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Thursday 13<sup>th</sup> April, 2017

Reference Number: 0003/17

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**Subject: Update - Consultation on the proposed changes to the Continuous Trading phase for Chi-X warrants**

In November 2016, Chi-X Australia issued [Consultation paper 03/2016](#) on the proposed amendments of the Operating Rules: Procedures (Procedures) to extend the order book trading hours for Chi-X warrants from the current 10:00 - 16:12 to 09:50 - 16:30.

Chi-X is grateful to those participants and stakeholders that responded to the Consultation Paper and in response to that feedback has decided to:

- (a) amend the Procedures to extend the starting time for trading in Chi-X commodity, currency and index warrants from 10:00 to 09:50 as outlined [here](#), with these changes to take effect from Monday 24<sup>th</sup> April 2017;
- (b) continue to work with participants and stakeholders on extending the trading hours for single stock warrants from 10:00 to 09:50 and all warrants from 16:13 to 16:30.

The decision not to commence trading in single stock warrants at 09:50 and extend the close for all warrants to 16:30 is to allow further time to address stakeholder concerns including as to:

- (a) the release of price sensitive announcements in a stock by a listed entity before 10:00 and after 16:30 during which no trading halts have yet been implemented in the warrant's underlying share;
- (b) a potential lack of liquidity in the warrant during this time without market maker obligations being extended;
- (c) continuous trading in all warrants from 16:13 to 16:30 carrying the risk of a limit order being matched to a third party instead of the party to a negotiated trade, a risk that exists throughout the trading day.

There are also some minor changes to the wording of the procedures relating to end of the pre-opening (from 09:59 to 10:00) and closing times (from 16:12 to 16:13) for the cash equities market to round up timing to the nearest minute, given that seconds are not recorded in the Procedure.

If you have any queries, please do not hesitate to contact us on +61 2 8078 1718 or [au.compliance@chi-x.com](mailto:au.compliance@chi-x.com).

Chi-X Compliance

**Chi-X Australia**

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