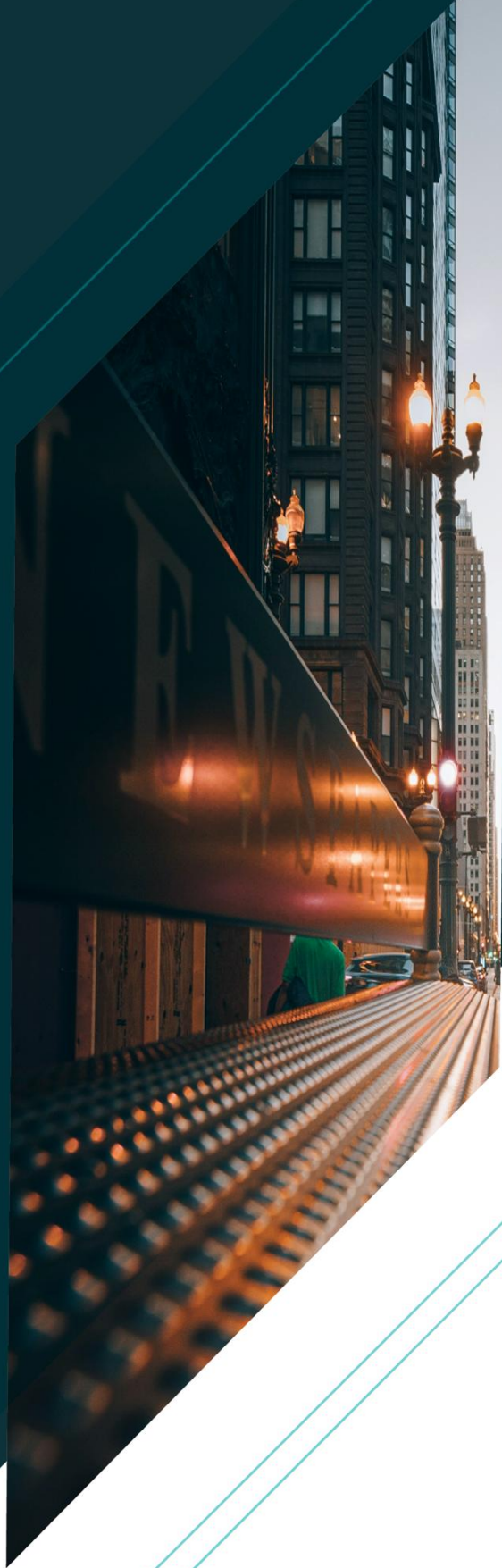


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Anomalous Order Thresholds & Extreme Trade Ranges

Practice Note 24





Introduction

PRACTICE NOTE 24

The Purpose of this Practice Note

Under Part 8.1 of ASIC's Market Integrity Rules (Securities Markets), The National Stock Exchange of Australia (NSX) is required to have arrangements in place for rejecting orders at prices outside the valid price range determined by NSX for each equity market product traded on the NSX market.

The purpose of this practice note is to provide transparency on NSX policies and implementation of Anomalous Order Threshold (AOT) and Extreme Trade Range (ETR).

The Main Points

1. NSX Obligations under the Market Integrity Rules
 2. Anomalous Order Thresholds (AOT)
 3. Extreme Trade Range (ETR)
 4. Trade Cancellation Policy
 5. Technical Notes
 6. Further Information
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Guidance

The NSX issues practice notes to promote commercial certainty, reduce costs to business and assist market participants, and we are available to discuss any questions you have in relation to a practice note. NSX may replace practice notes at any time. NSX Issuers and Participants should contact us as required to ensure that they have the latest version of a practice note. As a practice note is only a guide to NSX practice, Issuers and Participants are advised to contact NSX to discuss their particular circumstances and the application of the relevant listing rules or business rules. NSX cannot give legal advice to Issuers or Participants and recommends that they consider taking advice from a qualified professional person.



Section 1 – NSX Obligations under the Market Integrity Rules

Under Part 8.1 of ASIC’s Market Integrity Rules (Securities Markets) (MIRs), NSX is required to have arrangements in place for:

- rejecting orders at prices outside a valid price range determined by NSX - referred to as the Anomalous Order Threshold (AOT)
- and rejecting orders (and thereby preventing trades) at prices outside a valid price range determined by ASIC referred to as the Extreme Trade Range (ETR) = AOT and ETR apply to all products subject to MIRs.

Section 2 – Anomalous Order Thresholds (AOT)

AOT will prevent any order that is further than a defined threshold (AOT threshold) away from a defined reference price (AOT Reference Price) from entering the NSX market.

The AOT Reference Price is the price of the last trade in that security. NSX also has the discretion to amend the AOT Reference Price in circumstances where the last trade price may not be considered appropriate.

The AOT threshold is set at a fixed percentage of the AOT Reference Price. The percentage varies in accordance with the AOT Reference Price and is set out in the table below.

AOT Reference Price		AOT Threshold
Minimum (\$)	Maximum (\$)	
0.001	0.009	375%
0.010	0.049	150%
0.050	0.099	75%
0.100	0.495	60%
0.500	1.995	45%
2.00	4.99	38%
5.00	6.99	30%
7.00	9.99	26%
10.00	19.99	23%
20.00	49.99	19%
50.00		15%

APPLICATION OF AOT

AOT is only applied when a new order is submitted or when an existing order is amended. AOT applies to all orders. Any order that breaches the AOT threshold will be rejected by NETS (NSX’S trading engine).

AOT is not re-applied when the AOT Reference Price is updated.

CONSIDERATION FOR PARTICIPANTS

Securities on NSX may be illiquid and the AOT Reference Price may be somewhat historic.

In the event that a Participant’s order is rejected because it breaches the AOT threshold, but the Participant considers that the order is appropriately priced the Participant may contact NSX.



NSX has discretion to amend the AOT Reference Price where market conditions have moved since the last trade which set the AOT Reference Price. NSX will consider any such representations made by a Participant.

Section 3 – Extreme Trade Range (ETR)

ETR will prevent any execution that is further than a defined threshold (ETR threshold) away from a defined reference price (ETR Reference Price) from occurring in the NSX market.

There is no ETR Reference Price at the start of each day. The ETR Reference Price is set by the first trade that occurs. If there is a subsequent auction event, the ETR Reference Price is removed and there is, once again, no ETR Reference Price. The ETR Reference Price will then be set by the next trade that occurs.

At times when there is no ETR Reference Price, no ETR threshold will apply.

NSX has discretion to amend the ETR Reference Price in certain circumstances.

The ETR threshold is defined in the MIRs as either a fixed amount or a fixed percentage of the ETR Reference Price. The amount or percentage varies in accordance with the ETR Reference Price and is set out in the table below.

EXTREME TRADE RANGE (ETR)

ETR Reference Price		ETR Threshold
Minimum (\$)	Maximum (\$)	
0.001	0.099	10 cents
0.10	0.995	30 cents
1.00	1.995	50 cents
2.00	4.99	50%
5.00	6.99	40%
7.00	9.99	35%
10.00	19.99	30%
20.00	49.99	25%
50.00		20%

When a potential execution outside the ETR threshold is identified:

- NETS will apply an automatic Trading Pause. The Trading Pause will consist of a pre-open phase lasting 2 minutes that concludes with an auction.
- the ETR Reference Price will be removed.

If a trade occurs in the auction the price of the trade will become the ETR Reference Price. If no trade occurs in the auction there will be no ETR Reference Price.



Section 4 – Trade Cancellation Policy

As previously highlighted, Market Operators have an obligation to prevent trades from occurring that would breach the Extreme Trade Range (ETR).

In the unlikely event that an executed trade on the Market that falls within the Extreme Trade Range, NSX is required to cancel it as soon as it has been identified. This is regardless of whether a Participant has communicated the need for a cancellation to occur or not.

Section 5– Technical Notes

NETS publishes the AOT Reference Price, upper AOT threshold and lower AOT threshold on ITCH.

NETS publishes the ETR Reference Price, upper ETR threshold and lower ETT threshold on ITCH.

However:

- the published price should be used only when an ETR Reference Price exists.
- the published thresholds should only be used where there is an ETR Reference Price and that ETR Reference Price is \$2.00 or higher.

NETS will apply the ETR threshold per this Practice Note irrespective of the values that are published on ITCH.

This is summarised in the table below.

ETR Reference Price	ITCH ETR Reference Price"	ITCH ETR thresholds
No ETR Reference Price	Should be ignored	Should be ignored
ETR Reference Price < \$2.00	Should be ignored	Should be ignored
ETR Reference Price >= \$2.00	Reflects ETR Reference Price	Reflects ETR thresholds

Further information on ITCH is available on NSX's website: [ITCH Introduction](#)

Section 6 – Further Information

For further information, please contact:
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