

25 March 2015

Mr Michael Somes
Head of Compliance and Regulatory Counsel
Chi-X Australia Ltd
Level 23 Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000

By email: cp1@chi-x.com

Dear Mr Somes,

Consultation Paper 1/2015: the Chi-X Multi Asset Platform and the Chi-X Market Maker Regime

The Stockbrokers Association of Australia would like to make some brief comments on Chi-X Australia Consultation Paper 1/2015 which sets out its proposals on *The Chi-X Multi Asset Platform (CMAP)* and the accompanying Market Maker Regime.

We note that it is proposed that under CMAP, Chi-X will list and trade investment products on its own market, in competition with existing listing markets. This will be the first time in Australia that Chi-X will offer listing and trading of its own products, rather than trading ASX-listed product as has been the case since the launch of Chi-X in 2011. CMAP will launch in phases, the first two of which will feature warrants and ETFs. The first phase is scheduled for November 2015.

The Consultation Paper outlines the proposed changes to the Operating Rules and Procedures that are necessary for the launch of CMAP. It also contains an *Information Pack* that is intended to assist participants, issuers, investors and wider stakeholders in applying the proposed Rules and Procedures to their own circumstances.

Chi-X is also consulting on a market making programme and the proposal to formally request ASIC to grant short sale relief for Chi-X registered market makers.

The Stockbrokers Association of Australia welcomes innovation in products and services in Australian financial markets. It also supports competition in financial markets and financial services, especially where such competition leads to lower costs for our Members - the stockbrokers of Australia - with no accompanying detriment to their clients or the markets.

At present, we are not in a position to make detailed submissions on the 23 questions posed in the Consultation Paper regarding the underlying rules and information materials for CMAP.

However, notwithstanding our lack of detailed submissions, we would like to take this opportunity to state that we would expect that a **regulatory level playing-field** should exist for the launch of CMAP. Accordingly, provided that equivalent levels of issuer integrity, product disclosure and investor protection exist, there should be no reason why Chi-X should not be entitled to the **same relief** granted by ASIC as has already been granted to other exchanges.

While we are not in a position to make any more detailed submissions at this stage, our Members are watching CMAP developments with interest and look forward to further details closer to the launch in late 2015. We also look forward to your officers addressing our Members when convenient, including the meeting of our Retail Broking Committee which is scheduled to take place at our National Conference, Hilton Hotel Sydney, at lunchtime on Friday 29th May.

Thank-you for the opportunity to comment on these proposals. I wish you well in the development and launch of CMAP. Should you require any further information, please contact me on the above details, or Doug Clark, Policy Executive dclark@stockbrokers.org.au .

Yours sincerely,



David W Horsfield
Managing Director/CEO