



## ONLINE TRADING MARKET INTEGRITY AGREEMENT

amscot Stockbroking is a division of State One Stockbroking Ltd which, as a Market Participant of ASX, Cboe and APX, has an obligation to comply strictly with the Corporations Act, the ASIC Market Integrity Rules, and the Operating Rules of ASX, Cboe and APX.

A key element of these Rules is the requirement to at all times avoid manipulative trading and to maintain the integrity of the markets. Failure to comply is a very serious matter. Whether intentional or not, it can lead to fines exceeding \$1,000,000 and a possible jail term.

Every party placing orders directly into the ASX trading system, including each amscot Online client, is subject to these same requirements.

### SUMMARY OF YOUR OBLIGATIONS

#### **ASIC Market Integrity Rule 5.7.1 - False or Misleading Appearance**

In placing orders into the markets you must not intend to create:

- A false or misleading appearance of active trading in a product
- A false or misleading appearance as to the market for a product
- A false or misleading appearance as to the price of a product.

#### **CORPORATIONS ACT 2001 - SECTION 1041A**

You must not take part in, or carry out (whether directly or indirectly and whether in this jurisdiction or elsewhere) a transaction that has or is likely to have (or two or more transactions that have or are likely to have), the effect of:

- creating an artificial price for trading in financial products on a financial market operated in this jurisdiction; or
- maintaining at a level that is artificial (whether or not it was previously artificial) a price for trading in financial products on a financial market operated in this jurisdiction.

#### **ASX Operating Rules - Orderly Trading, Fair and Orderly Markets [3101]**

As a party entering orders into ASX, Cboe or APX you must not:

- do anything which results in a Market for a Product not being both fair and orderly, or fail to do anything where failure has that effect;
- take advantage of a situation arising as a result of a breakdown or malfunction in ASX's procedure or systems or an error in any Trading Message submitted by ASX.

## **MARKET MANIPULATION**

A False or Misleading appearance is sometimes referred to as Market Manipulation. For your information, we outline below some of the activities which may be viewed by ASIC as Market Manipulation.

**Please note that this information below is provided for information purposes and may not be exhaustive.**

- **Fictitious Orders**  
This involves placing a large order or orders on one side of the market to create an illusion of depth and liquidity, to facilitate a designated trade on the other side of the market.
- **Layering**  
This occurs where multiple orders are entered for the same account at various price levels, with the orders representing a significant number of orders in the bid/ask schedule. Whilst in some cases this pattern of trading may be a legitimate strategy (for example when a client is looking to break up a large order), this will be viewed as creating a false and misleading market if each of these orders does not represent a genuine intention to trade.
- **Ramping**  
Where, during normal market hours, orders are placed in such a way as to suggest that there is a greater depth and volume of interest than there actually is.
- **Giving up Priority / Window Dressing**  
Where a bid and or ask order is entered for a significant quantity of stock at a price away from priority, which is cancelled as it gains in priority. This may be a legitimate strategy where for instance buy orders are cancelled in a falling market. However should such orders not reflect a true intention to trade, this practice will be regarded as creating a false market.
- **Spoofing**  
During the market auction periods, an order can be entered into the market with there being no immediate possibility of the order being executed. This provides the opportunity for the entry of fictitious orders, designed to mislead the market as to the depth and volume of interest, with the order/s being deleted shortly before trade commences.
- **No Change of Beneficial Ownership**  
A transaction involves no change in beneficial ownership if a person (or that person's associate/s), is on both sides of the transaction, (i.e. both the buyer and the seller).
- **Wash Sales**  
This involves buying and selling a share at the same price so as to significantly increase the trading volume in order to attract new buying interest.
- **Marking the Close**  
Where an order is placed in an attempt to artificially influence the closing price of the security, this may have an impact on the security during the subsequent trading day and as such can be regarded as manipulative trading.
- **Pass the Parcel**  
Trading the same parcel of securities backwards and forwards to move the stock price or to create a false impression of volume.
- **Bid Support**  
This involves multiple bids for small amounts of a particular stock being placed just below the highest bid price in order to prop up a company's stock price.
- **Price Driving**  
Placing bids/offers in the market to intentionally drive the price of a stock positively or negatively.



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Participant of ASX, Cboe Australia, SSX & NSX

**MONITORING BY STATE ONE**

State One Stockbroking has in place a Market Surveillance Team dedicated to monitoring all trades entered into the market through State One. Any occurrences of suspicious or manipulative activity are immediately raised to the compliance team where further analysis is conducted. If we deem that you have participated in manipulative trading (whether intentional or not), we may decline to act on your behalf and report your trading activity to the Australian Securities and Investments Commission.

<b>Trading Account Number</b>
<b>Customer ID Number</b>

**Amscot Client Agreement – Terms and Conditions:**

As per the Amscot Client Agreement:

32. *If we consider it is in our reasonable interest to do so and to the extent permitted by law, we may decline to act on Your behalf in relation to any particular dealings, without explanation or advance notice. Additionally, we may decline to act on Your behalf*
- *where the original instruction is more than 9 weeks old and has not been reconfirmed;*
  - *where the basis of quotation for the security has changed and the order has not been reconfirmed;*
  - *where the security has been subject to a trading halt and the order has not been reconfirmed;*
  - *where the ASX has purged the order from the trading platform;*
  - *where we believe the transaction would result in no change of beneficial ownership;*
  - *where we believe the transaction would have the effect, or is likely to have the effect of creating a false or misleading appearance of active trading in any securities or with respect to the market for, or the price of, any securities; or*
  - *where we believe the instructions are ambiguous, incomplete or unclear.*

**ACKNOWLEDGEMENT AND SIGNATURE**

By signing this agreement, you acknowledge that you have read and understood your obligations as an amscot online client to avoid manipulative trading and maintain the integrity of the markets.

Applicant 1	Applicant 2
Name:	Name:
Signature:	Signature:
Date:	Date:

Please send the completed form to:

**amscot Stockbroking Ltd**  
**PO Box 7625**  
**CLOISTERS SQUARE WA 6850**

Or Email: [amscot@amscot.com.au](mailto:amscot@amscot.com.au)