



Compliance Notice

Monday 15th April 2019

Reference Number: 0002/19

Subject: Amendment of the Operating Rules (Rules) and Operating Rules Procedures (Procedures) to Accommodate the Quotation of Quoted Managed Funds (QMFs)

Participants are advised that the Rules and Procedures have been amended to accommodate the quotation by Chi-X of QMFs. The amended rules come into force today, Monday, 15 April 2019 and can be accessed [here](#).

A version of the Rules and Procedures containing the changes, highlighted in red text, can be accessed [here](#).

The amendments include the following:

- a. Rule 14.17(d) has been amended to include a new category of underlying assets: high yield and investment grade debt, and mortgage and asset backed securities, that are subject to a reliable pricing framework where:
 - i. the product issuer has proven systems and controls; or
 - ii. the portfolio in which the assets are held is a minority portfolio;
- b. Rule 14.20 has been amended to remove an actively managed fund from being an excluded underlying asset;
- c. Rule 14.22 has been amended to include a requirement for a QMF to continuously offer to issue and redeem units in the fund;
- d. Rule 14.29 has been amended to include an ongoing continuous disclosure requirement for QMFs in those situations where the net asset value of the QMF has moved by 10% or more since the last reported net asset value;
- e. Rule 14.33 has been amended to clarify that the requirements to audit the register of holders does not apply to quoted funds;
- f. The following definitions have been added or amended to support this rule framework:
 - i. Fixed income security (eligible portfolio);
 - ii. Independent calculation agent;
 - iii. Minority portfolio;
 - iv. Reliable Pricing Framework;
 - v. Actively managed investment fund;
 - vi. Quoted managed fund;
 - vii. QMF financial product;
- g. Procedure 14.17 paragraph 3.1 has been amended to include specified indices for debentures and bonds.

The amendments follow a consultation by Chi-X with targeted participants and wider stakeholders and engagement with ASIC on the launch of a new market for Chi-X QMFs.

Participants will be advised in the near future on the launch date of the Chi-X market for quoted funds.

Any queries on the new Rules and Procedures should be addressed to the Chi-X Compliance team.

Any queries on the launch date for quoted funds should be directed to the Chi-X Product Development team on 02 8078 1732.

Chi-X

Compliance

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The logo for Chi-X, featuring the text "chi-x" in a bold, sans-serif font. The "chi" is in black and the "x" is in red.