



## **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 from 1 January 2025 to 30 June 2025. Investigations in relation to other enforcement matters remain ongoing.

## **Enforcement Decisions**

### **Societe Generale Securities Australia Pty Ltd**

ASX Limited's Chief Compliance Officer imposed a penalty of \$50,000 (plus GST) on Societe Generale Securities Australia Pty Ltd ('**SGSAPL**') for contraventions of:

- (a) ASX Clear (Futures) Operating Rule ('**ASX CFR**') 45.1, being SGSAPL's obligation to settle an intra-day margin by the prescribed time of 1:02pm on 16 July 2024; and
- (b) ASX CFR 4.10, being the requirement on SGSAPL to at all times ensure that it satisfies its continuing requirements under ASX CFR 4.2(e), to have adequate resources and processes to comply with its obligations as a clearing participant under ASX CFR 45.1.

Further details in respect of this matter are set out in the following circular:

<https://www.asx.com.au/content/dam/asx/about/asx-compliance/disciplinary-notice/2025/disciplinary-notice-societe-generale-securities-australia-pty-ltd.pdf>

### **BNP Paribas**

ASX Limited's Chief Compliance Officer imposed a penalty of \$150,000 (plus GST) on BNP Paribas, in assuming the liabilities and obligations of BNP Paribas Securities Services, for contraventions of:

- (a) ASX Settlement Operating Rule ('**ASX SR**') 6.8A.5(a) and its related procedure, being its obligation to report its Securities on Loan Position by the prescribed time;
- (b) ASX SR 6.8A.5(b) and its related procedure, being its obligation to report its Securities Borrowed Position by the prescribed time;
- (c) ASX SR 6.8A.5(c) and its related procedure, being its obligation to report its Securities Committed Position by the prescribed date and time;
- (d) ASX SR 6.1.1(a), being its obligation to at all times continue to satisfy the admission requirements in ASX Settlement Operating Rules 4.3.1(h) and 4.18.1 to have adequate resources and processes to comply with its obligations under ASX SR 6.8A.5; and



- (e) ASX SR 6.2.2, being its obligation to ensure that all information given to ASX is complete, accurate and not misleading.

Further details in respect of this matter are set out in the following circular:

<https://www.asx.com.au/content/dam/asx/about/asx-compliance/disciplinary-notice/2025/disciplinary-notice-bnp-paribas.pdf>

#### **FinClear Services Pty Ltd**

ASX Limited's Chief Compliance Officer imposed a penalty of \$25,000 (plus GST) on FinClear Services Pty Ltd, for contraventions of:

- (a) ASX SR 6.8A.5(b) and its related procedure, being its obligation to report its Securities Borrowed Position by the prescribed time; and
- (b) ASX SR 6.1.1(a), being its obligation to at all times continue to satisfy the admission requirements set out under ASX SR 4.3.1(h) and ASX SR 4.18.1, being to ensure that FinClear Services maintained adequate resources and processes to comply with its reporting obligations set out under ASX SR 6.8A.5.

Further details in respect of this matter are set out in the following circular:

<https://www.asx.com.au/content/dam/asx/about/asx-compliance/disciplinary-notice/2025/e2024007-finclear-asx-disciplinary-circular.pdf>

#### **Warning Letters**

##### **Failure to comply with the direction on the daily close-out of back-to-back open positions**

ASX has issued a warning letter to a Participant who closed out its open positions in a manner contrary to ASX Clear (Futures) Operating Rules, resulting in the overclosure of its open positions.

On 10 September 2024, in response to an incident, the Participant migrated from its primary data centre to its back up data centre. When the Participant's staff attempted to perform the daily close outs, they were unable to access a critical system used to do this. The Participant began manually closing out its open positions but inadvertently netted down open positions belonging to different clients, contrary to ASX CFR 46.1 and ASX CFR 46.5, resulting in the overclosure of positions. This error was identified around 7.32pm (AEST), however, as Genium's end-of-day system cut-off time had passed, the error could not be rectified prior to ASX publishing open position information for 10 September 2024. On 11 September 2024, ASX published a market notice informing ASX customers that due to an ASX Participant issue Open Interest information published for 10 September 2024 was understated.

As a market operator ASX is required by the Corporations Act to operate its market venues in a fair, orderly and transparent manner. Open Interest information, published by ASX, is used by ASX customers as one indicator of a market's depth of liquidity. It is important that this information is accurate.

ASX considers that the process for the daily close out of matched positions is a key process under the organisational requirements of ASX Clear (Futures) Participants. ASX expects that all close out processes, including contingencies and manual workarounds, are adequately documented and sufficiently detailed. These processes should be tested on a regular basis to ensure they remain up to date. This helps Participants respond in a timely manner to any issues, which may



impact these key processes. Testing should include that relevant staff are able to access critical systems. If the Participant had identified the access issues earlier and had more detailed procedures, it may have been able to perform the close out process correctly and on time.

The Participant has enhanced its procedures and provided staff training to minimise the risk of a recurrence.

#### **Failure to use the word ‘trust’ in the name of a trust account**

ASX has issued a warning letter to a Participant who failed to use the word ‘trust’ in the name of a trust account. ASX Clear Operating Rules - Guidance Note 12 - outlines that an account under section 981B of the Corporations Act must be designated and operated as a trust account. To comply with the above requirements, the name of a trust account must contain the word “trust”. It is not sufficient to name it, for example, a “client account” or “clearing account”.

In August 2024, ASX initiated a rule-based review (**‘ASX Review’**) into compliance with the client money requirements of the ASX Clear Operating Rules, the ASX SRs, and their related Procedures. Participants were required to provide completed trust account reconciliations and all supporting documentation for specific dates. The ASX Review identified one Participant where the names of four of the five bank accounts detailed on the Participant’s daily trust account reconciliations did not contain the word ‘trust’ in their name.

Compliance with the client money requirements is fundamental to protecting the interests of clients and preserving the reputation and integrity of ASX markets. The use of the word “trust” in the name of accounts designated as s981B accounts helps protect and easily identify client monies.

The Participant has undertaken effective remediation measures, including requesting that each trust account held with an ADI be renamed from “clearing accounts” to “trust accounts”.

#### **Inadequate technical resources to monitor CHESS messages**

ASX has issued a warning letter to a Participant over concerns that they did not have adequate technical resources to monitor CHESS messages. ASX SR 4.7.1(d) – requires Participants to have the necessary organisational and technical resources to ensure that Messages submitted to ASX Settlement by the Participant do not interfere with the efficiency, integrity or proper functioning of the Settlement Facility.

On 3 December 2024, the Participant’s connection with CHESS enabled approximately 380,000 erroneous duplicate MT251 messages (Change Controlling Participant Authorisation) to be entered into the system. While the Participant was aware from around 10am (AEDT) of an issue with the authorisation and release of CHESS messages they did not fully understand the gravity of the event, nor contact ASX to discuss a suitable resolution.

ASX CHESS Operations was unable to contact the Participant until around 12:43pm (AEDT) as the contacts provided were not current. ASX disconnected the Participant’s access to CHESS, pending a resolution. The Participant deployed a fix and reestablished connection to CHESS around 2:58pm (AEDT).

ASX monitors CHESS messages and takes action, when necessary. However, this does not alleviate Participants from their obligation to have the necessary organisational and technical



resources to ensure that messages submitted to ASX Settlement do not interfere with the efficiency, integrity or proper functioning of the Settlement Facility.

Since the event the Participant has implement the following remedial actions:

- (a) an alert was added to notify relevant teams of any CHES message duplications;
- (b) conducted a post incident review to ensure the coding deficiency (the root cause of this event) does not reoccur; and
- (c) confirmed that they will conduct a review of the code over the next 6 months.