



9 December 2022

Mr Ben Jackson  
General Manager, ASX Market Operations  
ASX Limited  
PO Box H224  
Australia Square NSW 1215  
Attention: ASX Consultations

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

Dear Mr Jackson

## **Market Management Consultation 2: Potential Enhancements**

The Australian Financial Markets Association (AFMA) welcomes the opportunity to comment on ASX's Market Management Consultation 2: Potential Enhancements.

AFMA commends ASX for its well-structured and considered program to respond to the identified challenges of market management during outages. As conveyed in our recent meeting our membership is broadly supportive of ASX's proposals although on Intraday Restart responses are more mixed.

These tools are expected to assist the potential for orders to move to alternative venues in the event of an outage, in line with ASIC's expectations. However, we note that there is no guarantee that orders will migrate as this is ultimately dependent on the particular technical circumstances and overall risk assessment of investors and their brokers during outages on a case by case basis.

Please find our responses to the consultation below:

### **2. Order Download Service**

ASX proposes to develop a new, more secure and robust order download service (ODS) for use during incidents, to improve certainty over Participant order book positions.

**Question 2.1:** Are you supportive of this proposal?

**Question 2.2:** If so, how could you make use of the service?

**Question 2.3:** Please provide any further feedback you have regarding this proposal?

**Question 2.4:** In considering data security - would there be any challenges if private data fields (exClient Info, Customer Info and Regulatory data) was omitted from the file?

AFMA supports the proposed order download service.

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AFMA suggest that to assist ODS adoption and robustness on the participant side that it be made available during normal trading days.

We note that some participants also suggest that including the private data fields will assist in keeping development costs minimised for participants. For data security reasons other participants would prefer these fields omitted. We suggest this be configurable on request.

### 3. Trade Download Service

ASX proposes to develop a new, more secure and robust trade download service (TDS) for use during incidents, to improve certainty over executed trades.

**Question 3.1:** Are you supportive of this proposal?

**Question 3.2:** If so, how could you make use of the service?

**Question 3.3:** Please provide any further feedback you have regarding this proposal?

AFMA supports the provision of a trade download service. We further support this be made available immediately with updates following a Fair, Orderly and Transparent (FOT) review by ASX.

### 4. CANCEL\_ONLY Session State

ASX proposes to develop and configure a new cancel only session state for use during incidents. This will allow the cancellation of working orders without relying on normal broadcast responses which may have been corrupted. In this scenario, certain system broadcasts may be disabled where there is no certainty they are functioning correctly.

**Question 4.1:** Are you supportive of this proposal?

**Question 4.2:** If so, how would you make use of the service?

**Question 4.3:** Please provide any other feedback you have regarding this proposal including the level of change required for you to support and make use of this session state?

AFMA supports the establishment of a CANCEL\_ONLY session state. The service is expected to assist firms have confidence in their order positions. We note also our support for a buffering implementation that would provide prompt acknowledgements and process the cancellations when the matching engine is in a state to do so.

Members have suggested a move into CANCEL\_ONLY mode be considered after ADJUST mode when it is safe to do so, but in a more timely manner, rather than only when a down for day determination has been made, in order to facilitate the movement of orders. This will assist participants meet ASIC's expectations.

AFMA would welcome a further discussion on the reliability of the Cancel on Disconnect (CoD) functionality and its interaction with the revised states and functionality. We support CoD being a reliable service, particularly given its role as a fail-safe.

### 5. Intraday Restart

ASX proposes to explore developing and testing the ability to restart ASX Trade within a trading day and resume the market following an incident.

**Question 5.1:** Are you supportive of this proposal?

**Question 5.2:** Do you believe an intraday restart would be of benefit to the market?

**Question 5.3:** Describe any system impact(s) you foresee and the effort required for you to support an intraday restart of ASX Trade?

**Question 5.4:** Please provide any further feedback you have including any estimated timeframes it would take were ASX Trade restarted intraday for you to be 'back online' and ready to trade?

AFMA reports a range of views within the membership on the potential for intraday restart.

There are additional risks that are introduced by an intraday restart that could place additional strain on participant resources. Members note the removal of the OUCH Session ID may prevent the ability to recover cancelled or filled order messages with standard recovery.

If all order types could be maintained there could be more support but we note this is not possible per the consultation paper.

Members note a decision to participate in intraday restart would be dependent on capacity to do so on the day given other response loads and the associated risks on the day.

The preference of some participants where all order types cannot be maintained is for a hard shutdown. In their view complex solutions to rare problems have a higher risk of being non-operational and therefore are harder to justify on a cost benefit basis, this being particularly relevant to mandating of implementation of such systems.

For other participants an Intraday Restart increases confidence that the system will function correctly and is more reliable than attempting a carry forward of a state that has had issues. Where it could be done with confidence that it would not lead to more errors these participants would support intraday restart.

Members suggest it might be advisable for rollbacks and testing to be accorded higher priority than they might have previously. Members do not support a restarted trading day exceeding regular trading hours.

## 6. General

**Question 6:** Are there any additional issues, concerns or ideas relating to the proposals raised in this consultation that might be considered by ASX?

We note the substantial development load the industry is under and do not support any additional build starting until 2024 at the earliest.

Members seek more information on the channels for advising participants of session state changes, for example would this be through market bulletins in addition to the market status feed?

Participants suggest there is likely to be value in more data recovery exercises to complement the new facilities.

Participants query whether further refinement of the Cancel on Disconnect function could allow it to be implemented at the order level?

## Conclusion

Thank you for considering our submission on this matter, we look forward to continuing to work with ASX.

Yours sincerely

A handwritten signature in grey ink that reads "Damian Jeffree". The signature is written in a cursive style with a large, stylized initial 'D'.

Damian Jeffree

**Senior Director of Policy**