ASX Participants Supervision Enforcement Activity

Under the *Corporations Act 2001* (Cth), 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 Supervision, so that they are aware of potential areas of focus and concern for ASX.

This circular covers enforcement activities that were finalised during the period between 1 January 2026 and 31 March 2026. Investigations in relation to other enforcement matters remain ongoing.

Enforcement Decision

Mako Trading Australia Pty Ltd

The Group Executive, ASX Supervision, has imposed a penalty of $120,000 (plus GST) on Mako Trading Australia Pty Ltd for contraventions of:

(a) ASX Operating Rule ('**ASXOR**') [3501], being its obligation to provide to ASX a short sale report setting out the information required in the related Procedures by the time specified in those Procedures;

(b) ASXOR [5000] and its related Procedure, being its obligation to notify ASX in writing immediately if it becomes aware that it has breached any of the Rules or the Procedures and that breach is significant; and

(c) ASXOR [1400](a) being its obligation to at all times continue to satisfy the admission requirements set out under ASXOR [1000](d), being to ensure that Mako Trading Australia Pty Ltd maintained adequate resources and processes to comply with its short sale reporting obligations set out under the ASXORs.

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

https://www.asx.com.au/content/dam/asx/about/asx-supervision/disciplinary-notices/2026/disciplinary-notice-mako-trading-australia.pdf

Warning Letters

Importance of organisational and technical resources and an effective change management framework (including monitoring) to ensure Participant activity does not adversely impact the functioning of ASX Facilities.

ASX has issued a warning letter to a Participant over concerns with its organisational and technical resources, required to prevent impacts to the efficiency, integrity, or proper functioning of ASX Clear and ASX Settlement (the ‘**Facilities**’). ASX also raised concerns about the effectiveness of their change management framework. These concerns arose from two events.

Firstly, on 19 June 2025, the Participant requested a Derivatives Clearing System extension for unallocated Exchange Traded Options positions for the June 2025 expiry. This was due to three interrelated problems:

(a) a mismatch arising from an unidentified code defect, following a client update of their own order management system;

(b) a scheduler job correction which inadvertently triggered a premature date roll which then blocked allocations; and

(c) the Member Clearing Module (‘**MCM**’) system disconnection resulting from bulk uploading which required ASX Clear to assist in allocations, which could only be completed the following day, and subsequently affected ASX Clear’s processes at the start of that day.

Secondly, between 19 September 2025 and 24 September 2025, the Participant transmitted approximately 244,935 duplicate MT203 messages to ASX Settlement. The root cause for this incident was a defect introduced in a technology release deployed on 19 September 2025. Despite identifying the issue on 23 September 2025, ASX was not informed until 3 October 2025.

The Participant has instituted significant remediation actions in response to the events and to address ASX’s concerns.

ASX expects Participants to:

(a) establish a change management framework which ensures all relevant system and infrastructure changes that may impact the Facilities, are thoroughly assessed, tested and authorised before the changes are implemented;

(b) have the necessary organisation and technical resources to ensure that activity on their systems, and the messages submitted, do not interfere with the efficiency, integrity or proper functioning of the Facilities; and

(c) notify ASX in a timely manner and in accordance with the relevant Operating Rules.

Providing prior written notification to ASX of proposed Overseas Activity

ASX has issued a warning letter to a Participant over concerns that it did not provide adequate prior notification to ASX about the offshoring of part of its ASX margin payments processes.

On 1 September 2025, the Participant notified ASX that it would be offshoring certain ASX margin payment processes, effective 2 September 2025. The Participant informed ASX that these overseas activities were material for meeting its ASX obligations and that this was part of a strategic global initiative. The Participant had formally briefed stakeholders regarding the offshoring process and arrangements, including the effective date on 5 June 2025.

ASX expressed concerns that the Participant did not notify ASX until the day before implementation despite the finalisation of arrangements occurring some months prior.

ASX requires Participants to provide prior written notification to the relevant market and/or clearing and settlement facility including details of the proposed overseas activity. ASX expects

Participants to engage in open and transparent communication with ASX and, when notifying ASX, to provide sufficient time for ASX to undertake any additional actions required under the relevant Operating Rules, Procedures or Guidance Notes. Failure to provide adequate time for ASX to complete those actions may result in the notification being treated as late and therefore non-compliant.

Additionally, if a Participant's notification about changes to offshoring arrangements fails to provide a reasonable period for ASX to undertake necessary inquiries, ASX may determine to direct the Participant to postpone any intended actions until ASX can complete its necessary inquiries.

Early withdrawal of client funds from trust account

ASX has issued a warning letter to a Participant over concerns about their compliance with ASX Clear Operating Rules, relating to its client money requirements and trust account reconciliation obligations.

On 26 February 2025, the Participant's client trust account was in deficit by AUD 12,562.30 because funds were moved to their general account before receipt of the clients' deposits. This was due to the recording of the funds as received, even though the funds were in fact 'in-transit' and the Participant had withdrawn the equivalent amount from the trust account.

The Participant did not detect the trust account deficiency during its ASX reconciliation process because it incorrectly assumed that the funds were received when transfer instructions had been placed, believing the funds to be under their control. The reconciliation underwent review and approval by both a maker and a checker.

ASX concluded that the Participant's conduct was not compliant with ASXCR 4.24.1, as a result of the improper withdrawal of other clients' trust funds and a shortfall in the trust account.

Further, the Participant did not accurately perform its trust reconciliation, resulting in the deficiency not being identified at the time. ASX expects Participants to ensure that staff consistently follow established procedures which are compliant with ASX Clear Operating Rules and escalate any discrepancies to the appropriate management level to ensure the accuracy and integrity of the reconciliation process.

ASX also expressed concerns that the Participant's approach to its engagement with ASX lengthened the time and increased the resources required to complete the investigation. It is ASX's expectation that Participants at all times engage in an open and transparent manner with the ASX.

The Participant has undertaken various remediation actions, including strengthening its procedures and delivering staff training on trust account obligations and the importance of escalation.