Participant Application Guide

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1 Introduction

Cboe Australia Pty Ltd (**Cboe**) is the holder of an Australian Market Licence under Part 7.2 of the Corporations Act, which enables it to operate a market for trading ASX quoted and Cboe quoted financial products.

The Participant Application Form is designed to provide information that, among other things, establishes how the applicant meets the admission criteria to become a participant of the Cboe market. Details of the admission criteria are set out in section 2.2 of the Cboe Operating Rules (**Rules**) and the Operating Rules: Procedures (**Procedures**). Applicants are encouraged to contact Cboe to discuss the process before completing the application form. Please call 8078 1700 or email au.sales@cboe.com to discuss your needs with one of the Sales team.

Cboe has two categories of participants – trading participant and non-trading participant:

- A trading participant is a participant of the Cboe market which has the right to submit trading messages to the Cboe trading system (**CTS**). Trading participants may be a traditional broker dealer or a principal trading firm. All trading participants need to have appropriate clearing arrangements either as a self-clearer or via a third party clearing arrangement.
- A non-trading participant is a participant of the Cboe market which does not have the right to submit trading messages to the CTS. In order for non-trading participants to trade on the Cboe market, they need to have an arrangement with at least one current trading participant of Cboe to submit trading messages to the CTS on their behalf.

Upon acceptance of your firm's application, Cboe will notify you that you have been admitted as a participant. Once your application is accepted you are bound by the Rules, which constitutes the contractual framework between you and Cboe and all other participants for the conduct of trading on the Cboe market. This contract is made under the Corporations Act. In addition to complying with the Rules, participants are required to comply with various regulations including the ASIC Market Integrity Rules (Securities Markets) 2017 (**Securities Market Integrity Rules**) that have been promulgated by ASIC.

If you are not a self-clearer, you will also have certain capital requirements that are set out in the ASIC Market Integrity Rules (Capital) 2021 (together with Securities Market Integrity Rules, **Market Integrity Rules**). As a principal trader you may not be subject to the capital requirements in the Market Integrity Rules but may still be subject to capital requirements subject to your status as the holder of an Australian financial services licence (**AFSL**).

2 Criteria to become a Participant

2.1 Cboe Rule Criteria

The criteria to be admitted as a participant are set out in Rule 2.2. In summary, the criteria require that an applicant:

- be a corporation;
- hold an AFSL, unless ASIC does not require you to hold one;
- satisfy Cboe that you have adequate internal procedures and controls and adequate execution/order management systems (Operations & Management Plan);
- be of good fame and character;
- have adequate clearing and settlement arrangements; and
- satisfy technical connectivity testing against the Cboe technical infrastructure.

If the applicant does not hold an AFSL, Cboe reserves the right to impose additional conditions or requirements, details of which are set out in the Procedures.

2.2 Market Integrity Rules

It is important to note the obligations that may apply to applicants under the Market Integrity Rules. Some things to consider include:

- whether the applicant needs to certify any Automated Order Processing (**AOP**) system, or to recertify a material change to an existing AOP system in respect of connectivity to the Cboe market;
- notify any changes to the applicant's management and supervision plan lodged with ASIC as a consequence of becoming a Cboe participant;
- notifying ASIC of the Designated Trading Representative (**DTR**) appointed to manage the affairs of the participant in relation to the Cboe market; and
- whether the applicant is applying to be a trading participant or non-trading participant.

3 The Application Process

3.1 Introduction

To be admitted as a participant, interested firms are required to complete the Participant Application Form. Further details and relevant documents, including the Rules and Procedures, are located on the website: https://www.cboe.com/au/.

To complete the Participant Application Form and be admitted as a participant may require you to have completed your technical connectivity and qualification test(s). This technical development and testing can be done before or after lodging your application.

Approval of an application will be granted upon Cboe determining that the applicant has satisfactorily fulfilled the requirements of Rules 2.1 and 2.2.

3.2 Applicants that do not hold an AFSL & Remote Participants

Those applicants that do not hold an AFSL, and in particular, those that are not currently incorporated in Australia should contact Cboe to discuss the requirements to become a participant on the Cboe market. Remote participation raises a number of additional issues, and these vary depending on the jurisdiction of the applicant, among other things.

In general, we will consider the need to impose requirements on remote participants that mirror the requirements contained in Australian law and regulations that apply to Australian based participants on the Cboe market. They may include, for example, requirements concerning capital and adequacy of order management/execution systems. We may also require a remote participant to maintain a local address for service of notices.

3.3 Approvals and Timeframes

The application process will typically take less than four weeks, however, applicants should note the need for parallel streams of work with ASIC under the Market Integrity Rules and any other requirements outside the Cboe application process. Participants should also allow sufficient time for any technical development and qualification testing for technical systems.

Other things that may require longer lead times include:

- offshore or remote participants that may require the involvement of ASIC and offshore regulators; and
- any requirement for obtaining an AFSL or seeking a variation to an existing AFSL.

3.4 Fees

For trading participants, there is no application fee, nor is there an annual fee.

For non-trading participants, there is an annual fee to be charged on a monthly basis.

The team at Cboe will assist you throughout the process and address any queries you may have.

3.5 Other Reference Materials

The Cboe Australia website provides important information including technical specifications and reference material concerning the Cboe Australia market. It can be accessed via https://www.cboe.com/au/equities/support/technical/.

4 Participant Application Form Guidance

This section provides guidance concerning each section of the Participant Application Form.

Applicant Details

Application Form Reference		Details
1.1	Principal Place of Business	Provide address details for the applicant’s principal place of business.
1.2	Address details of other offices	Provide address details for other offices.
1.3	Registered Office	Provide address details for the applicant’s registered office.
1.4	Business Name	Provide details of any registered business names.
1.5	Incorporation	Provide details of place and date of incorporation/registration and a copy of the Certificate of Registration for the applicant.
1.6	ABN / ACN	Provide the Australian Business Number or Australian Company Number of the applicant.
1.7	Director and Secretary	Provide the names, contact details and experience of each of the Company Directors plus the name, address and contact details of the Company Secretary.
1.8	Corporate Structure	Provide a corporate structure chart of the applicant’s corporate group and controllers.
1.9	Organisation Chart	Provide an organisation chart for the applicant outlining the names and reporting lines of key executives, and those managers with responsibilities regarding trading on Cboe. This would include executives across trading, risk, compliance, post trade processing and general management, including those who are designated as authorised executives in Section 4. If this is already incorporated into a management supervision plan (see Section 5.1), please simply refer to the plan as lodged with the application.

Principal Business Activity

Application Form Reference		Details
2.1	Principal Business	Provide a description of the primary business interests and activities of the applicant including the nature of the trading you propose to do and the different types of clients you propose to service. To the extent possible, also provide your estimates of expected volume, number of trades and value of turnover during the first 12 months.

Licensing Information

Application Form Reference		Details
3.1	AFSL	Provide a copy of your current Australian Financial Services Licence, plus any AFSL variation. If you had to amend your AFSL to become a participant on Cboe, please provide a copy of the application lodged with ASIC seeking the variation.
3.2	AFSL Exemption	If you have an exemption from holding an AFSL, please provide a copy of this exemption.

3.3	No AFSL or exemption	If you have applied for an AFSL, please provide a copy of your application and details of its status. If you do not have an AFSL and have not applied for one, please provide documentation concerning why an AFSL is not required – e.g. independent legal advice. See P2.4 of the Procedures for more details.

Principal Contacts: Authorised Executives

Application Form Reference		Details
4.1	Principal Contacts	This section requires details of two or more authorised executives in respect of specific functions: - Trading (at least one contact must be a DTR) - Compliance - Post trade and Operations Cboe will contact these authorised executives if required and may also act on instructions provided by these authorised executives concerning the participant's trading activity on Cboe.

Operations and Management Plan

Application Form Reference		Details
5.1	Provide Plan and related documents	Provide a copy of your operations and management plan. We anticipate that the management and supervisory plan you have lodged with ASIC under the Market Integrity Rules would typically meet this requirement. Please ensure that resumes of those people identified as responsible managers are provided. Provide details of the order management and execution management systems that will route orders to Cboe. Provide a copy of the AOP certification documents required under Rule 2.2(c).

Other Regulatory Arrangements

Application Form Reference		Details
6.1	Participation in ASX's market	Please provide details if the applicant or a related body corporate is an ASX participant. If yes, please include details concerning the name of the ASX participant and type of ASX participant. If the applicant is an ASX trading participant, please also provide the ASX participant ID that has been issued. The Market Integrity Rules require that this same identifier be used in the Cboe market. For those applicants who are not an ASX trading participant, Cboe will request ASX to issue a unique participant identifier.
6.2	Participation in other markets	Please provide details of any other Australian or overseas markets where the applicant has a membership or some form of direct participation on an exchange or trading venue. Please also include similar details for any clearing and settlement facility.

Related participants

Application Form Reference		Details
7.1	Identify related participants	Provide details of any relationships the applicant has with other participants. This includes common executives, related bodies corporate, shared premises or shared computer and other IT facilities.

Financial position

Application Form Reference		Details
8.1	Capital requirements	Provide details concerning the capital requirements you are required to meet and how you ensure you are in compliance with those obligations under the Market Integrity Rules.
8.2	AFSL Audit Confirmation	If you have an AFSL, provide a copy of your audit confirmation (FS71) concerning compliance with the financial requirements of your AFSL. If you do not have an AFSL, please provide a copy of the most recent accountant's letter or audited financial statements.

Trading Capacity

Application Form Reference		Details
9.1	Agency trading	Is the applicant trading on behalf of clients? If so, what is the nature of those clients?
9.2	Arrangements for retail clients	If it is proposed to trade on behalf of retail clients, please provide a copy of the complaints handling, dispute resolution or compensation arrangements that you have in place.
9.3	Principal trading	If the applicant proposes to trade as principal, do you expect those activities to be construed as market making under the Corporations Act. If yes, have you considered the need to apply for an AFSL?
9.4	Warrants for retail clients	If you propose to trade in warrants on behalf of retail clients, you are required to provide evidence of approval of clients to trade warrants.
9.5 and 9.6	Trading or non-trading participant	Is the applicant applying to be a trading participant or non-trading participant? A non-trading participant is required to have an arrangement with at least one current trading participant to submit trading messages to the CTS on their behalf. Provide an outline of how orders and trades will be managed by the trading participant(s) including how the applicant will be identified in its trading messages (e.g. trading messages will include the applicant AFSL number or a unique account reference will be used).

Clearing Arrangements

Application Form Reference		Details
10.1	How is clearing being done	Cboe uses ASX Clear as the central counterparty for trades executed on the Cboe market. Provide details of the entity or entities that will be clearing the applicant's trades executed on the Cboe market. If the applicant proposes to clear trades using a third party clearer, please provide a copy of the clearing agreement the applicant has with each clearing participant. If you are a self-clearer, ASX Clear requires you to lodge an Attestation form confirming that you are able to process Cboe trades before they will enable you in CHESS. If the applicant is applying to be a non-trading participant, the trading participant(s) with whom they have an arrangement to access the CTS must have a clearing agreement with a clearing participant(s) of ASX Clear.
10.2	Provide evidence or confirm status of clearing participant	Please provide evidence that the entity or entities used to clear trades executed on Cboe is a clearing participant of ASX Clear. If the applicant has applied to become a participant of ASX Clear, please provide a copy of the entity's application. If the applicant is applying to be a non-trading participant, outline how its client assets will be managed by the trading participant(s) with whom they have an arrangement to access the CTS (eg assets held on an individual HIN or omnibus basis?).

Technical Connectivity

Application Form Reference		Details
11.1	Connectivity to the CTS	Trading participants have the right to submit trading messages to the CTS and therefore must undertake technical qualification testing. Non-trading participants do not have the right to submit trading messages to the CTS and therefore may not have to undertake such testing.
11.2	Certification testing	We recognise that this process may vary for each applicant. For the purposes of the application form, please specify the name and type of order entry applications (proprietary, vendor or both) that you propose to certify against Cboe technical interfaces. To assist us managing the on-boarding process, please advise the date by which you expect to certify your order entry applications.
11.3	Technical connectivity testing contact	Provide the name and contact details of the principal contact for technical connectivity testing.

Publicity

Application Form Reference		Details
12.1	Logo and approval	Cboe publishes a notice of admission for all new participants admitted and a list of all approved participants on its website as a matter of public record. In addition, the website has a scrolling window that shows the logos of admitted participants that wish to promote their participant status. If you provide a copy of your logo, we will include it in the list. If you don't your name will appear in basic text.
12.2	Cboe logo	If you propose to use the Cboe logo in your publicity and marketing materials, please email apac.marketing@cboe.com and obtain Cboe's approval in advance of such use.

Cboe Customer Web Portal Account Administrators

Application Form Reference		Details
13.1	Portal Account Administrators	Please provide contact details of at least one Account Administrator who will be authorised to grant permission and user access within the Cboe Customer Web Portal.

5 Cboe Contacts

Should any questions arise during the application and onboarding process please refer to the following relevant areas:

Contact Avenues	Phone	Email
Sales	+61 2 8078 1700	au.sales@cboe.com
Compliance	+61 2 8078 1718	au.compliance@cboe.com
Trade Desk	+61 2 8078 1701	tradedeskau@cboe.com
Marketing	+61 2 8078 1716	apac.marketing@cboe.com