

# VolumeMatch® \_\_\_\_\_ Large Order Execution \_\_\_\_\_

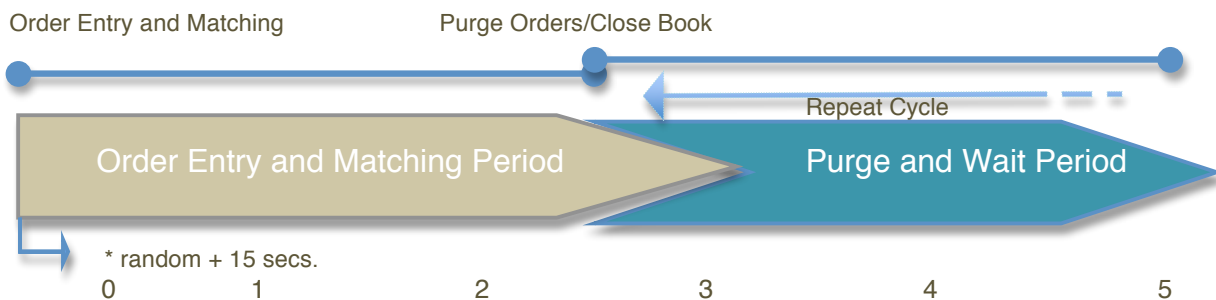
## Overview

VolumeMatch® is a new ASX trade execution facility that enables end-users to search for liquidity and execute large orders anonymously. Execution occurs at a predetermined VolumeMatch® price, which is generated from recent pricing activity in ASX's main Central Limit Order Book (CLOB). Market Participants can enter buy and sell orders (above special size) into VolumeMatch® and continuous matching at the predetermined price is conducted on a time priority basis. The predetermined execution price is periodically refreshed from the CLOB. The order entry and matching period runs to a fixed timeframe (currently configured at three minutes).

This document provides a high-level overview of VolumeMatch® for Buy Side and Sell Side Dealers. A more detailed technical description of these order types can be found in the ITS Open Interface Manual and the ITS Open Interface Bulletins which are available on the ASX website [www.asx.com.au/asxtrade](http://www.asx.com.au/asxtrade)

VolumeMatch® will be carried forward onto the new ASX Trade™ platform when that is delivered.

VolumeMatch® is available from 10:30am to 3:30pm, the cycle below will recur during this period, refreshing prices at the beginning of every 'order entry and matching period'.



## Features of VolumeMatch®

- Large blocks can be traded anonymously.
- VolumeMatch® order entry and matching sessions last for three minutes and are refreshed from 10:30am to 3:30pm.
- The VolumeMatch® price will (usually) be the CLOB's last trade price prior to the (randomised) start of each order entry and matching period.
- All pre-trade information is completely anonymous.
- Minimum Order Value and Trade Value requirements dictate the minimum order and trade size.
- Orders are ranked and executed in time priority.
- VolumeMatch® trades are immediately published in the CLOB's regular course of sales.
- VolumeMatch® trades clear and settle like all other ASX trades.
- VolumeMatch® trades will be included in daily Volume and Value statistics.
- VolumeMatch® trades will not be included in daily ASX VWAP\* statistics.

\* ASX calculates historical VWAP as a subscription service. ASX does not include VolumeMatch® trades as part of its historical VWAP subscription service. ASX recommends that data providers do not include VolumeMatch® trades as part of their VWAP calculations. However, data providers may calculate VWAP statistics with different criteria to ASX's recommendations

Advantages of VolumeMatch®

- Price Features:
  - VolumeMatch® prices will be based on recent CLOB pricing activity
  - Price uncertainty is removed from the equation
  - Ability to achieve significant cost savings by trading at the CLOB’s last price.
- Fully anonymous pre-trade.
- Concentrated liquidity.
- Reduces information leakage compared to Indications Of Interest (IOIs) or phone calls.
- High minimum order value and level of information control protects potential order exposure.
- Anonymous access to broker’s proprietary liquidity flows.

Example: BHP in the ASX main CLOB

<b>Security Information</b>								
<b>CODE: BHP</b>								
<b>Instrument</b>			<b>Market</b>				<b>EP Information</b>	
<b>CODE</b>	<b>TSS</b>	<b>BQty</b>	<b>Bid</b>	<b>Ask</b>	<b>AQty</b>	<b>Last</b>	<b>EP</b>	<b>EPQ</b>
BHP	OPEN	2,500	3154	3155	1,809	3154		

Entering a VolumeMatch® Order

Security Information							
CODE: BHP_VMB							
Instrument		Market			*EP Information		
CODE	TSS	BQty	Bid	Ask	AQty	EP	**EPQ
BHP_VMB	OPEN_VMB					3154	31,706
<b>Enter Order</b>					<b>Buy</b>		
CODE	Price	Qty	TQty	Type			
BHP_VMB	3154	37,500	0	Limit	<b>Sell</b>		

\*EP Information: References VolumeMatch® price from the CLOB for every three minutes

\*\*EPQ (Equilibrium Price Quantity): Calculated VolumeMatch® minimum quantity. This is the minimum quantity your order must meet to qualify for entry into the book.

VolumeMatch®

- Minimum Order size = A\$1,000,000
- A\$500,000 minimum trade
- Execution in three minute windows
- At price set by the CLOB's last price
- Hours of operation are 10.30am to 3.30pm

EP (Equilibrium Price)

Calculated VolumeMatch® price. This is the price for the VolumeMatch® session. When entering your order it must be entered at this price.

Anonymity

- Orders and Fund Manager ID hidden
- Orders only visible to segregated ID
- Broker Prop Books can participate in liquidity
- No footprint for Fund Managers if order is withdrawn

**Note:** VolumeMatch® Orders can be cancelled at any time during the order entry and matching period

## VolumeMatch®

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### Determining the VolumeMatch® Price

The basic rules in determining the VolumeMatch® execution price are that:

- If a security has a bid and offer, the last sale will be used, if at or inside the bid and offer
- If a security has a bid and offer, and the last sale is lower than the prevailing bid, then bid will be used
- If a security has a bid and offer, and the last sale is higher than the prevailing offer, then the offer will be used
- If a security has a bid and offer, but no last sale, the midpoint between the bid and offer will be used (rounded to the nearest tick)
- VolumeMatch® will not be offered for any security in a trading halt or that does not have both a bid and an offer.

### VolumeMatch® Entry Requirements

To qualify for entry into the VolumeMatch Book®, minimum requirements for a VolumeMatch® order must be met.

### VolumeMatch® Minimum Order Value

The Minimum Order Value is A\$1,000,000.

### VolumeMatch® Minimum Trade Value

This is designed to restrict partial trades being less than a certain size. The minimum trade value for all securities is currently A\$500,000. If a remaining partial order falls below this value it will be removed from the VolumeMatch Book®.

## Protection of Order and Fund Manager Identity

ASX has established a segregated regime for access to VolumeMatch®. ASX Participants who conduct both agency and non-agency business must achieve the Certification requirements in order to receive access to VolumeMatch® for their client's orders. This segregation regime is subject to an initial and annual certification by an appropriately qualified person (as defined by ASX).

The rationale behind the ASX requirement for initial and ongoing certification of VolumeMatch® under the ASX Market Rules is to ensure that all agency orders (and/or knowledge of agency orders) into VolumeMatch® are kept separate in all respects from ASX Participants' non-agency orders, such as a broker's proprietary order flow.

ASX Participants who conduct non-agency business (such as Prop Trading Firms and ETO Market Makers etc) will not need to be certified to access VolumeMatch®.

Agency only ASX Participants can access VolumeMatch® without Certification provided they attest to ASX that they are agency-only Participants.

While broker proprietary traders will be able to contribute liquidity to VolumeMatch®, Fund Manager end-users will be assured anonymity through a strict access regime that will provide for complete segregation of their order flow from other users – including the proprietary traders located within their executing broker. This order flow segregation is achieved by the ASX Participant using two broker numbers to access VolumeMatch®; i.e. a new dedicated broker number for agency business and their usual broker number for their Prop business.

### Disclaimer

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