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| <input checked="" type="checkbox"/> Trading | <input checked="" type="checkbox"/> Clearing | <input checked="" type="checkbox"/> Settlement |
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| <input type="checkbox"/> Operations | <input type="checkbox"/> Technology | <input type="checkbox"/> Market Data | <input checked="" type="checkbox"/> Rules | <input checked="" type="checkbox"/> Compliance | <input type="checkbox"/> Risk | <input type="checkbox"/> Other |
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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 finalized during the 3 month period ended 28 February 2014. Investigations in relation to other enforcement matters are ongoing.

Failure to comply with ASX Clear (Futures) Direction

ASX issued an Alleged Minor Infringement Notice and imposed a monetary penalty of \$4,000 (plus GST) against an ASX Clear (Futures) participant for an alleged failure to comply with a direction given under Rule 46.5 in the Procedures, Determinations and Practice Notes of the ASX Clear (Futures) Rules (the "Direction").

The alleged failure arose through the participant treating affiliated accounts held by two related bodies corporate as individual accounts and netting their balances, instead of netting the balances in the individual sub-accounts underneath those affiliated accounts and submitting the gross sum of the net holdings of each subaccount into OM Secur, as required by the Direction. The alleged contravention resulted in the under-reporting of open interest to the market, which could have had an impact on the transparency of open interest in relevant contracts.

The Participant confirmed that the issue was rectified on 8 October 2013 after a thorough remediation process which began in January 2013 after it was self-reported to ASX.

The Participant had previously received two "no escalation letters" concerning ASX Clear (Futures) Operating Rule 46.5 in different circumstances.

Trust Account Requirements

ASX and the Australian Securities and Investments Commission ("ASIC") collaborated on their investigations into matters concerning two participants which had self-reported various compliance incidents arising from processing client money. As a result of the investigations, the two participants entered into an Enforceable Undertaking with ASIC and were issued a conditional 'no escalation' letter from ASX. Further details are available at:

https://www.asxonline.com/intradoc-cgi/groups/participant_services/documents/communications/asx_039264.pdf

What do I need to do and by when?

For your information only.

Need more information?

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