower and upper price range of the last traded price for that instrument.

It is noted that the spreadsheet published in the [AOT section](#) of the Chi-X website is a periodic snapshot of the AOT for each instrument.