

2010 Annual Stockbrokers Conference

Update on the transfer of market supervision



Eric Mayne, Chief Supervision Officer, ASXMS
David Lawrence, GM Surveillance, ASXMS

8 June 2010

Overview

- The year in review
- What is changing?
- Transition arrangements
- New structure
- Key ASX milestones
- Education & communication program
- Details of proposed rule changes (D Lawrence)
- Other developments (D Lawrence)

The year in review

- Implementation of new rules & regulations arising from the global financial crisis
- Stepped up participant review program
- Investigations and enforcement activity
- ASXMS Education and Research Program
- New Return Lodgement & Monitoring system
- Government's August 24 decision

What is changing?

ASX's role is changing from market supervisor to that of a market operator.

Pre transfer	ASX Market Rules	SFE Operating Rules
Admit new participants	✓	✓
Surveillance of trading activity	✓	✓
Monitor, investigate and enforce compliance with the Rules	✓	✓
Investigate and enforce the Rules	✓	✓
Monitor capital adequacy of brokers	✓	✓*
Refer to ASIC	✓	✓
Disciplinary Tribunal	✓	✓

* Under the SFECC Clearing Rules

There will be new rules to reflect this change



	ASX		ASIC
	ASX Rules	ASX 24 Rules	Market Integrity Rules (MIR)
Surveillance of trading activity	For continuous disclosure only		✓
Monitor, investigate and enforce compliance with the MIR including broker client rules			✓
Provide access to facility	✓	✓	
Monitor, investigate and enforce compliance with ASX Operating Rules	✓	✓	
Monitor capital adequacy of brokers	Up to 12 months from transfer date		After 12 months from transfer date
Refer to ASIC	Continuous disclosure referrals and notifications		
Disciplinary Tribunal	✓	✓	✓

Transitional arrangements

Capital adequacy of Market Participants

- ❖ In force for 12 months after transfer date

Disciplinary process

- ❖ ASX and the Disciplinary Tribunal will continue to deal with all breaches that occurred before the transfer date

New functional structure



Transfer of supervision - key ASX milestones



**Feb
2010**

**Apr
2010**

**May
2010**

**Sometime
between
1 Jul – 30 Sep
2010**

**Draft ASX /
ASX 24
Operating
Rules**

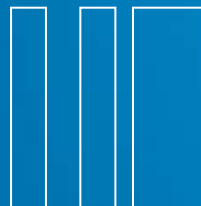
**Proposed
ASX
Operating
Rule
framework**

**Informal
lodgment**

**Formal
lodgment**

**Ministerial
approval**

**New Rules
take effect**



**Education program for
Participants – Briefings, ASX
Online, Circulars, Letters**



Education & communication program - to date



National road show for Participants



more held if required

Futures supervision compliance forum



Circulars



National Participant CEO meetings



Education & communication program - planned



- ❖ Information booth – SAA conference
- ❖ Interactive cross reference rule table
- ❖ Guidance Notes
- ❖ ASX Compliance representatives
Participant familiarisation program

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