



The Investment Products Information Pack

Version 1.0

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1. INTRODUCTION

1.1.1 This Information Pack on Chi-X Investment Products has been developed in conjunction with issuers, participants and wider stakeholders. It is intended to assist product issuers, participants, financial advisers, investors and wider stakeholders understand what is necessary to issue and trade investment products on Chi-X. The Information Pack does not have the status of Operating Rules, but is intended to assist interested parties in applying those rules to their own circumstances.

1.1.2 The pack provides information on the following:

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2. CHI-X INVESTMENT PRODUCTS: KEY FEATURES AND REGULATORY FRAMEWORK

2.1 Key Features

2.1.1 Chi-X offers quotation and trading in warrants and ETFs. Warrants and ETFs that are quoted on Chi-X are only traded on Chi-X. The investment products admitted to quotation by Chi-X are collectively referred to in this Information Pack as Chi-X investment products.

2.1.2 Chi-X investment products will have the following features:

- (i) product issuers will be required to either (a) have arrangements in place for ensuring the underlying assets or a cash equivalent will be available for delivery to holders or (b) have a low long term credit risk;
- (ii) retail investors will be covered by a compensation regime that covers loss arising from defalcation and/or fraud related to secondary trading of warrants and ETFs;
- (iii) secondary market trading will take place on an established, reliable and efficient technology platform that is integrated with the existing Chi-X trading platform;
- (iv) conduct will be governed by the Chi-X Operating Rules, ASIC Market Integrity Rules and a Corporations Act framework;
- (v) secondary market trading will involve the existing Chi-X trading community and a regulated market making regime.

2.2 Regulatory Framework

2.2.1 The Operating Rules relating to investment products (Rules) are designed so that product issuers seek approval independently of any product that may be admitted to quotation. This is to facilitate the expeditious admission to quotation of products that are similar in nature and risk to those the issuers may have already admitted. This structure will not result in a product issuer being subject to any additional delay for the quotation of its products than if a single product approval process is in place.

2.2.2 Chi-X is conscious that in most cases the requirements applying to issuers and products will be found in the Corporations Act, the terms of any relief or waiver granted in respect of Corporations Act requirements, or in equivalent offshore provisions. The Rules and Procedures are structured so that:

- as a general principle, the Rules will not require product issuers to meet any requirements beyond those contained in the Corporations Act, applicable waivers/relief or the equivalent offshore requirements¹;
- satisfying the requirements in the Corporations Act, applicable waivers/relief or the equivalent offshore requirements, is necessary to satisfy the rules;

¹ As with all general principles, there will be exceptions to this and they are specified in the rules and some of the commentary below.

- the requirements in the Corporations Act, applicable waivers/relief or the equivalent offshore requirements, will apply to product issuers on a basis that will take into account any changes in those requirements either on a legislative or interpretative basis or on the basis of relief that ASIC has provided to a particular issuer;

- Chi-X can take a lead role in reviewing the satisfaction of the Corporations Act requirements by product issuers and products, although ASIC is the ultimate regulator with respect to the Corporations Act.

3. HOW PRODUCT ISSUERS BECOME REGISTERED

3.1 The Issuer Application Form

- 3.1.1 Chi-X has published an Issuer Application Form (IAF – **attachment one**) that must be completed by a firm seeking to have products admitted to quotation. The IAF is designed to be self-explanatory but applicants should contact the Investment Products team prior to commencing the application process.
- 3.1.2 The application process is intended to ensure that an applicant provides Chi-X with the necessary information for Chi-X to assess whether the product issuer satisfies the following key principles:
- (i) the product issuer has the regulatory authorisation necessary to issue products of the type that it is proposing to issue;
 - (ii) the product issuer has the organisational resources and competence to undertake the activities required of a product issuer;
 - (iii) the product issuer has sufficient financial resources and prudential controls to meet the requirements of being a product issuer (eg having sufficient financial resources to ensure it will be able to deliver, on a future date, underlying assets or their cash equivalent);
 - (iv) any guarantor that a product issuer is proposing to use, has sufficient financial resources and prudential controls to ensure the product issuer it has guaranteed will be able to meet its obligations in respect of any product it issued;
 - (v) the product issuer has satisfactory clearing and settlement arrangements in place; and
 - (vi) there are identifiable individuals at the product issuer who will take responsibility for issuance, compliance and systems issues.
- 3.1.3 The issuer application form is also intended to enable Chi-X to ensure that it is aware of the type of products that will be issued by a product issuer and to assess at an early stage whether the product issuer will satisfy the requirements in respect of issuing those types of products. This should facilitate the consideration by Chi-X, at a later stage, of any application to issue products.

3.2 Eligibility Criteria

- 3.2.1 The Rules impose three levels of eligibility criteria on a product issuer:
- (i) the basic eligibility criteria in rule 14.3(a) which requires (a) adequate human, technological and financial resources in place to perform its obligations and (b) an Australian financial services licence, unless the Corporations Act does not require one in response of the applicants activities as product issuer;
 - (ii) more detailed eligibility criteria in rules 14.3(b) and 14.3(c) that must be met for an applicant to satisfy the basic resource requirement in rule 14.3(a) – rule 14.3(c) being directed to where a product issuer will rely on the resources provided by a guarantor;

- (iii) more detailed eligibility criteria in rule 14.3(d) that must be met by a product issuer of investment products that require delivery of the underlying assets or cash equivalent and do not have arrangements in place to ensure underlying assets/cash equivalent will be available for delivery to holders.

3.3 Financial Resource Requirements

- 3.3.1 The financial resources required to issue an investment product will depend on the nature of the product and more specifically whether the product is of a type whereby the product issuer will pose a counterparty or market risk to the holders of the product. The Rules recognise that often the financial resource requirement may be covered by the regulatory requirements imposed on a product issuer and so the IAF requires evidence of how those requirements are being fulfilled. In some circumstances a product issuer will rely upon a guarantor to meet the financial resource requirements and the IAF requires information on the guarantor in these circumstances.
- 3.3.2 A product that involves delivery of an underlying asset to a holder requires the product issuers to ensure that the delivery is able to take place. This may require the product issuer to maintain financial resources sufficient to guarantee that it is able to procure and deliver the underlying asset or ensure that a trust arrangement or other mechanism is in place to guarantee delivery. This financial requirement is recognised in the rule which impose special requirements on product issuers that issue these types of products and do not have a trust or other arrangement in place to ensure delivery of the underlying asset to investors.

4. ADMITTING CHI-X INVESTMENT PRODUCTS TO QUOTATION

4.1 Introduction

4.1.1 This section of the Pack outlines and provides guidance on some of the key eligibility criteria that must be met before a product can be admitted to quotation. Chi-X has issued a Product Application Form (PAF - **attachment two**) that must be completed by any registered product issuer seeking to have a product admitted to quotation. The form is designed to facilitate product issuers providing a number of annexures to the Application Form in which the key criteria for a product being admitted to trading will be addressed.

4.1.2 This section provides further information on the following key aspects of the product approval process:

- (i) Underlying Assets - Chi-X encourages innovation and is keen to work with issuers in exploring a broad range of possible underlying assets for Chi-X investment products with the aim of serving the interests of end investors. The underlying assets by which an investment product may be valued or priced must, however, meet specified criteria including the following:
 - (a) the underlying asset of a Chi-X investment product must have a readily available price or value and section 4.2 discusses this requirement;
 - (b) the product issuer must have an appropriate valuation model for any underlying assets and their interaction and impact upon the price of the product that will be issued (this does not involve the assessment by Chi-X of a derivative valuation model, for example, but rather an assessment of the transparency and clarity for investors on how the product may be valued – see section 4.3);
 - (c) there must be sufficient underlying assets for the investment product to operate in a fair, orderly and transparent manner at all times, including at or around expiry or any time when the underlying assets may have to be delivered under the terms of issue of the product (see section 4.4);
 - (d) ETF products will not be admitted to quotation if they provide leveraged exposure and section 4.5 outlines what products are excluded from being granted quotation because of this;
 - (e) at this stage actively managed funds will not be granted quotation and section 4.6 provides further information on the types of funds that may come within this description;
 - (f) the eligibility criteria relating to investment products that reference indices (see section 4.7);
- (ii) Disclosure Documents - the Rules require product issuers to provide Chi-X with a copy of all documents issued to potential investors so that Chi-X can review those documents prior to a product be admitted to trading: section 4.8 provides further information on what documents are caught by this obligation and the interaction of the various requirements found in the Corporations Act, ASIC relief and the Rules;

- (iii) Liquidity Obligations - Chi-X must be satisfied, before a product is admitted to trading, that it will be sufficiently liquid for holders to be able to exit their holdings and sections 4.9 to 4.11 provide further information on what is necessary to satisfy this requirement.

4.2 Underlying Assets - Readily Available Price or Value

4.2.1 Chi-X is of the view that it is not appropriate to exhaustively list every acceptable scenario in which an underlying asset will have a readily available price or value. Rather, the most efficient process, for product issuers and end investors, is for Chi-X to state the underlying principles and factors which product issuers should take into account when deciding whether a readily available price and value is available for the underlying assets they are considering. In this context, some matters that may be taken into account by Chi-X when deciding whether an underlying asset has a readily available price or asset include:

- (i) Is the price of the underlying asset available at a regular time on a daily basis? Some underlying assets may be traded on overseas exchanges and the fact that they are not being actively re-priced on an ongoing basis will not preclude their being traded on the Chi-X market if the price is available at a regular time.
- (ii) What is the nature of the pricing mechanism? For example, is the pricing undertaken by a regulated entity in a supervised manner, such as that undertaken by a regulated market?
- (iii) Is the price available to members of public?
- (iv) Will the product issuer make an indicative net asset value available on its web site, or any other place readily available to members of the public, on an ongoing basis through the day?
- (v) How volatile is the product in between the times at which it is regularly priced?
- (vi) Is there an objective accuracy standard and monitoring regime in place for the mechanism?
- (vii) Is it clear to potential investors how the underlying price that is made available may impact on the price of the investment product?

4.2.2 For some products based on offshore assets, the pricing mechanism may be closed during Australian trading hours. This will not of itself mean that the asset does not have a readily available and transparent pricing mechanism during those times: investors will be aware of the nature of the underlying asset and the daily basis on which it is priced.

4.3 Underlying Assets – Valuation

4.3.1 When reviewing a product for admission to quotation, Chi-X will consider the way in which the product will be valued by reference to the specified underlying assets. This does not mean Chi-X will require or seek to conduct a peer review of any mathematical models that may be used. Rather it will mean that Chi-X will require transparency and a robust framework around the way in which a product may track its underlying assets and any impact this process may have on the fair, orderly and transparent operation of the Chi-X market.

4.4 Underlying Assets – Sufficient Quantity

4.4.1 The fair and orderly trading of an investment product will be impacted by the sufficiency of supply of underlying assets related to that product. For example:

- (i) an investment product that involves the potential delivery of underlying assets will be impacted by the sufficiency of the supply of the underlying assets available for that delivery;
- (ii) the orderly trading of an investment product that does not involve the delivery, but that directly tracks the price, of an underlying asset may be impacted by aberrations in the sufficiency of the supply of that underlying asset.

4.4.2 These two examples are not intended to exhaustively state the circumstances in which the supply of underlying assets is a relevant consideration for Chi-X when deciding whether products will be admitted to quotation, but they are intended to provide a flavour of the matters that will be considered. For those products that are warrants, Chi-X will generally interpret these requirements to mean that:

- (i) a mini warrant may only trade in respect of securities that are in the top 200 of the most liquid corporate names listed on the ASX; and
- (ii) the number of warrants that may be able to be issued may be restricted to a particular number.

4.5 Underlying Assets – Leveraged Exposure

4.5.1 Exchange Traded Funds will not be admitted to quotation on the Chi-X market if the dominant purpose of the fund is to provide leveraged exposure to unit holders. In the vast majority of cases it will be apparent when an ETF provides leveraged exposure: the purpose of the product will be to commit a holder to an exposure that may be a multiple of an initial outlay. The rules and procedures are structured to provide assistance in identifying these cases and expressly state that warrants are not excluded from being admitted to quotation because they provide leveraged exposure: the leveraged exposure must be the dominant purpose of the derivative that makes up the underlying asset.

4.5.2 There may be edge cases where it is not apparent on the face of the ETF if a derivative that is an underlying asset, has the dominant purpose of providing leveraged exposure. In these cases, Chi-X may take into account the following matters when deciding on a case by case basis whether a product provides leveraged exposure:

- (i) how will the product perform economically and including up to and at the expiry date of any underlying derivative – matters to take into account here include the range of the economic performance and the extent to which an investment in the product tracks any non-derivative underlying asset on a one for one or multiple basis;
- (ii) what does any disclosure document describe as the purpose of any derivative included in the product?
- (iii) if a derivative is being used as an underlying asset then is it:

- (a) used for the dominant purpose of managing risk (eg foreign exchange or interest rate risk);
- (b) used for the dominant purpose of more efficiently gaining an economic exposure, through the use of exchange-traded derivatives, to the underlying reference assets of those derivatives, but only on a temporary basis (i.e. less than 28 days, which cannot be extended by rolling over or replacing the derivative); or
- (c) an over the counter traded derivative, and if so what is the level of the notional exposure of the product to the derivative – if it exceeds 5% of the fund’s net asset value then this may suggest that a purpose of the derivative is to provide leveraged exposure (unless the exposure is attributable to circumstances that were not reasonably foreseeable by the responsible entity, such as unforeseen market movements or large redemption requests, and the exposure is for a period of no more than three consecutive business days - note that in any event, the rules require an issuer to take corrective action if the notional exposure of the derivative exceeds 10% of the fund’s net asset value).

4.6 Underlying Assets – Actively Managed Funds

4.6.1 Chi-X does not currently grant quotation to actively managed funds, a term which is defined in the rules to mean an investment fund managed by a person that has day to day discretion in the investment strategy and/or the selection of assets in the underlying fund. Chi-X will take the following matters into account when deciding whether a product, for which quotation is sought, is actively managed:

- (i) the day to day discretion that is provided to the investment manager;
- (ii) the complexity of the investment strategy or structure;
- (iii) the extent to which the management strategy is opaque or otherwise kept from the investing public as an indication that the value of the fund comes from the intellectual property in a confidential management strategy; and
- (iv) the existence and size of any performance fee.

4.6.2 In the vast majority of cases it will be apparent when a product is an actively managed fund and Chi-X does not envisage that it will be necessary to build up a database of edge cases to assist in discerning what products will fall under this category.

4.7 Underlying Assets – Index Criteria

4.7.1 The rules contain criteria that must be satisfied before a product that references an index, as an underlying asset or otherwise, will be admitted to quotation. The criteria include the methodology for the construction and rebalancing of the index and in general this will require a product issuer to only use the indices of a provider that operates according to a set of pre-determined rules and objective criteria. The index methodology should not permit retrospective changes to previously published index values, except in order to correct errors. Prospective changes to the methodology or criteria used to calculate the index or to select its components

or factors should not be made without reasonable notice being provided to users and investors or by way of supplementary disclosure documents.

4.7.2 The criteria also require transparent governance arrangements, and Chi-X will take into account the following when assessing whether to quote a product that references an index:

- (i) the extent to which the index valuation processes is independently undertaken, especially where the index provider and product issuer are related;
- (ii) the governance arrangements and levels of transparency in any disclosure documents, including governance/transparency on:
 - (a) the selection of index constituents and composition,
 - (b) the calculation methodology for passive investors
 - (c) the frequency and limits on re-balancing;
 - (d) matters that would enable an investor to replicate the index;
 - (e) what will occur when an index is no longer representative of its intended function;
 - (f) the management of conflicts of interest, particularly where the index provider and product issuer are members of the same corporate group;

4.7.3 The approach of Chi-X in this area will be informed by any regulatory developments that may take place concerning index governance, including any guidance from ASIC, IOSCO or other regulatory authorities.

4.8 Disclosure Documents

4.8.1 Chi-X is conscious that product issuers are subject to significant initial disclosure requirements that must be met before an investment product can be offered to investors. These initial disclosure requirements are primarily found, for Australian issuers, in the Corporations Act and related instruments or equivalent offshore requirements for issuers located outside Australia. This section of the Pack considers the disclosure requirements that must be met for a product to be admitted to quotation. Product issuers will also be subject to ongoing disclosure requirements once an investment product is admitted to quotation, and this is discussed in section 5.1.

4.8.2 The Rules require product issuers to provide Chi-X with copies of all 'disclosure documents' relating to a product before that product can be admitted to quotation. The term 'disclosure documents' is used in the Rules and Procedures to refer to the information which a product issuer is required to publish to potential investors in the product. As such an issuer is required to provide Chi-X with each Product Disclosure Statement (PDS) or prospectus, and any supplementary or replacement PDS/prospectus, in respect of the Investment Product.

4.8.3 Chi-X will review the disclosure documents prior to the product being admitted to quotation. As such an issuer will be required to fulfil the disclosure requirements that are imposed by the

Corporations Act and any instruments made thereunder, if applicable, or by equivalent offshore requirements or in an exemption from the Corporation Act requirements.

4.8.4 A product issuer of an ETF is required to include in the initial disclosure documents provided to investors, an outline of the differences between an ETF that is listed and one that is granted quotation. Unless an issuer obtains a waiver from this requirement, an investment product will not be granted quotation if this outline is not included in those documents.

4.8.5 Chi-X is of the view that adopting a rule framework for initial disclosure documents that is largely based on the initial disclosure requirements in the Corporations Act, or other applicable legislation/instruments, has the advantage of:

- (i) ensuring that whatever changes take place in the underlying legislative requirements (eg pursuant to court interpretations or parliamentary changes) are reproduced in the same way in the Chi-X rules on an ongoing basis;
- (ii) issuers relying on one set of controls and regulatory requirements;
- (iii) investors relying on one homogenous set of requirements and comparing like for like as much as possible;
- (iv) all stakeholders working towards enhancing one set of disclosure requirements as a way of improving Australia's markets.

4.9 Liquidity Obligations - Overview

4.9.1 In order to ensure the fair and orderly trading of Chi-X investment products, issuers are required to ensure there is sufficient liquidity for existing holders to exit positions. The rule framework is intended to apply this principle while (a) allowing issuers sufficient flexibility to implement measures that are suitable to the circumstances of each product and (b) enabling Chi-X to take a rigorous and robust approach, when required, to ensuring investors are able to exit their holdings.

4.9.2 A product issuer must ensure the liquidity obligations contained in the rules are satisfied through one of the following measures specified in the rules:

- (i) ensuring the ongoing spread of holders is adequate, reasonable and in compliance with the applicable requirements in the procedures; or
- (ii) ensuring liquidity is maintained by the products issuer:
 - (a) trading itself to maintain a reasonable bid and volume order in accordance with the procedures; or
 - (b) entering an arrangement with a market maker to maintain a reasonable bid and volume order in compliance with the procedures;
 - (c) having in place other arrangements which meet the requirements set out in the procedures.

4.10 Liquidity Obligations – Initial and Ongoing Spread of Holders

4.10.1 The procedures currently state that in the case of an ETF, an ongoing spread of holders will not be sufficient to satisfy the liquidity requirements unless there are (a) at least 1000 separate **holders** and (b) a net asset value of \$10million. Chi-X will also take the following matters into account when determining whether there is an adequate spread of holders:

- (i) the number of registered retail holders relative to the net asset value of the underlying assets (subject to the minimum requirements specified above);
- (ii) the authorised participants entitled to partake in the initial issue of securities;
- (iii) the likely level of investor interest in the product, based on past performance and the views of any authorised participants entitled to partake in the initial issue of the securities.

4.11 Liquidity Obligations – Maintaining a reasonable bid, volume and spread

4.11.1 There are two aspects to maintaining a reasonable bid and volume:

- (i) ensuring that the bid is maintained in the market for a requisite period of time – the procedures currently state that the minimum amount of time is 90% of active continuous trading; and
- (ii) ensuring that the price and volume of the bid satisfy minimum criteria for being reasonable.

4.11.2 “Active continuous trading” is defined in the Rules to mean the aggregate time in which the Chi-X market is in continuous trading for the investment product but excluding:

- (a) the period during which no firm price is available for at least 10% by value of the underlying assets of the investment product (eg due to a trading halt in a single stock that makes up 10% by value of the underlying assets of the investment product);
- (b) the first fifteen minutes of the continuous trading phase on the Chi-X market;
- (c) the last thirteen minutes of the continuous trading phase on the Chi-X market;
- (d) the time during which the theoretical value of the investment product is less than the minimum price step allowed for orders submitted to the Chi-X Market;
- (e) the time during which a product issuer, or a market maker with which it has entered an arrangement under rule 14.16, has experienced an operational disruption or is subject to a regulatory requirement, that has prevented the product issuer and/or the market maker from submitting orders to the Chi-X market.

4.11.3 The following are some of the matters Chi-X will take into account when deciding whether an issuer has taken steps to ensure there is sufficient liquidity through arrangements for maintaining a reasonable bid:

- (i) Is there an arrangement with a Chi-X registered market maker that requires the market maker to be present with a reasonable bid in the market for at least 90% of active continuous trading? Chi-X will require written evidence of the arrangement and the basis upon which the market maker will be required to maintain the bid, including any incentives or sanctions for failure to comply with the reasonable bid requirements, that may be in place.
- (ii) Has the issuer taken all reasonable steps to ensure that the following minimum parameters will be met:
 - (a) if a reasonable bid and volume only is specified then:
 - the minimum bid value will be greater than or equal to \$1000 when the bid price is greater than or equal \$0.05;
 - the minimum bid value will be greater than or equal to \$500 when the bid price is less than \$0.05.
 - (b) if a Bid and Ask is specified then:
 - When the bid price is greater than or equal to \$0.10, the spread is less than 10% of the bid price;
 - When the bid price is less than \$0.10, the price spread is less than \$0.01;
 - the minimum bid value in (a) is also met.
- (iii) Has the issuer undertaken to maintain a reasonable bid itself in the market for 90% of the time? In this case Chi-X will require evidence of the systems and controls that the issuer has in place to ensure that the bid is maintained in the market for the required period of time.

4.11.4 Chi-X will have systems in place to detect when a market maker is not complying with the obligation to maintain a reasonable bid for 90% of active continuous trading. If the lack of liquidity is triggering alerts, then the matters taking into account by Chi-X when deciding what steps, if any, may be appropriate to address the relative lack of liquidity, will include:

- (i) if applicable, the time to the expiry of the investment product and the impact of price decay;
- (ii) the market for the underlying asset and the cost of trading in those assets to hedge any exposures generated by market making in the investment product;
- (iii) the historical relationship between trading in the investment product and the underlying assets, including how any changes in the price, volume and market of/for the underlying assets have impacted upon the price, volume and market of/for the investment product;
- (iv) any published terms and features of the investment products, including any specified leverage and delta;
- (v) the appropriateness of any risk management practices relating to the activity of market making in the investment practice and trading in the underlying asset;

- (vi) the application of derivative pricing models to trading in the investment products/underlying asset;
- (vii) any events that may have a periodic impact on the market for the investment product and/or underlying asset, including corporate announcements, market volatility, wider macroeconomic factors, or market aberrations;
- (viii) the number and nature of holders in the investment product;
- (ix) the views of the Chi-X compliance committee upon the trading.

4.11.5 Chi-X is of the view that in most instances, product issuers and market makers will be best placed to determine the price and volume of a reasonable bid. In some circumstances determining a reasonable bid will be relatively straightforward due to the relationship between the product and the underlying asset. In other circumstances it may be more complex and require detailed mathematical modelling. However, Chi-X will prioritise the interests of retail investors when taking the above matters into account and deciding what steps may be appropriate to address the relative lack of liquidity. The steps that Chi-X may take include:

- (a) directing the product issuer under rule 14.37 to take steps to maintain liquidity in compliance with specified parameters;
- (b) requiring the product issuer to outline its systems and controls in more detail and in a way that fully explains the reason for any failure to maintain liquidity as required under the rules;
- (c) publishing the details of any lack of liquidity in the investment products to the market on the announcements page available on the Chi-X web site;
- (d) issuing a warning letter to the product issuer;
- (e) revoking, imposing conditions on or suspending the quotation of the investment product in question and any other investment product issuer by the product issuer; and
- (f) revoking, imposing conditions on or suspending the registration of the product issuer.

5. ONGOING DISCLOSURE REQUIREMENTS

5.1. The Structure and Key Features of the Ongoing Disclosure Rules

5.1.1 The Rules contain disclosure requirements that product issuers must continue to meet after a product is admitted to quotation. As is outlined in the Procedures, the ongoing disclosure Rules are structured so that:

- (i) a general overarching requirement in rule 14.28 requires a product issuer to provide Chi-X with the information it is required to disclose in relation to a quoted investment product, under the Corporations Act or other applicable offshore requirement;
- (ii) a more specific continuous disclosure requirement in rule 14.29 requires product issuers to ensure that any information that may impact on the decision of a reasonable investor to invest in or dispose of an investment product, is provided to Chi-X and is disclosed on a continuous basis;
- (iii) a more specific periodic disclosure requirement is imposed by rule 14.30 to ensure that a base line of fundamentally important information is regularly provided to Chi-X and disclosed at the times specified.

5.1.2 The Rules governing ongoing disclosure are based on the same principles as those applying to the initial disclosure requirements: the Rules require product issuers to meet the ongoing disclosure requirements imposed by other statutory and regulatory provisions. As such the main ongoing disclosure requirements for product issuers will exist in the Corporations Act and/or instruments of relief and/or applicable offshore regulatory requirements. Examples of applicable offshore regulatory requirements include those contained in the offshore equivalent of the Corporations Act and those regulatory requirements listed in section 323DA of the Corporations Act. Product issuers are required to comply with these other regulatory requirements in order to ensure they are in compliance with the Rules.

5.1.3 The following are some of the key features of the ongoing disclosure requirements in the Rules:

- (i) the continuous information necessary to invest in investment products that are valued or priced by reference to an underlying asset, will often be contained in the continuous disclosures made in relation to that underlying asset. Hence the importance of the rules mentioned above in relation to underlying assets having a readily available price or value.
- (ii) There are some key continuous and periodic disclosures that are very important for investors and so are expressly set out in the Rules (14.29 and 14.30 respectively), even though they may also be covered by the overarching disclosure rule (14.28).
- (iii) The rules contain a single overarching continuous disclosure rule to ensure a common benchmark for all Chi-X investment products.
- (iv) There are ongoing disclosure requirements contained in the Corporations Act, and the Rules incorporate these requirements.

5.1.4 The ongoing disclosure rules are based upon the need for a reasonable investor to be able to obtain the information necessary to make a decision on whether to invest in an investment product. The need for a reasonable investor to have this information also underpins the various Corporations Act continuous disclosure obligations.

6. TRADING HALTS, SUSPENSIONS AND TERMINATIONS

6.1.1 The protection of the interests of investors is the key priority for Chi-X when supervising Investment Products admitted to quotation on CMAP. This key priority will inform and shape the approach of Chi-X to trading halts, suspensions and product terminations. In many cases the terms of issue of a product will outline when halts and terminations may take place. However it is not possible for anyone to exhaustively foresee the different circumstances that may befall an investment product and accordingly there may be occasions when Chi-X is required to consider whether a trading halt or product termination should take place. Chi-X will consider the following non-exhaustive factors when it is required to exercise its discretion and implement a trading halt or terminate the quotation of an investment product:

- (i) the primacy of the interest of investors;
- (ii) the importance of investors being able to enter/exit positions;
- (iii) the importance of all potential and actual investors trading on the basis of equal access to price sensitive information;
- (iv) the importance of investment products trading in accordance with the terms of issue;
- (v) the extent to which an investment product may no longer be priced or valued in the same way as outlined or implied in any relevant disclosure document.

7. CLASS ORDERS

7.1.1 Over time a significant library of class orders and wider ASIC relief from requirements in the Corporations Act, has developed in relation to investment products. These orders are the domain of ASIC. **Attachment Three** contains a list of class orders that have been issued by ASIC and that may be relevant for Investment Product issuers to consider. At a high level, class order relief is available in the following areas:

Margin lending:	Product issuers that have issued products embedding debt facilities may not have to comply with margin lending requirements;
PDS requirements:	Retail investors acquiring investment products in the secondary market may not need to be issued with a PDS or prospectus before they acquire the product;
Settlement products:	Chi-X investment products will be subject to regulations specifying that they are able to be settled in CHES;
Market making:	registered market makers may be entitled to short sale relief in the underlying assets;
Equal treatment:	In some specified cases, product issuers may be exempt from Corporations Act requirements to treat all product holders equally – for example where the product is distributed through authorised participants.

ATTACHMENT ONE



Issuer Application Form

(IAF)

Version 0.1

How to apply

This form is for use by entities seeking registration as a product issuer on the Chi-X Multi-Asset Platform (**CMAP**) operated by Chi-X Australia Pty Ltd (**Chi-X**) ABN 47 129 584 667.

There are a number of documents required to be annexed to this application form for registration as a product issuer. Some Annexures may consist of several documents, with annexures being segmented by subject matter that links those documents. Applicants are therefore requested to adhere to the prescribed annexure numbering.

Applicant's full name and
ACN/ABN if applicable:

Principal contact
concerning application:

Phone number:

Email address:

Address:

Date:

Applicants are advised to contact Chi-X in advance of submitting their application:

Tel: +61 2 8078 1700

email: au.info@chi-x.com

Completed applications should be returned to:

Chi-X Australia

Investment Products Team

Level 23 Governor Phillip Tower

1 Farrer Place

Sydney NSW 2000

Email: cmmap@chi-x.com.au

Privacy Statement

As part of this application and in the course of participation in the Chi-X market, Chi-X requires you to submit personal information about your employees and officers. Chi-X will collect, retain and process any personal information that you provide in accordance with the Privacy Act 1988 (Cth) and Chi-X's privacy policy.

Chi-X will keep personal information secure and use it for the purposes of administering, implementing, delivering, supporting, improving and marketing Chi-X products, services and data. You agree to obtain and provide all necessary consents and that personal information may be disclosed:

- a) where that disclosure is permitted by, and made in accordance with, the Chi-X Rules;
- b) to the Australian Securities and Investments Commission, the Reserve Bank of Australia, any other regulatory authority and any of their respective delegates; and
- c) where that disclosure is required to comply with any legal, statutory or regulatory requirement.

Failure to provide personal information in whole or part may hinder your participation and Chi-X's administration and operation of the market. Chi-X's Privacy Policy is available on the website www.chi-x.com.au and you may request a copy and access to your personal information by contacting Chi-X Compliance on:

- Tel: +61 2 8078 1718 or
- Email: au.compliance@chi-x.com

Applicant Agreement

By executing this application form an applicant:

1. acknowledges that this application is subject to the Chi-X Operating Rules (**Rules**), as varied from time to time, and that if the application is accepted the applicant will be bound by the Rules;
2. undertakes that if registered as a product issuer, it will comply with the Rules as in force from time to time, even if the applicant's registration is suspended;
3. represents and warrants to Chi-X that the:
 - a) applicant understands its obligations under the Rules, the Market Integrity Rules (Chi-X Market), Market Integrity Rules (Competition in Exchange Markets), Chapters 6 and 7 of the Corporations Act and any regulations made under Chapters 6 and 7; and
 - b) information contained in and annexed to this application form is true and correct in all respects;
4. acknowledges that Chi-X will rely on the information provided by the applicant in considering this application and acknowledges that any omission or misstatement may lead to rejection of the application or, if the application is approved, subsequent suspension and/or revocation of the applicant's status as a product issuer;
5. indemnifies Chi-X and its employees and officers to the fullest extent permitted by law in respect of any loss, claim, action or expense arising from or connected with, any breach of this agreement by the applicant or resulting from reliance on the information contained in or annexed to this application to the extent that such loss, claim, action or expense has not resulted from the fraud, wilful misconduct or gross negligence of Chi-X or its employees and officers;
6. waives any rights, title, interests, privileges, advantages, powers or benefits that may accrue in relation to the information submitted in this application, and consents to Chi-X obtaining information from, and passing information to (a) credit agencies in relation to the applicant and acknowledges that this application authorises such a source to release information to Chi-X; (b) investigative agencies or any other source as permitted by law, in relation to the applicant or this application and that Chi-X considers relevant to this application, and acknowledges that this application authorises such a source to release information to Chi-X; and (c) government agencies, regulatory authorities, exchanges, market operators, clearing and settlement facilities, service providers and third party clearers for regulatory purposes or as is necessary for this application;
7. represents and warrants to Chi-X (as the case may be) that it is not aware of anything that may impact on its ability to comply with its obligations under the Rules and its Australian financial services licence (AFSL) or exemption (as applicable).

EXECUTED for and on behalf of [name of applicant] by:

Signature of director

Signature of director/secretary

Name

Name

Dated

Dated

Applicant Information

The information set out below should be included where the form permits or be included in the appropriate annexure referred to in the relevant part below. Importantly, please refer to the Chi-X Operating Rules and the Procedures before completing an application.

1. Applicant Details

1.1 Please provide full details of:

- (a) the name of the applicant;
- (b) the principal place at which the business of the applicant is, or will be carried on; and
- (c) full address of all other places at which the business of the applicant is, or will be carried on.

1.2 Does the applicant intend using a business name?

Yes No

Please include details of all business names and state whether or not they are registered in all States & Territories:

1.3 Please provide the following details in respect of the applicant:

- (a) place and date of incorporation/registration;
- (b) ABN/ACN; and
- (c) Registered office address.

1.4 Please provide details of each director and secretary of the applicant.

- 1.5 Please provide a corporate structure diagram showing all related bodies corporate (see the definition in section 50 of the Corporations Act) and entities exercising control (see the definition in section 50AA of the Corporations Act) of the applicant.

- 1.6 Please provide an organisation chart showing management structure, including key executives, responsible managers, responsible executives and reporting lines.

2. Principal Business Activity

2.1 Describe the nature of the principal business, or intended principal business of the applicant.

The description provided should be consistent with any description submitted to ASIC as part of an application for an Australian Financial Services Licence (AFSL), or alternatively explain the differences in the description provided to ASIC and the description submitted with this application.

3. Licencing Information

3.1 Does the applicant hold an AFSL which authorises the applicant to carry on the business it intends to conduct as an issuer of investment products on the Chi-X market? Or, alternatively, has the applicant applied for a variation to its AFSL?

Yes No

3.2 If yes, please attach a copy of the AFSL or AFSL variation (**ANNEXURE A**).

If yes, go to Section 4.

If no, go to Section 3.3.

3.3 Has the applicant obtained an exemption from the requirement to obtain an AFSL from the Australian Securities and Investments Commission? If yes, please include relevant details (**ANNEXURE A**).

Yes No

If yes, go to Section 4

3.4 If the applicant does not hold an AFSL or relevant exemption, has the applicant applied for an AFSL or relevant exemption? If yes, please attach a copy of the application and advise on the status of the application. Alternatively, provide reasons and appropriate documentation to support the case that an AFSL is not required (**ANNEXURE A**).

Yes No

4 Organisational Competence /Equivalent Documentation

4.1 Please provide (**ANNEXURE B**) an up to date Table of Organisational Competence/Equivalent Document containing summaries of the investment products experience and expertise of:

- (i) the board directors
- (ii) responsible managers and, if different, responsible executives;
- (iii) senior managers responsible for investment products, including those managers responsible for the issuing, sales, monitoring, trading, valuing, redemption and/or termination of those products.

- 4.2 Please provide (**ANNEXURE C**) an explanation of the products that the applicant intends to issue. The explanation should include full details of the underlying assets.
- 4.3 Please provide (**ANNEXURE C**) a brief outline of the applicant's history of product issuance, including but not limited to the issue of the type of products and underlying assets described in response to 4.2.
- 4.4 Please provide (**ANNEXURE D**) details of the systems and controls that will be used for the issuance, monitoring, valuation and redemption of proposed products.
- 4.5 Please provide (**ANNEXURE D**) details of the systems and controls in place at the applicant in respect of any sales functions undertaken by the applicant, or another entity within the same corporate group, of products.
- 4.6 Please provide (**ANNEXURE D**) an outline of the processes, including relevant systems and controls, that the applicant will use for the sign off of any new product.

5 Financial Position

- 5.1 If the applicant is a regulated entity then please confirm the basis on which it is prudentially regulated and provide evidence that the firm is in compliance with its capital obligations.
- 5.2 If the applicant holds an AFSL, then please provide the most recent audit confirmation of compliance with the financial requirements under the AFSL conditions (**ANNEXURE E**).
- 5.3 Please provide any third party credit rating concerning the applicant and/or a proposed/actual guarantor (**ANNEXURE E**).
- 5.4 Please outline ((**ANNEXURE E**) how the financial position of the applicant is sufficient to manage the maximum possible exposure of the applicant to the holders of products it intends to issue.

6 Guarantors

- 6.1 Please provide ((**ANNEXURE F**) full details of any guarantor relationship that the applicant is proposing to rely on to satisfy the eligibility criteria including:

- (a) the full name, ABN or equivalent if incorporated outside Australia, and principal place of business of the guarantor;
- (b) the AFSL held in respect of the guarantor's activities as a guarantor or alternatively an outline of how it fulfils the criteria in rule 14.3(b)(i), (ii) or (iii);
- (c) a copy of the last three years financial reports and statements for the guarantor;
- (d) full details of the regulatory status of the guarantor, including the most recent statement on its prudential status (eg FS71 or last submitted Statement of Financial Position);
- (e) the relationship if any between the applicant and the guarantor, other than that contained in the guarantor arrangements.

7 Clearing and Settlement Arrangements

- 7.1 Are any products currently issued by the applicant cleared and settled through ASX Clear/Settlement?
 Yes No
- 7.2 If yes, does the applicant propose issuing Chi-X investment products with the same clearing/settlement profile?
 Yes No
- 7.3 If the answer is no to either of 7.1 or 7.2, then please attach (**ANNEXURE G**) an outline of the clearing and settlement profile of the products that the applicant intends to issue on CMAP. The profile should address:
- (i) valuation and risk models that will be used for the products to be issued;
 - (ii) the availability of any underlying assets to meet the clearing and settlement cycles imposed by ASX Clear and ASX settlement;
 - (iii) the processes and frequency by which the net tangible assets and/or net asset value of any investment products issued will be calculated and published;
 - (iv) how the applicant will maintain a registry for each investment product it issues.
- 7.4 Please provide (**ANNEXURE H**):
- (a) any existing certification from ASX Clear and Settlement that the product is ready to be cleared and settled; or
 - (b) a written consent authorising ASX Clear and ASX Settlement to engage directly with Chi-X on the certification of the product.

Note that a product will not be admitted to trading until ASX Clear and ASX Settlement have certified that the product has been registered for clearing and settlement.

8 Technology Resources

- 8.1 Please specify (**ANNEXURE I**) the application(s) (both proprietary & vendor) that the applicant will use to develop, monitor and administer the products granted quotation on Chi-X. Please provide (**ANNEXURE I**) a systems flowchart outlining the integration of any systems that are used.

9 Principal Contacts: authorised executives

9.1 Please nominate authorised executives in respect of the functions identified below. Please include at least one or more alternates:

Function	Executive (incl role)	Contacts Details	
Product Issuance		Phone number:	
		Email address:	
Compliance		Phone number:	
		Email address:	
Product Administration		Phone number:	
		Email address:	

Chi-X Market Operations may contact the people nominated above concerning the product issuer’s dealings with Chi-X on a day to day basis and it is acknowledged that Chi-X may act on the instructions and otherwise rely on information provided by any authorised executive notified to Chi-X. This would include without limitation, acting on any request by the authorised executive to halt trading in a product, the cancellation of transactions, changes to system configuration, market making, etc. Chi-X may accept instructions from authorised executives in a form acceptable to Chi-X in the circumstances.

The applicant must ensure that details of these authorised executives are kept up to date in accordance with the Rules.

10 Other Regulatory Arrangements

10.1 Is the applicant or an associate of the applicant an existing issuer of products traded on a licenced Australian market?

Yes No

If yes, please attach full details (**ANNEXURE J**). If the applicant is the same entity as an issuer of products traded on the ASX, please provide details of any unique ISIN codes issued by ASX in respect of the products issued.

10.2 Is the applicant a member (or equivalent) of any other financial market (including ATS, MTF, PTS) and/or clearing and settlement facility?

Yes No

If yes, please attach full details (**ANNEXURE J**).

11 Related Participants

11.1 Please state whether any of the following apply:

- (a) is any officer or employee of the applicant also an officer or employee of a Chi-X participant (other than the applicant itself)?
 Yes No
- (b) is the applicant a related body corporate of a Chi-X participant?
 Yes No
- (c) does the applicant share common premises with, or allow its premises to be accessed by, another Chi-X participant or its officers or employees?
 Yes No
- (d) does the applicant share common computer facilities with, or link its computer facilities to, another participant?
 Yes No

If the answer to any of paragraphs (a) to (d) above, is "Yes", please attach relevant particulars (**ANNEXURE K**), including any proposals for managing the conflicts of interest that may arise.

12 Publicity

12.1 Do you agree to Chi-X identifying the applicant as an issuer of products on the Chi-X market and using the applicant's logo in Chi-X publicity and marketing materials (including on its website) for this purpose?

Yes No

12.2 If yes, please email a copy of the logo to au.support@chi-x.com in jpeg format if you consent to this taking place.

12.3 If you would like to use Chi-X's logo in the applicant's publicity and marketing materials to indicate it is a products issuer on CMAP, please email au.support@chi-x.com to provide details on how it is proposed to be used and request approval.

ATTACHMENT TWO



Product Application Form

(PAF)

Version 0.1

How to apply

This form is for use by a registered Product Issuer seeking Chi-X approval for a new product to be granted quotation on the Chi-X market.

There are a number of documents required to be annexed to this application form for registration as a product issuer. Applicants are therefore requested to adhere to the prescribed annexure numbering.

Applicant's name: _____

Principal contact concerning application: _____

Phone number: _____

Email address: _____

Address: _____

Date: _____

Applicants are advised to contact Chi-X in advance of submitting their application:

Tel: +61 2 8078 1700

email: au.info@chi-x.com

Completed applications should be returned to:

Chi-X Australia

Investment Products Team

Level 23 Governor Phillip Tower

1 Farrer Place

Sydney NSW 2000

Email: cmap@chi-x.com.au

Privacy Statement

As part of this application and in the course of participation in the Chi-X market, Chi-X may require you to submit personal information about your employees and officers. Chi-X will collect, retain and process any personal information that you provide in accordance with the Privacy Act 1988 (Cth) and Chi-X's privacy policy.

Chi-X will keep personal information secure and use it for the purposes of administering, implementing, delivering, supporting, improving and marketing Chi-X products, services and data. You agree to obtain and provide all necessary consents and that personal information may be disclosed:

- a) where that disclosure is permitted by, and made in accordance with, the Chi-X Rules;
- b) to the Australian Securities and Investments Commission, the Reserve Bank of Australia, any other regulatory authority and any of their respective delegates; and
- c) where that disclosure is required to comply with any legal, statutory or regulatory requirement.

Failure to provide personal information in whole or part may hinder your participation and Chi-X's administration and operation of the market. Chi-X's Privacy Policy is available on the website www.chi-x.com.au and you may request a copy and access to your personal information by contacting Chi-X Compliance on:

- Tel: +61 2 8078 1718 or
- Email: au.compliance@chi-x.com

Applicant Agreement

By executing this application form an applicant:

1. acknowledges that this application is subject to the Chi-X Operating Rules (**Rules**), as varied from time to time, and that if the application is accepted the applicant will be bound by the Rules;
2. undertakes that if the product is granted quotation, both the product and the applicant will comply with the applicable Rules in force from time to time, even if the applicant’s registration and/or trading in the product is suspended;
3. represents and warrants to Chi-X that the:
 - a) applicant understands its obligations under the Rules, the Market Integrity Rules (Chi-X Market), Market Integrity Rules (Competition in Exchange Markets), Chapters 6 and 7 of the Corporations Act and any regulations made under Chapters 6 and 7; and
 - b) information contained in and annexed to this application form is true and correct in all respects;
4. acknowledges that Chi-X will rely on the information provided by the applicant in considering this application and acknowledges that any omission or misstatement may lead to rejection of the application or, if the application is approved, subsequent suspension in the quotation of the product and/or revocation of the applicant's status as a product issuer;
5. indemnifies Chi-X and its employees and officers to the fullest extent permitted by law in respect of any loss, claim, action or expense arising from or connected with, any breach of this agreement by the applicant or resulting from reliance on the information contained in or annexed to this application to the extent that such loss, claim, action or expense has not resulted from the fraud, wilful misconduct or gross negligence of Chi-X or its employees and officers;
6. waives any rights, title, interests, privileges, advantages, powers or benefits that may accrue in relation to the information submitted in this application, and consents to Chi-X obtaining information from, and passing information to (a) credit agencies in relation to the applicant and acknowledges that this application authorises such a source to release information to Chi-X; (b) investigative agencies or any other source as permitted by law, in relation to the applicant or this application and that Chi-X considers relevant to this application, and acknowledges that this application authorises such a source to release information to Chi-X; and (c) government agencies, regulatory authorities, exchanges, market operators, clearing and settlement facilities, service providers and third party clearers for regulatory purposes or as is necessary for this application;
7. represents and warrants to Chi-X (as the case may be) that it is not aware of anything that may impact on its ability to comply with its obligations under the Rules and its Australian financial services licence (AFSL) or exemption (as applicable).

EXECUTED for and on behalf of [name of applicant] by:

Signature of director

Signature of director/secretary

Name

Name

Dated

Dated

Product Information

The information set out below should be included where the form permits or be included in the appropriate annexure referred to in the relevant part below. Importantly, please refer to the Chi-X Operating Rules and the Procedures before completing an application.

1. Product Details

1.1 Please state the name of the product for which approval is sought:

1.2 Please complete the table below in respect of each product for which approval is sought:

Default Description/ ISIN	Exercise Price	Expiry Date	Call/Put/ETF	Index Multiplier (if applicable)	Issue Size	Warrants/ETF units per underlying parcel	Exercise Style

1.3 Please identify the underlying asset(s) and the basis upon which the applicant is of the view that there is a fair, orderly and transparent market in respect of those assets.

2. Required Documentation

2.1 Please attach:

- (a) the Offering Circular, Product Disclosure Statement (PDS), Prospectus and any other disclosure document prepared in respect of the product (**Annexure A**);
- (b) a legal opinion that the product falls within the category of products able to be traded on Chi-X (**Annexure B**);
- (c) an outline of the valuation modelling that has been undertaken in respect of the product for which quotation is sought and any underlying assets (**Annexure C**);
- (d) a copy of any underwriting agreement or other contract entered in relation to dealing in the product (**Annexure D**);
- (e) a copy of any agreement or arrangement with a guarantor in relation to the product (**Annexure E**);

- (f) the analysis upon which the product issuer relies for concluding that the rule 14.19 [sufficient underlying assets] requirements concerning underlying assets are satisfied (**Annexure F**);
- (g) any distribution agreements in respect of the product (**Annexure G**);
- (h) the terms of issue for the product (**Annexure H**);
- (i) copies of any trust deeds relating to the product (**Annexure I**);
- (j) product approvals relating to any similar products admitted to trading on a licenced Australian market and upon which the product issuer may wish to rely as supporting the application for approval of the current application (**Annexure J**).

3. Guarantor

- 3.1 Please provide full details of any guarantor relationship that the applicant is proposing to rely on to satisfy the eligibility criteria including:
- (a) the full name, ABN or equivalent if incorporated outside Australia, and principal place of business of the guarantor (**Annexure K**);
 - (b) an outline of how the guarantor fulfils the criteria in rule 14.3(a), (b) or (c) (**Annexure K**);
 - (c) a copy of the last three years financial reports and statements for the guarantor (**Annexure K**);
 - (d) full details of the regulatory status of the guarantor, including the most recent statement on its prudential status (eg FS71) (**Annexure K**);
 - (e) the relationship if any between the applicant and the guarantor, other than that contained in the all relevant written agreements covered by 3.1(a).

This information does not have to be re-submitted if it has already been provided in a previous application to Chi-X.

4. Liquidity

- 4.1 How does the product issuer propose it will satisfy rule 14.14(a) requirements for liquidity:
- Adequate and reasonable initial spread of holders
- Market Maker Arrangement
- Other
- 4.2 If the product issuer proposes to satisfy the rule 14.14(a) requirements by maintaining a reasonable bid and volume in the market itself, then please provide:
- (a) the minimum order value that must be maintained for the duration of the quoting obligation ratio;

- (b) the maximum bid-ask spread that must be maintained for the duration of the quoting obligation ratio²; and
 - (c) an outline of the systems and controls that the product issuer will rely upon to:
 - (i) ensure that reasonable bid is maintained for at least 90% of active continuous trading; and
 - (ii) determine the volume at which that bid will be maintained and why that volume is reasonable in all the circumstances.
- 4.3 If the product issuer has entered an arrangement with a Chi-X registered market maker then please provide:
- (a) a copy of the market maker arrangement (**Annexure L**), which must also outline:
 - (i) the minimum order value that must be maintained by the market maker for the duration of the quoting obligation ratio;
 - (ii) the maximum bid-ask spread that must be maintained for the duration of the quoting obligation ratio³;
 - (b) an outline of the systems and controls that the product issuer will rely upon to monitor the performance of the market maker and ensure the liquidity obligations are being maintained.

5. Index Provider

- 5.1 Please state whether the product issuer is related to the index provider and if so an explanation of the governance arrangements in place between the product issuer and index provider (**Annexure M**)
- 5.2 Please provide the written authorisation from the owner of the index at **Annexure M**.
- 5.3 Please provide (**Annexure M**) the information satisfying rule 14.18(b), namely the:
- (a) transparent methodology for constructing and maintaining the index, including eligibility criteria and measures that mitigate the risks and expense of frequent or unexpected rebalances;
 - (b) transparent governance arrangements with regards to the index, including conflicts of interest arrangements;
 - (c) systems and controls that will maintain the integrity of the index and mitigate the risk of manipulation or distortion by insiders or related parties of index providers for their own financial benefit and to the detriment of investors;

² See table 2.2 in Procedure 4.9 of the Operating Rules: Procedures.

³ See table 2.2 in Procedure 4.9 of the Operating Rules: Procedures.

- (d) arrangements for the dissemination of index information that will ensure all market participants and investors are treated equally;
 - (e) confirmation that the index provider has complied with relevant guidance issued by ASIC and/or any other applicable regulatory authority in respect of index selection principles.
- 5.4 Please confirm (**Annexure M**) that a statement has been published on applicant's web site fulfilling the requirements in rule 14.18(c).

6. Entitlements

- 6.1 Please provide full details of any entitlement of any person to participate in the issue of the products (**Annexure N**).

7. Register and Clearing/Settlement Arrangements

- 7.1 Are any products currently issued by the applicant cleared and settled through ASX Clear/Settlement?
 Yes No
- 7.2 If yes, does the applicant propose issuing Chi-X investment products with the same clearing/settlement profile?
 Yes No
- 7.3 If the answer is no to either of 8.1 or 8.2, then please attach an outline of the clearing and settlement profile (**Annexure O**) of the products that the applicant intends to issue on CMAP. The profile should address:
- (a) valuation and risk models that will be used for the products to be issued;
 - (b) the availability of any underlying assets to meet the clearing and settlement cycles imposed by ASX Clear and ASX settlement;
 - (c) the processes and frequency by which the net tangible assets and/or net asset value of any investment products granted quotation on Chi-X will be calculated and published;
 - (d) how the applicant will maintain a registry for each investment product it issues.
- 7.4 Please provide (at **Annexure O**):
- (a) any existing certification from ASX Clear and Settlement that the product is ready to be cleared and settled; or
 - (b) a written consent authorising ASX Clear and ASX Settlement to engage directly with Chi-X on the certification of the product.
- Note that a product will not be admitted to trading until ASX Clear and ASX Settlement have certified that the product has been registered for clearing and settlement.
- 7.5 Please state the address at which the register of product holders will be maintained and any third party arrangement the product issuer has entered in respect of that registry.

- 7.6 Please outline any existing or proposed arrangements for the clearing and settlement of the product.

8 Publicity

- 8.1 Do you agree to Chi-X identifying the product as an investment product quoted on the Chi-X market and using the logo of the applicant and product in Chi-X publicity and marketing materials (including on its website) for this purpose?

Yes No

- 8.2 If yes, please email a copy of the logo to au.support@chi-x.com in jpeg format if you consent to this taking place.

- 8.3 If you would like to use Chi-X's logo in the applicant's publicity and marketing materials to indicate it is a products issuer on CMAP, please email au.support@chi-x.com to provide details on how it is proposed to be used and request approval.

ATTACHMENT THREE

Class Order	Matters Covered
02/608	Warrants: relief from PDS requirements for secondary sales
02/312	Warrants and ETFs: specifies that the transfer of Chi-X quoted warrants and ETFs will be effected through ASX Settlement Pty Limited
03/957	Managed investment warrants — disclosure and reporting exemptions
10/288	Exempts a market maker from reporting a covered short sale transaction in course of performing its function as a market maker of an ETF.
10/1034	Exempts certain types of warrants from the additional obligations imposed on margin lenders, in particular, in Division 4A of Part 7.8 of the Act.
13/526	Allows, in some cases, the holder of a ‘relevant interest’ in securities arising out of the issue/holding of warrants to be exempt from some of the takeover and substantial holding provisions of the Corporations Act.
13/655	Exempts the constitution of a registered managed investment scheme, where interests in the scheme are quoted on a regulated market, from the need to make adequate provision for the amount of consideration to be paid to acquire an interest in a registered scheme.
13/680	Exempts participant from complying with the obligation to execute orders on market (see rule 4.1.1(1) of the Market Integrity Rules (Competition)) in specified situations, including when the participant enters into a transaction as an ETF special trade.
13/721	Exempts a responsible entity from the ‘equal treatment’ of members requirements, ongoing disclosure for issuers, and substantial holding and beneficial holding notice requirements due to holding an interest in an ETF.
13/1200	Provides relief from provisions of the Corporations Act that deal with periodic reporting requirements for issuers of interests in certain registered managed investment schemes, where the scheme is quoted on a regulated market.

Source: ASIC CP 235, <http://download.asic.gov.au/media/3329846/cp235-published-20-august-2015.pdf>