



Market Notice

Date: 21 September 2020

Notice Number: IPSX2020/03

Updated Issuer Rules and Disciplinary and Appeals Procedures



IPsx has updated its Rules for Issuers and Disciplinary and Appeals Procedures to make them as user friendly as possible and reflect some minor changes to IPSX's operating arrangements. These documents will both take effect from 5 October 2020.

Links to these documents can be found here:

Rules for Issuers:

https://www.ipsx.com/media/uploads/documents/IPsx_Rules_for_Issuers_kzXFmG6.pdf

Disciplinary and Appeals Procedures:

https://www.ipsx.com/media/uploads/documents/Disciplinary_and_Appeals_Procedures_ftNurUh.pdf

Stock Borrowing Arrangements

IPsx would like to draw our market users' attention to new rules with respect to Stock Borrowing Arrangements, which have been introduced to support the settlement of trades agreed on IPSX. These rules oblige Issuers on IPSX Prime to establish and maintain Stock Borrowing Arrangements with the Original Asset Owner, or other owners of the Issuers' shares, to make stock available for borrowing. The new rules and glossary definitions are reproduced as an appendix to this notice.

To allow time for market participants to establish the requisite arrangements to operate Stock Borrowing Arrangements, application of the Stock Borrowing Arrangements rules has been deferred. IPSX will provide at least one month's notice of the implementation of these rules.

Any queries regarding this notice should be addressed to:

regulation@ipsx.com



This IPSX Market Notice is available on our website at <http://www.ipsx.com/market-notice>

Calls to IPSX may be recorded to enable IPSX to carry out its regulatory responsibilities

Appendix: Stock Borrowing Arrangements Rules and Glossary Definition

Glossary

Original Asset Owner: Any person who is entitled to exercise the votes able to be cast on all or substantially all matters at general meetings of the **Applicant** immediately prior to **Admission** of the **Applicant's financial instruments** to **IPsx Prime**.

Stock Borrowing Arrangement: A written legally binding agreement between an **Issuer** on **IPsx Prime** and a **Lender** under which the **Lender** undertakes to the **Issuer** to make the **Issuer's financial instruments** available for borrowing in accordance with the requirements of Rules 1.19 and 1.20 and 3.19 and 3.20 of these **Rules**. Note that a **Stock Borrowing Arrangement** is distinct from any stock borrowing agreements entered into by the **Lender** and any party wishing to borrow the **Issuer's financial instruments**.

Stock Borrowing Arrangements (IPsx Prime only)

- 1.18 An **Applicant** seeking **Admission** to **IPsx Prime** must have a **Stock Borrowing Arrangement** in place to ensure that a **Lender** will make available for lending at least 3% of each class of the **Applicant's financial instruments** for the purposes of facilitating the settling of **on-Exchange trades** in that **financial instrument**. The **Stock Borrowing Arrangement** must take effect immediately upon the **Admission** of the **Applicant's financial instrument**.
- 1.19 In the event that the **Original Asset Owner** expects to retain less than 3% (but at least 0.25%) of each class of the **Applicant's financial instruments** on **Admission**, then the **Stock Borrowing Arrangement** must ensure that the **Lender** makes available for lending such quantity of each class of the **Applicant's financial instruments** that is not lower than the quantity of the **Original Asset Owner's** holding of each class of the **Applicant's financial instruments** on **Admission** (regardless of whether the **Lender** is the **Original Asset Owner** or not).

Guidance:

*In the event that the **Original Asset Owner** expects to own less than 0.25% of a class of **financial instruments** in the **Applicant** on **Admission**, no **Stock Borrowing Arrangement** is required for that class of the **Applicant's financial instruments**.*

*The **Applicant** may choose to enter into a **Stock Borrowing Arrangement** with one or more of its **Original Asset Owners** or such other holder(s) of its **financial instruments**, provided that such arrangement meets the **Applicant's** obligations described in these **Rules**.*

***IPsx** is not a party to a **Stock Borrowing Arrangement** and is not responsible for validating its operational effectiveness.*

*Deferral of Application: The application of Rules 1.18 and 1.19 is deferred. **IPsx** will provide at least one month's notice prior to these rules taking effect.*

Retention of a Stock Borrowing Arrangement (IPsx Prime only)

- 3.19 An **Issuer** on **IPsx Prime** must maintain a **Stock Borrowing Arrangement** for each class of its **financial instruments** in accordance with these **Rules**. The **Stock Borrowing Arrangement** must facilitate the borrowing and lending of at least 3% of each class of the **Issuer's financial instruments** for the purposes of facilitating the settling of **on-Exchange trades** in that **financial instrument**, or, if the **Original Asset Owner** holds less than 3% (but at least 0.25%) of any class of the **Issuer's financial instruments** at any time, the **Stock Borrowing Arrangement** must facilitate the borrowing and lending of at least the quantity of that class of the **Issuer's financial instruments** held by the **Original Asset Owner** from time to time (regardless of whether the **Lender** in the **Stock Borrowing Arrangement** is the **Original Asset Owner** or not).
- 3.20 If the **Stock Borrowing Arrangement** ceases to meet the **Issuer's** obligations under these **Rules**, the **Issuer** must immediately inform **IPsx** and use all reasonable endeavours to implement a replacement **Stock Borrowing Arrangement** as soon as possible. If the **Issuer** is unable to enter into a replacement **Stock Borrowing Arrangement** within 60 calendar days of the date on which the previous **Stock Borrowing Arrangement** ceases to meet the **Issuer's** obligations under these **Rules**, **IPsx** will have the right to suspend the **Issuer's financial instrument** from trading until a replacement **Stock Borrowing Arrangement** for the **Issuer's financial instrument** has been entered into.

Guidance:

*In the event that the **Original Asset Owner** holds less than 0.25% of a class of the **Issuer's financial instruments** at any time, no **Stock Borrowing Arrangement** is required for that class of the **Issuer's financial instruments**.*

*In accordance with these **Rules**, if the **Original Asset Owner** holds less than 3% (but at least 0.25%) of a class of the **Issuer's financial instrument**, the minimum quantity of each class of the **Issuer's financial instruments** that must be made available for borrowing and lending under the **Stock Borrowing Arrangement** may vary over time if the quantity of each class of the **Issuer's financial instrument** held by the **Original Asset Owner** varies within that range.*

***IPsx** may exercise its powers to suspend trading in a **financial instrument** if it is concerned that the **Stock Borrowing Arrangement** in place does not adequately address the stock borrowing needs of **Trading Members** of **IPsx Prime**.*

*Deferral of Application: The application of Rules 1.18 and 1.19 is deferred. **IPsx** will provide at least one month's notice prior to these rules taking effect.*