



## ASX Settlement Corporation Bulletin

**Date:** 29 November 2013

### Key topics

1. Enforcement Activity

### Reading List

Compliance Managers  
Office Managers  
Operations Managers (back office)

### Authorised by

Kevin Lewis

### ASX Contact

Ben Wachter

### Telephone

(02) 9227 0671

ASX Settlement Pty Ltd  
ABN 49 008 504 532  
Exchange Centre  
20 Bridge Street  
Sydney NSW 2000  
PO Box H227  
Australia Square NSW 1215  
Telephone 1800 814 051  
Facsimile 61 2 9227 0265  
Internet: <http://www.asx.com.au>  
DX 10234 Stock Exchange Sydney

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## PARTICIPANT BULLETIN

### ASX COMPLIANCE ENFORCEMENT ACTIVITY

Under the Corporations Act, as a licensed operator of financial markets, ASX is obliged to have adequate arrangements for monitoring and enforcing compliance with the operating rules of those markets. It is also obliged, as a licensed operator of clearing and settlement facilities, to have adequate arrangements for supervising those facilities and for enforcing compliance with their operating rules.

The purpose of this circular is to notify participants in those markets and facilities of some of the enforcement activities recently undertaken by ASX Compliance, so that they are aware of potential areas of concern for ASX and of ASX's enforcement activities in those areas.

This circular covers enforcement activities that were finalised during the 3 month period ended 30 November 2013. Investigations in relation to other enforcement matters are ongoing.

#### Failure to send confirmations to clients

ASX issued a formal warning letter to an ASX participant for apparent breaches of former ASX Business Rule 3.8 and former ASX Market Rule 7.9.1 for failing to send clients a confirmation or contract note as soon as practicable after entering a market transaction on behalf of its clients.

The apparent breach related to a failure by the participant to provide a confirmation or contract note to a client for transactions done over the period from 22 May 1992 to 29 July 2010 in circumstances where a client was trading through an intermediary. The intermediary was provided the confirmation/contract note by the participant and the participant was not in a position to confirm whether the intermediary had forwarded the confirmation/contract note to the client.

#### Failure to calculate counterparty risk amounts

ASX issued a formal warning letter to an ASX participant for an apparent breach of ASX Clear Operating Rule 5.1.1 for failing to calculate the counterparty risk amounts arising from its trading arrangement with another related participant in accordance with schedule 1.2.3(2) of the ASX Clear Operating Rules.

The apparent breach arose when the participant failed to identify its counterparty risk exposure on its futures trading through an outsourcing arrangement with its related body corporate. This resulted in the participant submitting monthly returns for the period from April 2012 to April 2013 that were not calculated in accordance with schedule 1.2.10 (1) of the ASX Clear Operating Rules. The impact did not result in the participant breaching its minimum capital requirement. The participant has updated its internal procedures to prevent a recurrence.

Kevin Lewis, **Chief Compliance Officer**



ASX 24 NOTICE NO.

XXX/13

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Effective Date: 29 November 2013

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## ASX 24 - ASX Compliance Enforcement Activity

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Kevin Lewis  
Chief Compliance Officer  
ASX Limited  
20 Bridge St  
Sydney NSW 2000

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### ASX Clear (Futures) ASX Compliance Enforcement Activity

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## ASX Clearing Corporation Notice

**Date:** 29 November 2013

### Key topics

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### Reading List

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Office Managers  
Operations Managers (back office)

### Authorised by

Kevin Lewis

### Contact

Ben Wachter  
(02) 9227 0671

ASX Clear Pty Limited  
ABN 48 001 314 503  
Exchange Centre  
20 Bridge Street  
Sydney NSW 2000  
PO Box H224  
Australia Square NSW 1215

Internet: <http://www.asx.com.au>

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## ASX CLEARING CORPORATION PARTICIPANT NOTICE

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