



SFE NOTICE NO.

21/07

Date of Issue: 19 February 2007

Effective Date: 19 February 2007

Entering Orders Without a Genuine Intent to Trade

The Exchange's Disciplinary Committee has recently requested that the Exchange reinforce to Participants that Representatives suspected of entering orders without the genuine intent to trade will be referred to the Exchange's Disciplinary Committees and may incur disciplinary action.

Operating Rule 3.1.6 **Entering Orders without an Intent to Trade** states:

Participants must not enter orders where there does not exist an intent to trade.

The Procedures Determinations and Practice Notes guidance linked to this Rule further state:

1. Orders which are entered at price limits substantially higher or lower than the previous settlement price of the specific contract, or, alternatively, entered with unusually large volume levels and thus do not appear to have been entered with a genuine intent to trade will be considered as a failure to comply with Operating Rule 3.1.6.

Entering orders without the genuine intent to trade may be considered detrimental to open and competitive price discovery and Participants are advised that any such identified instances of this nature may incur disciplinary action.

It should be noted that in the event of an error, the Exchange's Disciplinary Committees will consider such an event as a mitigating factor.

2. Where placement, modification and cancellation of orders are effected via the Trading Platform during the Pre-Opening period and are entered with intent to effect the opening price of any Futures or Options contract, these considered detrimental to open and competitive price discovery and instances of this nature are dealt with severely.

It should be noted that where a client of a Participant who has been provided access to the Trading Platform via a terminal appears to have acted in a similar manner as outlined above, the Participant who has provided the access may be found to have contravened the Operating Rules by virtue of the actions of its client.

The Exchange advises that, on a case by case basis, the following will be considered relevant factors when determining whether a contravention of the Operating Rules has occurred:

- Historical trading patterns of the representative being investigated
- Regular trading volumes executed by the representative
- Detailed reasoning behind placement and cancellation of suspicious orders
- The size and number of orders relative to existing limits, and
- The impact of such order activity on the opening price.

Should you have any enquiries please contact me on (02) 9227 0223 or robert.coaldrake@asx.com.au

A handwritten signature in black ink, appearing to read 'Rob Coaldrake', written in a cursive style.

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