
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 period ending 30 June 2023. Investigations in relation to other enforcement matters remain ongoing.

Enforcement Decision

J.P. Morgan Securities Australia Limited - Late Margin Payment

ASX's Chief Compliance Officer imposed a penalty of \$55,000 (plus GST) on J.P. Morgan Securities Australia Limited ('JPMSAL') for its contravention of ASX Clear (Futures) Operating Rule 45.1, being its obligation to meet an Intra-Day Margin ('Overnight Margin') by the prescribed time.

The matter concerned JPMSAL's failure to settle an Overnight Margin call of USD \$16,683,005 by the prescribed time of 4:28am AEST on 28 January 2022, after receiving a notification from ASX to meet the required payment at 2:28am AEST. The margin was subsequently settled at approximately 8:08am AEST.

This breach was identified as arising as a consequence of JPMSAL's failure to review the impact of a technology upgrade project JPMSAL had recently completed in connection with some of its key systems. Testing conducted by JPMSAL to confirm the continued effectiveness of its margin payment processes would likely have revealed the issue that resulted in the breach and allowed JPMSAL to address the problem before the breach occurred.

Further details regarding this matter are available in the following circular:

<https://www.asx.com.au/content/dam/asx/about/asx-compliance/disciplinary-notices/2023/disciplinary-notice-25-05-23.pdf>