



Compliance Notice

Friday 1 November 2019

Reference Number: 0007/19

Subject: Consultation Paper 1 of 2019 – Proposed changes to the Rules and Procedures to Accommodate the Transition to SEGC Compensation Arrangements and the Removal of Visible MOC Orders

Chi-X has today published [Consultation Paper 01/2019](#) on the proposed changes to the Operating Rules (Rules) and Operating Rules: Procedures (Procedures) to:

- (a) accommodate proposed changes in the compensation arrangements from the current division 3 arrangements to division 4 arrangements*; and
- (b) remove visible MOC order types.

The current compensation arrangements for the Chi-X market are fidelity fund arrangements under division 3 of Part 7.5 of the Corporations Act. Trading on Chi-X in ASX listed/quoted products by Chi-X participants that are also ASX participants, is also covered by NGF compensation arrangements under Division 4 of Part 7.5. Chi-X is of the view that it is beneficial for investors and other stakeholders in Australia's regulated markets, for a single set of compensation arrangements under Part 7.5 to apply to all trading on Australia's two main market operators. Chi-X has therefore applied to become a member of the Securities Exchanges Guarantee Corporations, which is the statutory trustee of the National Guarantee Fund. A consequence of Chi-X being a member of the SEGC is that all trading on Chi-X will be covered by the NGF.

Visible MOC orders have not been commonly used by participants since their introduction in 2015 and so Chi-X is consulting on whether they should be removed from the products offered by Chi-X. Hidden MOC order types have increased in popularity and will remain as part of MatchPoint.

These changes require amendments to the Rules and Procedures and these are covered in the CP.

The consultation period closes on Friday 14 November 2019.

*All changes are subject to ASIC regulatory approval

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