

ASX 24 Listed Derivatives Trading Guidelines

1. Introduction

1.1 Purpose

The **primary purpose** of this document is to provide clarification for Market Participants in relation to their obligations to ensure bids and offers for, and any transactions in, derivatives contracts are not in breach of the Market Integrity Rules (defined below), with particular focus on the concept of ‘false or misleading appearance’ as defined MIR 3.1.2.

Who should read this? Market Participants **and their clients** (including Trading Participants). **Words and expressions used in these Trading Guidelines have the meaning given to them in the *Corporations Act 2001 (Cth)* 2001 (Corporations Act) or the documents set out in paragraph 2 below.**

2. Guidance on ASIC’s enforcement of the Market Integrity Rules

Market Participants must ensure that any trading activity should be based on legitimate commercial reasons as determined by the Market Participant. When trading in derivatives contracts, and in particular where the products are illiquid, Market Participants must have regard for their **legal and regulatory** obligations under:

- ASIC Market Integrity Rules (Futures Markets) 2017 (**MIRs**)
- Regulatory Guide 266: Guidance on ASIC market integrity rules for participants of futures markets (**RG 266**)
- Regulatory Guide 104: AFS licensing - Meeting the general obligations (**RG 104**)
- Regulatory Guide 216: Markets Disciplinary Panel (**RG 216**)
- the Corporations Act, including, but not limited to obligations relating to:
 - the Australian market licence conditions (s 795B);
 - participating in or facilitating (directly or indirectly) any market manipulation conduct (s 1041A);
 - false trading and market rigging (s 1041C);
- making false or misleading statements (s 1041E); and
- ASIC Market Integrity Rules Part 2.2 (Supervision and Risk Management).

Trading participants should have regard to ASX 24 Rules and Procedures (3101).

Relevant Market Integrity Rules

MIR 3.1.2 - False or Misleading Appearance: Market Participants **must not** place or execute orders if a person intends to create, are aware of, or should reasonably suspect the creation of a false or misleading appearance of active trading, market, or price for a contract.¹

When deciding what a Market Participant “should reasonably suspect,” MIR 3.1.2 sets out a detailed, non-exhaustive list of factors is covered in the “*Thematic analysis of MDP findings and outcomes*” section below.

¹ On 27 August 2025, ASIC published a consulting paper (CP 386) that sets out proposed amendments to the trading systems obligations in the ASIC Market Integrity Rules (Securities Markets) 2017 and the ASIC Market Integrity Rules (Futures Markets) 2017. Comments close on 22 October 2025. The proposed date for the release of amended rules and feedback report is 31 March 2026. More information is available here: <https://www.asic.gov.au/regulatory-resources/find-a-document/consultations/cp-386-proposed-amendments-to-the-asic-market-integrity-rules-trading-systems-and-automated-trading/>.

“Legitimate commercial interest”

In determining whether there is a legitimate commercial interest, a Market Participant may have regard to the following (MIR 3.1.2(3)(g)) :

- hedging/risk mitigation;
- value based trading (buy low/sell high);
- fulfilling market making obligations;
- unwinding hedges linked to DSP referencing OTC trades (without intent to influence DSP);
- executing genuine client orders;
- taking a genuine view on market levels; and
- arbitrage opportunities.

Further guidance is provided by ASIC in Table 6 of RG 266 (extracted in the Appendix below) regarding a Market Participant's obligation to report suspicious activity under MIR 3.6 and includes commentary on primary and secondary indicators for suspicious order entry.

MIR 3.1.3 - Entering Orders without an intent to trade: Market Participants should monitor for the indicators that ASIC considers demonstrate there is no genuine intent to trade – for example, extreme limits/volumes without plausible context, and opening-price gaming.

It should be noted that while MIR 3.1.3 is relevant, recent published MDP outcomes (see below) have centred on MIR 3.1.2.

Markets Disciplinary Panel – recent decisions

ASIC's Markets Disciplinary Panel (**MDP**) was established in 2010 to enforce market integrity rules. The MDP exercises ASIC's power to issue infringement notices and accept court enforceable undertakings relating to breaches of the market integrity rules.²

The Market Integrity Rules refer to all order and trading activity. The recent MDP findings are focused on matters relating to the DSP.

Thematic analysis of MDP findings and outcomes

The MDP has published several infringement notices that provides additional guidance on circumstances where a Market Participant should 'reasonably suspect' that a person has placed an order with the intention of creating a 'false and misleading appearance' for the purposes of MIR 3.1.2(1)(b)(iii).

Comparative Table – Thematic analysis of MDP findings

ASIC emphasised that it is insufficient for a Market Participant to evaluate individual characteristics of the relevant contracts for the purposes of MIR 3.1.2(1)(b). Instead, the pattern of orders or trading in the product over a period of time should (along with the specific circumstances around the relevant order or contract) be evaluated as a whole.

Specific examples Market Participants should consider include:

- **Concentrated last-minute activity** that regularly narrows/widens spreads and affects the DSP.
- **Serial small-lot orders** that are immaterial from a risk perspective but material for the DSP calculation.
- **Order series across days** that consistently move the DSP in a direction that improves a client's mark-to-market or is otherwise favourable for the client's interests.
- **Contradictory pricing** (bidding above available ask, offering below available bid) without clear commercial rationale.
- **Multiple related accounts or DMA users** exhibiting aligned patterns near the close.
- **Urgent instructions** to place orders immediately/at the close without clear commercial justification.

² Any matter involving alleged contraventions of the market integrity rules by market participants may be referred to the MDP unless ASIC decides to bring civil penalty proceedings in relation to the matter (RG 216.14).

In assessing whether a matter should be referred to the MDP, ASIC will consider whether conduct alleged to constitute a contravention of the market integrity rules warrants a civil penalty or other civil proceedings, or whether an infringement notice or a court enforceable undertaking is an appropriate regulatory response (RG216.17).

Markets Disciplinary Panel outcomes generally fall into two categories:

- a finding that the MDP does not have reasonable grounds to believe that a contravention has occurred; or
- an infringement notice being given if the MDP has reasonable grounds to believe a contravention has occurred.

A Market Participant that is given an infringement notice is not obliged to comply with it. If the Market Participant complies with the notice, no further regulatory action (civil or criminal) may be taken by ASIC against the participant for the alleged contravention: see reg 7.2.A.10(2).

If the Market Participant chooses not to comply with it, ASIC will bring civil proceedings in the Federal Court against the Market Participant in relation to the contravention.

Separately, ASIC may bring civil proceedings in the Federal Court against the Market Participant's client under the civil penalty provisions (s 1317E) and seek pecuniary penalty orders (s 1317G) in relation to breaches of market manipulation (s 1041A) and false trading and market rigging (s 1041B).

Comparative Table – Thematic analysis of MDP findings

Other general themes

In relation to “gatekeeper” responsibilities, ASIC expects that Market Participants be aware of, and responsible for, all orders placed by their clients, including orders placed through any Direct Market Access channels provided by the Market Participant.

When determining the penalty for the alleged contraventions, the MDP considers the following factors (**RG 216**):

- whether the Market Participant’s response was sufficiently prompt and appropriate after being directly contacted about specific concerns ASIC had (i.e. suspicious client order or trading patterns, unexpected increases of market volatility and potential issues with margin calls); and
- behaviour that indicated that the Market Participant had appreciated the seriousness of its obligations set out in the Market Integrity Rules and the Corporations Act; and
- whether the Market Participant had taken full ownership for any relevant conduct at the time of it being raised by ASIC.

It should be noted **MIR 3.1.2(1)(b) was the focus** of the decisions published by the Markets Disciplinary Panel.

Breakdown of the circumstances and relevant facts under MIR 3.1.2(1)(b)(iii) and MIR 3.1.2(3)

MIR 3.1.2(3)(a) - History of, or recent trading in, that Contract

Example 1

ASIC considered the relevant orders made by the client unusual in that market when considering the history of, and other, trading in that product, given that:

- the client’s behaviour during the period where the client *did not hold a short position* was different to its behaviour during the period where the client *did hold a short position*; and
- the client’s pattern of submitting late and small-lot orders near the market close only occurred in the day trading session (being the trading session that determines the DSP), not the night trading session.

Example 2

Factors ASIC considered were relevant to the history of, or recent trading in, that product include:

- **the geopolitical environment:** during the relevant period, there had been extreme volatility in the market due to contemporaneous geopolitical events. ASIC took the view that this created conditions that incentivised market manipulation and the Market Participant should have been more alert to heightened risk of misconduct in that market.
- **the Market Participant’s relative dominance in the market:** the Market Participant’s dominance in the market should be directly proportionate to their responsibility to be appropriately alert to any heightened risks of misconduct in the relevant market.

MIR 3.1.2(3)(b) - Whether the Order or execution of the Order would alter the market for, or the price of, the Contract

Overall, ASIC found it relevant that the majority of the orders altered the market for that contract by altering the bid/ask spread. Where the relevant orders resulted in a trade, those orders also altered the price in a direction that was favourable to the client’s interests.

It should be highlighted that this sub-limb, like all others, must be taken in the context of all other factors and circumstances.

Bids and offers for, and any transactions in derivatives contracts will often have the consequence of influencing the level at which the DSP is set or maintained. However, the MDP outcomes indicate that a distinguishing factor is that the relevant contracts is whether the Contracts are entered or undertaken for a purpose of seeking to influence the DSP **without a legitimate commercial reason**.

MIR 3.1.2(3)(c) - The time the Order is entered or any instructions concerning the time of entry of the Order

Time that the Order is entered

Example 1

Comparative Table – Thematic analysis of MDP findings

ASIC considered it significant that nearly 40% of sell orders in the relevant period were entered in the final minute of the day trading session. In contrast, outside of that relevant period, the client of the Market Participant never placed an order in the final minute of trading. It was noted that whilst trading in this market generally increased towards the close, during the relevant period, the client was responsible for a high proportion of late orders (placed in close proximity to the close) the day trading session.

Example 2

ASIC found that a number of late orders (all of which were placed within the last minute before close) were matched with existing orders that had been available in the market for considerable time, suggesting they were placed to influence the DSP rather than a genuine desire to trade.

Instructions concerning the time of entry of the Order

Example 3

An example of instructions that ASIC found should have raised suspicion that a person was seeking to influence contract prices rather than engage in genuine trading was when the client instructed its trader to place an order at '*cob i.e. 2 seconds to go*'.

MIR 3.1.2(3)(d) - Whether there is interest in creating a false or misleading appearance of active trading in any Contract or with respect to the market for, or the price of, any Contract

Example 1

During the period of time that the client held a short position, the client would benefit from lower settlement prices, both in terms of the amount of variation margin it might be required to pay, and an improved profit and loss (on a mark-to-market basis) on a given day (noting that any mark-to-market movement was unrealised and therefore transitory).

ASIC also considered relevant that the Market Participant had access to the client's position information, which was recorded in, amongst other things, daily open position statements, and therefore should have been put on notice to investigate further.

MIR 3.1.2(3)(f) – Where the Order appears to be part of a series of Orders, whether when put together with other Orders which appear to make up the series, the Order or the series is unusual

Example 1

Where many of the relevant orders were placed at a time which minimised the available time for other traders to respond and were placed at volumes which, even if the order traded, would have little, if any, impact on the client's position and risk, this creates a pattern of trading behaviour that does not reflect the behaviour of a trader seeking to take advantage of increased liquidity towards the close.

Given that the clients were placing the relevant orders over multiple days with similar characteristics that impacted the DSP, ASIC found that this pattern of trading should have increased the suspicion that each client was trading with the intent to impact the DSP.

Example 2

When considered as a series, the relevant orders need to demonstrate a pattern of orders that consistently moved the DSP in the market in a direction to improve the client's mark-to-market position.

ASIC noted that most of the relevant orders sent to the market that traded did so with resting orders in the market, and the client had waited until the final seconds to enter the opposing side and trade with the pre-existing order.

MIR 3.1.2(3)(g) – Whether there appears to be a legitimate commercial reason for that person placing the Order, unrelated to an intention to create a false or misleading appearance of active trading in or with respect to the market for, or price of, any Contract

Example 1

The client's trader stated in an email to the Market Participant that '*...the economic rationale for those trades is that [the Client] was protecting its short position from another party bidding up the close by entering bona fide sell orders executed within the bid and offer prices...*' and '*There was no intention to manipulate the close.*'

Comparative Table – Thematic analysis of MDP findings

Notwithstanding an explicit denial of an intention to ‘*manipulate the close*’, the rationale provided does not reflect the genuine forces of supply or demand and is likely to create a misleading appearance in the price of, and the market for, the contract.

Example 2

ASIC found the higher than usual number of the orders appeared to lack commerciality, since they were either asks where there had been bids placed earlier at higher prices, or conversely, bids where there had been asks placed earlier at lower prices.

MIR 3.1.2(3) sub-limbs not specifically referred to in ASIC’s Markets Disciplinary Panel decisions:

MIR 3.1.2(3)(e) – Whether the Order is accompanied by unusual settlement, delivery or security arrangements

MIR 3.1.2(3)(h) – Whether the proposed transaction, bid or offer which is proposed will involve no change of beneficial ownership

MIR 3.1.2(3)(i) – The frequency with which Orders are placed by a person

MIR 3.1.2(3)(j) – The volume of Contracts the subject of each Order placed by a person

MIR 3.1.2(3)(k) – The extent to which a person amends or cancels an instruction to purchase or sell a Contract relative to the number of transactions executed for that person

Additionally, MIR 3.1.3 (Entering Orders without an intent to trade) was not specifically referred to in ASIC’s Markets Disciplinary Panel decisions.

3. Governance

3.1 Supervisory procedures

MIR 2.2.8 requires that a Market Participant to have appropriate supervisory policies and procedures to ensure compliance by the Market Participant and each person involved in its business as a Market Participant with the MIRs, the operating rules of each Market of which it is a Participant, and the Corporations Act.

3.2 Conflict management

The internal policies of a Market Participant should address conflicts of interest, including in relation to perceived or actual conflicts arising in their trading, distribution and trade reporting activity in derivative contracts.

Market Participants should have in place adequate arrangements for the management of conflicts of interest that may arise in relation to activities undertaken by them (including their trading in derivatives contracts). Where conflicts of interest are managed through methods other than by avoiding the conflict, Market Participants should put in place processes and procedures to maintain a record of any decision making by an employee in line with the Market Participant’s internal policies covering the perceived or actual conflict of interest. Senior compliance staff of the Market Participant should regularly review these decisions to ensure that the conflicts of interest policy is being adhered to.

Market Participants should ensure all employees involved in the trading of derivatives contracts that could be used by the ASX to calculate the DSP, are aware of and fully compliant with the conflicts of interest policy.

3.3 Training

Market Participants should ensure that personnel involved in the trading of derivatives contracts have received and will continue to receive ongoing training on compliance with the Market Participant’s legal obligations, having regard to the Market Integrity Rules as well as market misconduct prohibitions under the Corporations Act.

3.4 Identification and reporting suspicious activity

A Market Participant must have in place a clear, well-understood and documented mechanism to **identify and report** suspicious trading activity (as outlined above). This may include a complaints policy or a whistleblowing policy.

Notification to ASIC

Where a Market Participant has reasonable grounds to suspect that a person has engaged in activity in relation to the calculation of the DSP for the purpose of attempting to inappropriately influence the level at which the DSP is set or maintained, the Market Participant should notify ASIC in writing by email (at markets@asic.gov.au) without delay (MIR 3.6.1(1) – see also RG 266.133-140 for guidance on the meaning of “reasonable grounds to suspect”).

Market Participants should have procedures in place to ensure that, where suspicious activity is reported, each report is reviewed in a timely manner and escalated to ASX or ASIC if appropriate (RG 266.127).

4. Appendix – Table 6 of RG 266

Table 6: Indicators that may combine to give rise to reasonable grounds to suspect that an order or transaction may affect market integrity—Rule 3.6.1(1)(b)

Primary indicator	Other indicators
An order is placed: • near the close of the trading day; or • on the last day of the month, quarter, half year or financial year	The order forms part of a trading pattern where the client or trader regularly chooses to buy high or sell low at the close. This may be a reportable matter where the order would, if executed, represent a significant increase or decrease from the previous trade price ('price support', 'marking the close' or 'window dressing') Other indicators include: • the client or trader chooses not to buy or sell at other times of the trading day when better prices are available; In addition, the client or trader may already hold existing positions in the futures contracts or related derivatives, and have an interest in maintaining the price of the futures at a certain level
An order is placed near the expiry date of related derivatives (e.g. options)	As a general rule, the market participant is not expected to investigate whether a client holds positions in related derivatives. A trader executing a client's order may not be able to 'see' if a client holds, or has open positions in, related derivatives because of the way in which the market participant's business is structured, or the way the client has structured their investments This may raise an early warning signal if the market participant is aware that the client holds positions in related derivatives such as an option that is close to expiry. The order would, if executed, represent a significant increase or decrease from the previous trade price of the underlying futures contract, and thereby increase or decrease the value of the related derivatives. As a result, the client or trader makes a profit or avoids a loss
A client or trader places matched orders—prearranged trades	The order is for a large volume in a futures contract which is relatively illiquid. Immediately after the client's order is placed, an order for a similar volume at the same price is placed on the opposite side of the market. The effect is that the order is executed unusually quickly, given the size of the order and the limited liquidity in the futures contract. This may indicate that the trade is a 'wash trade' We note that this may not always be indicative of suspicious conduct, as legitimate prearranged trading of large volumes must be in accordance with the prearranged trading rules

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