

Guidance Note

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Key concepts

Setting Firm and User-level limits for FGL Products.

Related Information

FGL Operating Rule 4.2 and 4.3

FGL Guidance Note 38 - Price Limits

ASIC Market Integrity Rules (Futures Markets) 2017

Recommended Audience

Trading Participants

Previous Issues:

Nil

GN 54 - Firm and User Limits

Introduction

FGL Operating Rule 4.2.6 requires a Trading Participant (TP) to be responsible for all orders in FGL Products entered via every connection established using the credentials issued by the Exchange to the Trading Participant.

Additionally, a Trading Participant or Clearing Entity must not effect any Trade which is contrary to price and position limits established by the Exchange (FGL Operating Rule 4.3.1).

Implicit in these responsibilities is the expectation that the TP has the systems and processes in place to set TP-determined limits (both price and volume) to ensure that they achieve their obligations.

Whilst this is the expectation, the Exchange also has the capability within its own trading system to set both price and volume limits for orders in each FGL Product at both the Firm level and at the individual Trader connection level for TPs.

Guidance

Without removing any obligation on the TP to manage its own limit-setting capabilities, the Exchange is able to assist TP's in establishing both maximum volume and maximum price movement limits at both the Firm and User level on a per Product basis should this be required to ensure the ongoing Fair, Orderly and Transparent operation of the FGL market.

Where a TP wishes to utilise this capability, a Primary Contact will need to contact FGL Market Control and request in writing the specific limits to be established against specific products and to nominate connections.

Upon receipt of any such request, FGL Market Control will prepare configuration settings and seek reconfirmation for these settings from the Primary Contact prior to activation. At no time will FGL Market Control be deemed responsible for any inaccuracies in the limits established as a result of TP requests.

Where a TP requests a limit that is greater than a price limit established at the Exchange level, then the Exchange level limits will apply.

Irrespective of any limits, FGL Operating Rule 4.2.6 applies.

FGL has issued this Guidance Note to give general assistance to Trading Participants and Clearing Entities in their compliance with the Operating Rules. FGL is not bound by this Guidance Note in any particular case. This Guidance Note is not legal advice and Trading Participants and Clearing Entities should seek their own professional advice on their obligations under the Operating Rules in their particular circumstances. FGL may replace this Guidance Note at any time. Current Guidance Notes are available at www.fex.com.au/Guidance or by contacting FGL on enquiries@fex.com.au or on +61 2 8024 5200

Defined terms in this Guidance Note have the meaning given in the Operating Rules.