



# ASX 24 Cancellation Ranges:

## Response to the Consultation on Change to Energy Products and QCR process

October 2022



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## Contacts

For general enquiries, please contact:

**Brendan Sweeney** - Senior Manager, Trading Operations

T 02 9227 0299

E [brendan.sweeney@asx.com.au](mailto:brendan.sweeney@asx.com.au)

## Consultation Process

On December 6 2021 ASX released a consultation paper seeking comment from stakeholders regarding the ASX 24 Trade Cancellation Policy.

The consultation paper was as a result of customer feedback on the Trade Cancellation policy for ASX 24. The ASX consulted on two main topics being;

- Cancellation ranges that are currently prescribed under section 3200.9 of the ASX 24 Operating Rules Procedures in the Electricity Market Base Load Cap products
- The consent time for QCR across all ASX 24 products moving from 5 minutes to 10 minutes

ASX received 6 responses to the consultation paper. Some follow-up discussions have subsequently taken place with some parties to better understand their views.

A summary of the ASX actions from the consultation paper are below:

Question	ASX Action	Timeframe to Implement
Should ASX amend the Extreme Trade Range for Base Load Electricity Cap products?	ASX will amend the ETR range for Base Load Electricity Cap products	6-8 weeks – Effective Nov 22
Should ASX amend the consent time from 5 to 10 minutes for a response to a Qualifying Cancellation Range request?	ASX will amend the response time for a response to a QCR from 5 to 10 minutes.	6-8 weeks – Effective Nov 22

## 1. Should ASX amend the Extreme Trade Range for the Base Load Electricity Cap products so that the range is >15% or \$1 DP (whichever is higher)

### Current ETR

Futures Contracts % means distance from Reference Price	NCR	QCR (Lower Limit)	QCR (Upper Limit)	Start of ETR
Base Load Electricity Cap	3% DP*	> 3% DP	≤ 15%	> 15% DP
Base Load Electricity Cap Strip	1.5% DP	> 1.5% DP	≤ 15% DP	> 15% DP

\*Determined Price

### Proposed new ETR

Futures Contracts % means distance from Reference Price	NCR	QCR (Lower Limit)	QCR (Upper Limit)	Start of ETR
Base Load Electricity Cap	3% DP*	> 3% DP	≤ 15% DP or ≤ \$1 DP (whichever is higher)	> 15% DP or > \$1 DP (whichever is higher)
Base Load Electricity Cap Strip	1.5% DP	> 1.5% DP	≤ 15% DP or ≤ \$1 DP (whichever is higher)	> 15% DP or > \$1 DP (whichever is higher)

\*Determined Price

This change would result in the above update to **Procedure 3200.9** of the **ASX 24 Operating Rules Section 03**

All respondents that expressed a view were supportive of the proposed amendment. One respondent agreed with the benefits of the change because it ensures valid transactions would not be automatically cancelled and the no risks are associated with this amendment.

There was a suggestion that maybe for lower priced Caps to have a higher limit than \$1, however the consensus of opinion agreed with \$1. This value will be monitored over time by the ASX.

Based on these responses ASX plans to progress with amending the ETR range for Base Load Australian Electricity Cap futures.

ASX sought market feedback on the timeframe for this change and the consensus was 6 weeks would be suitable. ASX therefore propose to make this change effective the week of 28 November 2022.

## 2. Amendment of the QCR consent timeframe from 5 minutes to 10 minutes

Almost all respondents were in favour of amending the time given to consent to a cancellation that has been identified as QCR from 5 minutes to 10 minutes.

The purpose of this change is to;

- Allow more time for appropriate communication with counterparties and end clients in regards to QCR errors so that a better informed decision can be made.

This change would result in the below update to **Procedure 3200.5** of the **ASX 24 Operating Rules Section 03**

### Procedure 3200.5 – Market Operator Determinations and Cancellation Ranges

- (a) On receipt of the email request, the Market Operator will refer to the Reference Price for the contract and then assess whether the trade qualifies for cancellation as follows:

Range	Outcome
At or within the NCR (No Cancellation Range)	The trade will not be cancelled
At or within the QCR (Qualifying Cancellation Range)	The trade will only be cancelled if the Participant counterparty to the trade consents within 10 minutes of the request.
At or within the ETR (Extreme Trade Range)	The Market Operator will cancel the trade subject to any exception under Rule [3210]. If a Participant has requested a cancellation and the trade is determined by the Market Operator to be within the ETR, Rule [3200] ceases to apply and Rule [3210] applies.

ASX sought market feedback on the timeframe for this change and the consensus was 6 weeks would be suitable. ASX therefore propose to make this change effective the week of 28 November 2022.