



Compliance Notice

26 October 2020

Reference Number: 0008/20

Subject: Transition to Division 4 Compensation Arrangements

Chi-X has today completed the transition to Division 4 compensation arrangements and has joined the ASX as a member of the Securities Exchanges Guarantee Corporation Limited (SEGC), the operator of the National Guarantee Fund (NGF).

The NGF compensation arrangements will now apply to the Chi-X Australia market in the same way they apply to ASX.

The necessary changes to the Operating Rules (Rules) and Operating Rules: Procedures (Procedures) for this to occur come into force today and are contained in the current Rules (v1.9) and Procedures (v1.16) published on the Compliance page of the Chi-X web site – see [here](#).

As advised in Compliance Notice 7 of 2020, the changes include the following.

- (a) New content in the notice on compensation arrangements that participants are currently required to give to new clients. Participants are not required to send the new notice to existing clients, the new rules require only that it is sent to new clients.
- (b) Participants will be required to provide notifications to some clients on the circumstances where NGF coverage does not apply. These requirements are the same as those in the ASX Rules and participants will be able to rely upon notices previously sent to clients pursuant to those ASX Rules to comply with the Chi-X rule.

Chi-X has also published new text on its web site outlining some of the main issues in the transition arrangements, see [here](#).

Chi-X has also taken this opportunity to, as foreshadowed in CP 1 of 2019, make some minor amendments to rule 14.36 and the associated procedures, on the notification of Exchange Traded Fund Special Trades. These amendments will have no impact on Participant or Chi-X procedures for Exchange Traded Fund Special Trades, rather they are to make it clearer that these notifications are not 'reportable transactions' under regulation 7.5.01 of the Corporations Regulations

Please [contact the Chi-X Compliance team](#) with any queries.

Chi-X

Compliance

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