



9 December 2022

Email: [consultations@asx.com.au](mailto:consultations@asx.com.au)

Rob Nash  
ASX Limited  
PO Box H224  
Australia Square NSW 1215

Attention: ASX Consultations

Dear Mr Nash

## ASX MARKET MANAGEMENT CONSULTATION 2: POTENTIAL ENHANCEMENTS

The Stockbrokers and Investment Advisers Association (SIAA) is the professional body for the stockbroking and investment advice industry. Our members are Market Participants and Advisory firms that provide securities and investment advice, execution services and equity capital-raising for Australian investors, both retail and wholesale, and for businesses. Practitioner Members are suitably qualified professionals who are employed in the securities and derivatives industry.

The history of the stockbroking profession in Australia can be found [here](#).

SIAA members represent the full range of advice providers from full-service and online brokers to execution-only participants and they provide wealth advice and portfolio management services.

Thank you for the opportunity to provide feedback on the Consultation Paper 2: Potential enhancements (Consultation Paper). We note that certain of our members have met with ASX to discuss the Consultation Paper and that SIAA met with the ASX consultation team on 30 November 2022.

Our detailed feedback is set out below.

### Detailed comments

#### Order Download Service

SIAA's members are supportive of the proposed Order Download Service and consider that it will allow them to achieve certainty as to which orders reside on ASX (are not executed).

Feedback from our members is that omission of private data fields (exClient Info, Customer Info and Regulatory data) would make it harder for them to process the file. Importantly, feedback has been received that without private data fields, the development build is significantly larger resulting in higher development costs. We don't consider that privacy concerns would arise with the inclusion of

the private data fields in the Order Download Service. Both ASX and Participants already have this private data.

One suggestion is that a reliable mapping of exchange IDs to Participant order processing IDs could provide a solution.

### **Trade Download Service**

SIAA's members are supportive of the proposed Trade Download Service. Their feedback is that this is a sensible and practical approach as it will allow them to achieve certainty as to what orders have been executed and what orders have not and will stop the duplication of orders.

Consistent with their feedback on the content of the Order Download Service, the omission of private data fields from the Trade Download Service files will substantially increase development costs as they will need to build a solution to assist them to 'read' the data file.

Our members do not consider that, while helpful, the availability of a Trade Download Service will enable a seamless shift of orders to the alternative exchange. Participants will need to use the data to make decisions in a very short period of time. They will still need to contact their clients and ask them if they want to move their trades to Cboe. Clients may not want to move their orders for a variety of reasons and some of the challenges to moving liquidity are not technical. For example, a client with a longstanding order may be disadvantaged if the order is moved to Cboe as they will lose their priority. In addition, as Cboe is a day-only venue, a client with a longstanding order who moves their order risks that order not being filled on the day which may necessitate them having to move their order back to ASX. That client will essentially lose their priority twice. If ASX is down for the day, a client with a longstanding order may very well decide not to move their order but to 'stay put' at the ASX.

As SIAA has stated on previous occasions, a lack of liquidity on Cboe may still cause clients to keep their orders on the ASX rather than test liquidity on the alternative exchange on the day.

To be of best use, our members prefer that the Trade Download Service be made available immediately after the market outage occurs with updates following ASX FOT assessment.

We note that ASX has decided that from here on it will provide the trade file every day on a T plus one basis so Participants can get used to receiving the data in this format and test it. This will be useful for Participants as they can use it as part of their Business Continuity Planning. This should overcome our members' concerns of how to ensure that, in the event of an outage, which occurs rarely, the trade file process will work and provide them with the information they need to make timely decisions.

### **CANCEL\_ONLY session state**

SIAA's members are supportive of the proposed CANCEL\_ONLY session state. We consider that it will support a better customer experience in a market outage and remove the risk of order duplication. We consider that this is a sensible proposal as it provides Participants with certainty which is an essential first step to moving orders to Cboe. A Participant cannot move an order to Cboe unless they cancel it first in ASX and have the confidence that the order will not be filled on both markets.

Feedback from our members is that they will need to undertake some development work to adjust their systems to be able to make use of the new session state. This system adjustment will incur a cost that is not insubstantial. There will be a technical challenge as Participants will not be receiving broadcast updates and systems are reliant on that. Development work will be needed to address that issue.

We repeat the points we made regarding the Trade Download Service; the introduction of a CANCEL\_ONLY session state will not necessarily result in a seamless transfer of all orders to Cboe if there is an outage on the ASX.

### **Intraday restart**

SIAA's members have concerns about the proposed Intraday restart.

Our members' main concern is if the Intraday restart option results in the cancellation of long orders. The cancellation of long orders (the majority of orders in the market) is a poor customer experience resulting in a loss of priority and the issue of partial confirmations.

Our members also have issues with the impact of cancelled or purged orders on their operations as it would represent a material change and increased risks. What would happen with those cancelled or purged orders? Would clients be required to put their orders back into the market? Would they in fact do so? Would Participants be expected to push the orders back into the market?

Even if ASX was able to ensure that long-orders were retained, another key concern for our members regarding an Intraday restart is that Participants would lose their day-only orders as well as orders due to expire that day. Our members have queried whether they would have sufficient time to respond and contact their clients who have had their day-only orders purged from the system and whether a Fair, Orderly and Transparent market can be maintained where a full-day's trading is essentially compressed into a short time frame.

Member feedback is that significant development work would be required to prepare for an Intraday restart as participant systems have a myriad of automated and interdependent end of day and start of day processes that run overnight in order to reflect correct cash and stock positions on customer and internal platforms. These processes were not designed to run intraday and extensive development and testing would be required to adapt these processes significantly increasing broker and market risk. This development would include work to persist day-only orders. Significantly more development effort over an extended time frame would be required for an Intraday restart where long orders are purged and Participants are required to push orders back into the market on their clients' behalf. The cost of that development would be substantial.

As a result of these concerns our members consider that a simpler and better outcome for clients may well be for the market to remain closed for the day rather than for ASX to adopt an Intraday restart.

### **Disabling Order Types or Market Components**

Our members have pointed out that ASX would need to be very specific about what order types and market components are disabled and for how long and provide this information well before the start time as the disabling of certain order types and market components considerably impacts on Participants and their clients.

For example, our members would have considerable concerns if Centre Point was not available. While the non-availability of Centre Point would not cause ASX to close the market, it can significantly impact thinly traded stocks and may require Participants to reconfigure smart order routers.

Again, the loss of Tailor-Made Combinations will not impact on FOT but would require Participants to adjust their operations. Participants rely on TMCs. The loss of TMC functionality means that Participants are forced to manually create strategies which takes considerably more time and requires them to explain these delays to their clients. The loss of TMCs during the November 2020 outage caused a lot of frustration for Participants.

## Conclusion

If you require additional information or wish to discuss this submission in greater detail please do not hesitate to contact SIAA's policy manager, Michelle Huckel, at [michelle.huckel@stockbrokers.org.au](mailto:michelle.huckel@stockbrokers.org.au).

Yours sincerely

A handwritten signature in black ink, appearing to be 'J Fox', with a stylized flourish above the 'x'.

Judith Fox  
Chief Executive Officer