

# BlockMatch Australia Rulebook

Non-Public Crossing System Information

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## 1. Introduction

BlockMatch Australia (“**BlockMatch**”) is an Australian Crossing System operated by Instinet Australia Pty Limited (“**Instinet**”), which is a company regulated by the Australian Securities and Investments Commission (“**ASIC**”), pursuant to Chapter 5A of the Market Integrity (“MI”) Rules. BlockMatch has been operating since 14 May 2024 and ASIC have assigned it the Crossing System identifier code 2172.

This Rulebook constitutes the “common set of procedures” required by Rule 5A.3.1, and provides the “Non-Public Crossing System Information” required by Rule 5A.2.2 of the MI Rules.

Current publicly available information on BlockMatch, including the Crossing System Disclosure, can be accessed at: <https://www.instinet.com/legal-regulatory>.

## 2. The Agreement

The submission of an Order (whether directly or indirectly) to BlockMatch will be evidence of acceptance of the terms of this Rulebook. All Orders submitted to BlockMatch and all resultant executions will therefore be subject to, and in accordance with, this Rulebook as well as the Instinet Terms of Business between the Client and Instinet.

Clients shall be bound by this Agreement and any amendments to the Rules and Agreement made from time to time, together with supplementary documentation, guidance and/or notices issued pursuant to these Rules.

Clients shall be bound by any decision or direction of Instinet relating to activity in BlockMatch. The Agreement is subject to the Australian Corporations Act 2001 (“**the Act**”) and the MI Rules.

## 3. Definitions

For the purposes of this Rulebook, the following capitalised bolded terms shall, unless specifically provided otherwise, have the following meanings:

**Agreement:** The Instinet Terms of Business and this Rulebook, as in force from time to time.

**Algorithmic Conditional Order:** Where Clients can enter Conditional Orders via an algorithm, allowing for automated system management of the submission of Conditional Orders and firm up process.

**ASX:** The ASX market of the Australian Securities Exchange.

**Best Available Bid:** The highest pre-trade transparent bid in a security, in the same class as the security the subject of the transaction, which is available across all Order Books at the time that the transaction is executed; as defined in the MI Rules.

**Best Available Offer:** The lowest pre-trade transparent offer in a security, in the same class as the security the subject of the transaction, which is available across all Order Books at the time that the transaction is executed; as defined in the MI Rules.

**Clearly Erroneous Trade:** A Trade which is regarded as erroneous as determined by Instinet.

**Client:** An approved Client of Instinet. Instinet only accepts Clients classified as “wholesale clients” pursuant to sec.761G of the Act.

**Conditional Order:** A non-binding Order which is submitted to the BlockMatch Conditional Book. Upon BlockMatch identifying matchable contra liquidity, the Order submitter receives a message request (“notification”) from BlockMatch to send a firm Order for execution in the BlockMatch Continuous Book.

**Crossing System:** An automated service provided by a stock exchange participant which matches or executes Client Orders otherwise than on an Order Book; as defined in the MI Rules.

**Cboe Australia:** The market operated by Cboe Australia Pty Ltd.

**EMS/OMS:** Execution Management System or Order Management System as applicable.

**FIX:** The Financial Information Exchange messaging protocol managed by the FIX Trading Community.

**Firm Up Request:** In the event the Conditional Book identifies potential contra side interest, users will receive notification of the potential trading opportunity with an invitation to firm up.

**Limit Order:** An Order to buy a security at or below a specified price, or to sell a security at or above a specified price.

**Manual Conditional Order:** Where Clients can manually indicate Conditional Orders to via software that is integrated with their OMS/EMS.

**Market Operator:** A Responsible Market Operator as defined in the MI Rules. For purposes of the Rulebook this means either ASX or Cboe Australia.

**Market Order:** An Order to buy or sell a security at the best price currently available on the market.

**MI Rules:** The ASIC Market Integrity Rules (Securities Markets) 2017 as amended.

**NBBO:** The National Best Available Bid or Best Available Offer on Australian Lit Order Books.

**NBBO Mid-Point:** The mid-price of the National Best Available Bid or Best Available Offer on Australian Lit Order Books.

**Order:** An instruction to buy or sell a security which has been sent to BlockMatch.

**Order Book:** An electronic list of buy and sell Orders maintained by or on behalf of a licensed Market Operator (as defined in the MI Rules) on which those Orders are matched with Orders in the same list.

**Prohibited Practices:** Any practice which could reasonably be construed as contravening the MI Rules, the Act and Regulations or any other applicable Australian Commonwealth or State law.

**Rules:** The Rules set out in this Rulebook.

**Rulebook:** This document, the BlockMatch Australia Rulebook.

**Security:** The securities admitted to trading in BlockMatch as decided by Instinet and as notified to participants from time to time. Unless advised otherwise this will be all equity securities traded on ASX or Cboe Australia.

**Trade:** An Order executed in BlockMatch.

**Tick Size:** The minimum price increment by which a securities price can move.

**Transaction:** In respect of any Order, means the execution of such Order in full or in part resulting in an agreement between buyer(s) and seller(s) to deliver Investments against payment.

#### **4. Access to BlockMatch**

No Client is able to send Orders to BlockMatch unless it has passed the Instinet Client on-boarding process and has agreed to Instinet's Terms of Business. Clients are provided access to BlockMatch as part of the Instinet onboarding process in accordance with their agreed trading permissions. Clients can opt out of BlockMatch access at any time.

BlockMatch is available to all Instinet Clients and all users trade on an equal basis, meaning there are no special arrangements for any particular user or class of users. Clients can connect to BlockMatch via any of the following routes.

- Direct FIX connection,
- Instinet's Newport® EMS,
- Instinet's Experts® algorithms, and,
- An EMS/OMS where Instinet BlockCross<sup>1</sup> software has a certified integration.

Clients can opt-out of interaction with BlockMatch and opt-out requests should be directed to your Instinet relationship manager. Clients can use Counterparty Selection functionality to tailor interaction with specific profiles of counterparty. A description of Counterparty Selection is found at Rule 11, and requests can also be directed to your Instinet relationship manager.

#### **5. Trade Advertising**

Instinet may display executed trades on Bloomberg from time to time, including the execution price and quantity, but not client name. Clients can opt-out of trade advertising by contacting your Instinet relationship manager.

#### **6. Associated Risks**

Given the agency nature of Instinet's business there are limited risks of which the Client should be aware. Instinet is keen to ensure that the BlockMatch product is valued by all Clients, and as such, we provide access to a wide spectrum of liquidity. Clients can choose to opt out of interaction with particular types of counterparty. In particular, users who do not wish to interact with Liquidity Providers or Principal Orders can use Counterparty Selection functionality as set out at Rule 11, and in addition can use minimum quantity to filter out smaller Orders.

Instinet receives price feeds from ASX, Cboe Australia or other market data vendors we consider reliable.

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<sup>1</sup> BlockCross is an Instinet operated desktop software application that allows for EMS/OMS Order submission to BlockMatch.

## 7. Trading Rules

### 7.1. Securities Traded in BlockMatch

BlockMatch offers trading in Australian equity securities listed on ASX and Cboe Australia.

### 7.2. Hours of Operation

All times are in local Sydney time.

Book	Trading Hours (Sydney Time)	Comments
Conditional Book	10:00-16:00	Receives Conditional Orders and manages the identification and notification of trading opportunities.
Continuous Book	10:00-16:00	Orders can only execute once Continuous trading commences at the Market Operators.

### 7.3. Trading Calendar

BlockMatch follows the trading calendar and market conventions of each Market Operator, and Clients are asked to note the relevant details for each market. Where the relevant Market Operator is closed, for example due to a holiday or half day, BlockMatch will not provide trading for those securities specifically. Instinet will not inform Clients of Market Operator trading calendars of any relevant changes to those calendars.

### 7.4. Order Types

Mid peg Orders (including with limit) can be entered in BlockMatch and are available to all users.

Order Type	Comment
Mid Peg	Pegged to the mid-point of the NBBO. Users can apply a limit price.

### 7.5. Time in Force

TIF	Comment
DAY	Conditional Book: The Order will persist through the trading day until it receives an invitation to firm up. Continuous Book: The Order will persist through the trading day until it executes.
Fill or Kill	The Order will be totally filled or cancelled immediately.
Immediate or Cancel	The Order will trade as much as possible and any residual will be cancelled immediately.
Good Till Date	Conditional Book: The Order will persist until it receives an invitation to firm up, or reaches its specified duration time. Continuous Book: The Order will persist until it executes or reaches its specified duration time.

### 7.6. Order Control

Clients have the same control over their Orders in BlockMatch as they have with their Orders sent by Instinet to any Market Operator or Crossing System.

All outstanding Orders are cancelled from BlockMatch at the end of each trading day.

### 7.7. Tick Sizes

All trades execute at the mid-point of the NBBO, and therefore follow the standard tick size regime as defined within the MI Rules at Rule 9.4.1. For the purposes of mid-point Order pegging and matching, where the NBBO is at an odd number of ticks, sub-tick matching is allowed.

Price Range	Tick Size
Less than \$0.10	\$0.001
Equal to or greater than \$0.10 and less than \$2.00	\$0.005
Equal to or greater than \$2.00	\$0.01

### 7.8. Books

BlockMatch provides for continuous trading within the Continuous Book. In addition, BlockMatch provides a Conditional Book for management of Conditional Orders, and Orders submitted in response to a firm up request are executed in the Continuous Book.

Book	Comments
Conditional Book	Receives Conditional Orders, identifies trading opportunities and requests firm up.
Continuous Book	Orders can only execute once continuous trading at the relevant Market Operators commences.

**Continuous Book:** BlockMatch is a price improvement Crossing System, therefore Trades can only be executed in BlockMatch if they trade with price improvement as defined in Rule 6.2.3 of the MI Rules. The Continuous Book provides price improvement for matching at the mid-point of the NBBO.

**Conditional Book:** The Conditional Book receives Conditional Orders and manages the identification and notification of contra liquidity. Conditional Orders are pegged to the mid-point of the NBBO, and are prioritised by size, time. Upon a match in the Conditional Book, firmed up Orders are submitted to the Continuous Book for execution.

### 7.9. Trade Price and Matching Priority

Book	Priority	Match Price
<b>Continuous Book</b>	Size, Time	The mid-price of the NBBO at the time of execution. Where spread is an odd number of ticks, sub-tick matching is permitted.
<b>Conditional Book</b>	Size, Time	No matching takes place within the Conditional Book and all firm up Orders are executed within the Continuous Book.

### 7.10. Transparency

BlockMatch is a “dark non-display venue”, therefore no Order level information is published pre-trade. Instinet Crossing, Operations, Technology and Trading Operations support teams, Compliance, and also the Head of Liquidity Strategy Asia Pacific, have visibility of Orders in the Crossing System in Order to manage the efficient operation of the Crossing System. In



addition the Head of BlockCross Asia Pacific and Head of Liquidity Strategy have visibility of Orders to manage and monitor the submission of Conditional Orders.

#### **7.11. Minimum Quantity**

Clients can apply a minimum executable quantity, specified as a set number of shares on a per Order basis.

#### **7.12. Onward Routing**

Orders in BlockMatch cannot be executed or matched in any other Crossing System or Market Operator as they are not transmitted by BlockMatch to any other Crossing System or Market Operator. Brokers who are Instinet Clients, can send Orders to BlockMatch, and may also be operating their own Crossing Systems.

As part of its Execution Services offering, Instinet may provide its Clients with access to its algorithm Nighthawk®, through which Clients can send Orders to several Crossing Systems including BlockMatch. Those third-party Crossing Systems are identified in the publicly available Crossing System Disclosure referred to in Rule 1 of this Rulebook.

#### **7.13. Trading by Nomura Group Entities**

Instinet does not trade on its own account in BlockMatch and does not provide facilitation or market-making services.

Instinet is part of the Nomura Group of companies and provides equity execution services to Nomura Group, and Group entities may not submit Orders to BlockMatch.

#### **7.14. Users**

Instinet does not discriminate between users and does not pay or rebate commissions to any liquidity providers or market makers in BlockMatch. External brokers who are Instinet Clients may send Orders to BlockMatch but receive no fee, concession or special treatment for doing so, and are subject to the same terms as any other Client.

Instinet does not currently limit Clients, regardless of their business model or trading strategy, from accessing BlockMatch provided they are not considered by Instinet to be damaging the quality of its liquidity.

### **8. Conditional Book**

#### **8.1. Conditional Orders**

A Conditional Order is a non-binding Order which is submitted to the BlockMatch Conditional book. Upon BlockMatch identifying matchable contra liquidity, the Order submitter receives a firm up request from BlockMatch to send a firm Order for execution in the Continuous Book. BlockMatch provides for the following types of Conditional Orders:

- **Algorithmic Conditional Orders:** Where Clients can enter Conditional Orders via an algorithm, allowing for automated system management of the submission of Conditional Orders and firm up process; and,
- **Manual Conditional Orders:** Non-algorithmic Conditional Orders.

## **8.2. Interaction with Conditional Orders**

Users may specify the type of Conditional Orders that they wish to interact with by using FIX Tag 7098 MatchInst. This is also applicable to firm Orders that have elected to interact with Conditional Orders as described at Rule 8.6.

Where there is contra liquidity and BlockMatch identifies a trading opportunity, in the case of an algorithmic Conditional Order on one side vs a manual Conditional Order on the contra side, the manual Conditional Order is invited to firm up first, and the algorithmic Conditional Order will not get a firm up request until the manual user has responded.

Where both sides are algorithmic Conditional Orders, or manual Conditional Orders, both sides will receive a firm up request simultaneously. Monitoring of firm up requests is discussed at Rule 8.8.

Where a firm Order on one side triggers a firm up request to a Conditional Order on the other side, only the Conditional Order receives a firm up request. Firm Order interaction with Conditional Orders is described at Rule 8.6.

## **8.3. Conditional Book**

The Conditional Book receives Conditional Orders and manages the identification and notification of contra liquidity. Conditional Orders are pegged to the mid-point of the NBBO, and are prioritised by size, time. Upon a match in the Conditional Book, firmed up Orders are submitted to the Continuous Book for execution.

## **8.4. Firm Up**

In the event the Conditional Book identifies a trading opportunity, Clients will receive notification of the potential trading opportunity with an invitation to firm up. The notification displays symbol and the users own size and side, however does not display any details of the contra Order or identity of the counterparty. Orders that are outside of price range, or Orders which cannot meet a contra Order's minimum quantity requirements are not eligible to receive a notification message.

## **8.5. Response Timeframe and Matching Priority**

Algorithmic conditional users have 1 second to respond to a firm up request and send a firm Order to the Continuous Book, and manual conditional users have 30 seconds to respond. All Orders submitted to the Continuous Book are matched on a size, time basis.

## **8.6. Firm Order Interaction with the Conditional Book**

Resting Orders in the BlockMatch Continuous Book can elect to interact with Conditional Orders using FIX Tag 7098 MatchInst, which flags the Order to the Conditional Book. Trading opportunities can therefore be generated by a contra Conditional Order, or by a firm Order flagged to the Conditional Book. Questions or requests regarding tagging of firm Orders can be directed to your Instinet relationship manager.

## **8.7. Order Behaviour**

Any Order that is submitted to the BlockMatch Continuous Book in response to a firm up request can execute against contra Orders, subject to its limit price and any minimum quantity applied. This includes Conditional Order firm ups, Orders received as a late response to a firm up request, and any resting firm Orders. To ensure service integrity,

Instinet will monitor timing of responses to firm up requests alongside monitoring described at Rule 8.8.

### 8.8. Monitoring

In monitoring the response rate to Conditional Orders, and to limit the potential for information leakage, Instinet personnel will evaluate, on an ongoing basis for each trading day, the firm up rate for each Client. Where a Client's firm up rate falls below a defined % for the relevant trade date, Instinet will take appropriate steps to ensure service integrity.

## 9. Aggregation

Orders are not aggregated in BlockMatch.

## 10. Self-Crossing

By default, all Clients will not execute against their own contra Orders in BlockMatch. If required, the default setting can be changed and Clients can switch on self-crossing under certain conditions. At a minimum, Clients are expected to have controls in place to ensure compliance with relevant rules, particularly regarding prevention of wash trades.

## 11. Counterparty Selection

Within BlockMatch, Instinet categorises Clients based on the nature of their Order flow within one of the following profiles:

- **Institutional:** Agency flows and agency algo users
- **Principal:** Nomura Group entities<sup>2</sup>
- **Liquidity Providers:** Specialised liquidity providers (including low-latency strategies)
- **Active Trader:** Other latency sensitive participants (not restricted to liquidity provision strategies)
- **Partner Broker:** DMA flow from external brokers

Clients can choose to tailor their interactions to target one or multiple profiles (the default setting is to interact with all profiles). Counterparty selection requests should be directed to your Instinet relationship manager. Instinet may monitor executions, and in addition will review Counterparty Selection settings and execution reports monthly to ensure service integrity.

Clients have a **MemberProfile**: the category which the Client belongs to, and **TargetProfiles**: the categories the Client is willing to interact with.

- **MemberProfile:** maps a Client to a profile, and is used to define the categories to which a Client belongs.
- **TargetProfile:** maps a Client to the profiles against which it is willing to cross.

## 12. Continuing Client Obligations

### 12.1. Firm Orders

With the exception of Conditional Orders, all Orders submitted to BlockMatch are firm and available for execution, and when executed will be binding on the Client.

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<sup>2</sup> Nomura Group entities are not enabled for BlockMatch.

## **12.2. Clients to have Adequate Controls**

A Client:

- shall at all times have adequate Order management systems, procedures and controls designed to prevent the entry of erroneous Orders to the matching engine;
- shall not submit Orders to BlockMatch while trading in that security is under regulatory suspension;
- must have in place adequate systems and controls to ensure their ongoing compliance with these rules.
- In addition, all Clients are responsible for ensuring:
  - their staff are adequately trained and supervised to place Orders in BlockMatch;
  - that their staff are fit and proper and have a sufficient level of ability, experience and expertise to trade cash equities in BlockMatch; and
  - that any software, algorithms and business processes used by the Client to facilitate Order placement on BlockMatch are properly deployed and do not cause any disruptions or introduce viruses into the BlockMatch or Instinet systems.

## **12.3. Market Events**

Instinet will not be under any obligation to notify Clients of pending market events or corporate actions which may impact the pricing of securities.

## **13. Suspension/Termination**

Instinet may, in its absolute discretion, suspend or terminate a Client's access to BlockMatch. If such an event occurs, the Client shall automatically cease to have access to BlockMatch, either directly or indirectly or on termination of the Agreement.

Termination shall not give the Client the right to claim any compensation, indemnity or reimbursement whatsoever from Instinet by reason of such termination, but termination shall be without prejudice to any rights or remedies available to, or any obligations or liabilities accrued to, either party up to the date of termination, including without limitation settlement of any outstanding Trades in BlockMatch.

## **14. Conduct in BlockMatch**

In conducting business in BlockMatch a Client shall not:

- commit any act, engage or encourage a third party to engage in any conduct which creates, or is likely to create, a false or misleading impression as to the market in, or the price or value of, any security;
- cause or enter into any artificial transaction;
- commit any act or engage or encourage a third party to engage in any course of conduct which is likely to damage the fairness, orderliness, reputation or integrity of BlockMatch;
- effect a pre-arranged transaction that is designed to give the market a false view of supply, demand or pricing of a security or index;
- input false or misleading data into the system;
- commit any act or engage or encourage a third party to engage in any course of conduct which causes, or contributes to, a breach of the rules of BlockMatch by another participant; or
- commit, engage or facilitate any kind of market abuse as defined in the Act or the MI Rules or as described by ASIC, a Market Operator or any other Australian securities regulator.

## **15. Cancellation and Amendment Process**

All Trades in BlockMatch are subject to the relevant Market Operator Rules and the MI Rules, firm and binding. Subject to Rule 12.1, no cancellation or reversal is possible through the BlockMatch trading system unless otherwise agreed through circumstances below. The Client will be immediately informed of the cancellation of any Trade and the reason for such cancellation.

Instinet may cancel Orders or Trades in the following circumstances:

- Upon mutual agreement by the counterparties to a Trade;
- Where Instinet has reason to believe that a Trade is a Clearly Erroneous Trade; or
- In the event of a system outage (as outlined in Rule 18).

If a Trade appears to be erroneous in the opinion of Instinet, Instinet may contact the Client to verify its validity.

When considering whether to cancel an Order or a Trade, Instinet will consider a number of factors including but not limited to:

- the size of the Trade; and/or
- the price of the Trade.

Instinet will have no liability to any party, including but not limited to the Client, in respect of any decision whether or not to cancel a Trade.

### **15.1. Trade Cancel/Trade Correct**

Instinet has discretion to cancel/correct a Trade that has already occurred on BlockMatch. This facility is not generally available and will only be used to correct genuine errors or faults. Trades already reported to or published at a Market Operator cannot be cancelled/corrected by Instinet, as they are subject to the Rules of the relevant Market Operator.

### **15.2. Force Cancel**

In the event of a force majeure, connectivity problems, clearly anomalous Trades or other relevant and genuine emergency situations, Instinet reserves the right to force cancel an Order in BlockMatch if, in Instinet's absolute discretion, such a cancellation is required. Impacted participants will be notified for any such cancellations.

### **15.3. Client Amendment**

Clients are able to modify the quantity and price of their Orders in the Continuous Book subject to matching priority as described at Rule 7.9.

## **16. Maintaining Equity and Stability**

A Client's access to and use of BlockMatch may be restricted and Instinet reserves the right to take actions which it, in its absolute discretion, believes are necessary to preserve equity and stability in the BlockMatch pool or otherwise comply with its regulatory obligations. Instinet will have no liability to any party, including but not limited to the Client, in respect of any action taken under this Rule.

Instinet may suspend the automatic execution of Orders in BlockMatch in one or more Securities if:

- Instinet determines a system problem has occurred or is likely to occur; or
- it is requested to do so by ASIC or other competent authority; or
- it considers, in its sole discretion, that there has been or is likely to be a threat to the stability of fair and orderly markets by trading a security; or
- the Market Operator of the security has suspended or cancelled trading of the relevant Security; or
- Instinet in its absolute discretion, considers it appropriate to do so; or
- Instinet in its absolute discretion considers that a Client has failed, or is likely to fail, to comply with its obligations under the Rulebook.
- Instinet determines that the NBBO cannot be calculated due to a technical market data interruption or due to there being no well-formed NBBO, (for example the NBBO is crossed, where bid is higher than offer or there is a one-sided book).
- Any other matter that Instinet reasonably believes means that an orderly crossing market cannot be formed.

Instinet reserves the right to suspend or restrict matching if it determines this is necessary to maintain an orderly market or if requested to do so by ASIC or another competent authority.

### **16.1. Security Suspension**

Where a security is in suspension at the relevant Market Operator, BlockMatch will not provide trading.

## **17. Monitoring**

### **17.1. Overview**

Instinet operates system controls reasonably designed to ensure the fair and orderly functioning of BlockMatch including, for example, execution methodology, Counterparty Selection and matching priority as set out in this Rulebook.

Instinet conducts monitoring of Counterparty Selection settings on a post trade basis to ensure integrity and accuracy of those settings.

Monitoring of Conditional Order firm up requests and responses is stated at Rule 8.8 and, where relevant, Instinet will take steps to ensure service integrity. Rule 6 sets out that Clients who do not wish to interact with Liquidity Provider or Principal Orders, can do so by using Counterparty Selection as described at Rule 11.

Management of conflicts of interests is mitigated by:

- Opt-out arrangements. Clients can opt-out of interaction with BlockMatch, and can also opt-out of interaction with particular categories of Client.
- Within Instinet, real-time visibility of BlockMatch (including pre-trade Order level data) is restricted to a “need-to-know” basis.

### **17.2. Daily Monitoring**

The performance of BlockMatch is monitored by Compliance and Trading Operations. Instinet uses the SMARTS system for monitoring of Orders and Trades in ASX and Cboe Australia including Trades that are executed in BlockMatch and reported to Cboe Australia.

Other tools, specifically designed to monitor activity inside BlockMatch are also used.

Matters of concern from this monitoring are escalated in accordance with Instinet's Trade Monitoring and Surveillance Procedure.

The following Instinet users have access to certain data within BlockMatch:

Department	Title	Real-time visibility?	Reason for Access
Technology	Asia Development	Y	Application support.
	Product Strategy	Y	Product support.
	Global Development	Y	Application support.
Global Operations	Asia Trading Operations	Y	Application support.
	Global Trading Operations	Y	Application support.
Crossing	BlockMatch Australia Support Teams	Y	Application support for Conditional Orders.
Legal & Compliance	Compliance	Y	Trade surveillance and monitoring.
Front Office	Head of BlockCross	Y	Manages Client relationships and aspects of application support for Conditional Orders.
	Head of Liquidity Strategy	Y	Managing development of Crossing System liquidity and performance. Managing Client relationships and aspects of application support for Conditional Orders.

### 17.3. Periodic Reviews

The Instinet Australian Compliance & Risk Management Committee meets monthly. The Australian Compliance Executive includes a review of BlockMatch in his report to the Committee which is made up of Australian and regional responsible officers.

Instinet holds a monthly APAC Venues Committee meeting for the management and monitoring of Instinet's two trading venues in APAC: BlockMatch Australia and BlockMatch Asia.

### 17.4. Assurance Measures

Instinet's regional Legal and Compliance Manager performs an annual review of the compliance and risk controls pertaining to BlockMatch as part of its AOP review process. This review, which includes, if necessary, recommendations for improvement or the correction of deficiencies, is circulated to the Head of Instinet APAC and the Compliance and Risk Management Committee.

## **18. System Outages**

In the event of a system outage or any material system performance or connectivity issue with BlockMatch, Instinet will close BlockMatch to new Orders and cancel all Trades in BlockMatch (in accordance with Rule 15) that have not been reported to a licensed Market Operator.

Similarly, all Orders in BlockMatch will be cancelled as soon as practicable. The Client will be informed of the cancellation of any Order and the reason for such cancellation.

Any systems issue requiring a cancellation will be reported to ASIC as soon as practicable with such information as ASIC might require.

## **19. Treatment of Conflicts of Interest**

### **19.1. Execution Only Broker**

As Instinet is an agency broker which does not engage in trading on its own account (except for the correction of error trades or client accommodations), does not have a facilitation desk and does not provide its own investment research, conflict of interest risk is ranked as relatively low.

The Australian Responsible Manager for electronic trading sits on the Australian trading desk but does not place or direct trading execution. The Australian Responsible Manager has no ability to manipulate any trading in BlockMatch and has a monitoring responsibility. Coverage traders for DEA Clients are located in Instinet's Hong Kong trading room. Both the Head of BlockCross and APAC Head of Liquidity Strategy are located in a separate room from the Instinet Hong Kong trading room.

Clients can opt-out of interaction with BlockMatch, and can also opt-out of interaction with particular categories of Client.

### **19.2. Nomura Group**

Instinet is a member of the Nomura Group of companies and provides equities execution services for the Nomura Group in respect of Australian trading venues. As at Rule 7.13, Nomura Group entities do not access BlockMatch. Instinet is therefore acting in an agency capacity when executing trades on BlockMatch Australia.

### **19.3. Visibility**

Within Instinet, real-time visibility of BlockMatch (including pre-trade Order level data) is restricted to a "need-to-know" basis.

## **20. Extraordinary Events**

Instinet shall, in its absolute discretion, reserve the right to initiate a review of trading in BlockMatch where there has been an "extraordinary event". Extraordinary events include, but are not limited to, intraday regulatory suspensions or periods of extreme volatility. In such circumstances, Instinet may consider certain Trades void. For the avoidance of doubt, where a transaction is deemed by Instinet to be void, no transaction will exist.



## 21. Clearing and Settlement

The Instinet Terms of Business set out the terms governing settlement of any Trades executed in BlockMatch. All Trades are settled on T+2, unless irregular settlement has been requested by Client and approved by Instinet.

## 22. Confidentiality

Instinet will treat all information received from Clients in relation to business done in BlockMatch as confidential, however Instinet may disclose information and documents in the following circumstances:

- to co-operate, by the sharing of information and documents and otherwise, with any duly authorised authority, body or person having responsibility for the supervision or regulation of any regulated activity or other financial service or law for enforcement purposes;
- for the purpose of enabling it to institute, carry on or defend any proceedings including any court proceedings;
- for any legitimate regulatory purpose;
- under compulsion of law;
- for the protection of investors and the maintenance of high standards of integrity and fair dealing;
- to other companies providing services to BlockMatch on a “need-to-know” basis; and
- for any other purpose with consent of the person from whom the information was obtained and, if different, the person to whom it relates.

## 23. Post Trade Transparency

Instinet, as the operator of a Crossing System, is required to make public details of Trades executed in BlockMatch on a timely basis and in accordance with the MI Rules. Instinet reports post trade information to an appropriate Market Operator as it determines. Instinet currently reports Trades to Cboe Australia.

## 24. Fees and Charges

Fees for trading through Instinet are agreed by the Client by Instinet from time to time and such fees are payable in accordance with the terms of the Agreement. There are no additional fees or charges, nor any rebates, for sending Orders to BlockMatch beyond the standard Instinet fees.

A Client is liable for the payment of any applicable taxes that arise from the trading of securities in BlockMatch.

## 25. Complaints

If the Client has a complaint about BlockMatch, the Client should raise it in the first instance with the Instinet employee acting for the Client. If the Client is not satisfied with the response of Instinet's employee or if the Client prefers not to raise the matter with Instinet's employee, the Client may raise the matter with Instinet's Compliance Officer using [compliancehk@instinet.com](mailto:compliancehk@instinet.com).

## 26. Review and Amendment

This Rulebook is kept under review and, in the event of any material change to BlockMatch or its operation, the Rulebook will be amended to reflect such change(s) and all users, as well as ASIC, will also be informed and provided with an updated copy of the Rulebook as soon as practicable.

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