

ASX WARNING LETTERS

ASX Participants Compliance | Version 1 – January 2024

What is this guide about?

This guide explains ASX warning letters, including:

- > What are they?
- > What information do they contain?
- > Why does ASX use them?
- > What does ASX expect Participants to do when they receive a warning letter?

What is a warning letter?

A warning letter is a formal warning issued by ASX to a Participant. A warning letter is issued when ASX has concerns about a Participant's compliance with ASX Operating Rules, however, due to mitigating factors we decide not to make a referral to ASX Enforcement. These mitigating factors may include the seriousness of the contravention, the impact on other Participants and on ASX, the compliance history of the Participant, its cooperation with ASX's investigation and its efforts to identify and remediate the root causes of the misconduct.

What information is in a warning letter?

A warning letter usually contains the following information;

- > The event that has led to ASX having concerns about the Participant's compliance.
- > The consequences or risks created by the misconduct, including any impact on other Participants, ASX or any of the markets or facilities ASX operates.
- > ASX expectations in relation to the conduct of the Participant.
- > The relevant ASX Operating Rules and ASX Guidance Notes.
- > Any conditions imposed on the Participant, where relevant.
- > If similar misconduct recurs, ASX reserves the right to refer to the facts of the case and rely on the matter as a relevant aggravating factor in any future enforcement action or Appeal Tribunal proceedings.
- > In some cases, ASX may refer to specific undertakings made by a Participant in relation to rectification.

Why does ASX issue warning letters?

The Corporations Act requires ASX to monitor and enforce compliance with the ASX Operating Rules. ASX considers warning letters to be important tools to help us achieve this.

The details of warning letters issued by ASX are usually published, in a summary form, within ASX's Quarterly Enforcement Circular, which Participants can subscribe to via ASX Online notices. This helps other Participants understand ASX's views on certain types of misconduct and our expectations about compliance with ASX Rules. Warning letters also help ASX deter misconduct more generally within the market. Unlike cases involving Enforcement Notices, the name of the Participant, who is the subject of the warning letter, is not usually published by ASX.

What are ASX's expectations?

Participants should take ASX warning letters seriously. They should ensure they identify and address any of the root causes that may have contributed to the misconduct outlined within the warning letter. Any conditions or remediation referred to in the warning letter should be completed as outlined and within relevant timelines.

Participants should subscribe to our Quarterly Enforcement Circulars, via ASX Online notices. This can help Participants keep informed of warning letters issued by ASX, as well as assist Participants when they are reviewing their own processes to ensure they are compliant.

Participants must have adequate processes and resources to ensure they comply with ASX Operating Rules. ¹

Participants must notify ASX in writing immediately if they become aware of having committed a significant breach of the ASX Operating Rules or Procedures.² All information provided to ASX by Participants must be complete, accurate and not misleading.³ Notifications of breaches should contain all relevant information known at the time. Timeliness is critical. If necessary, further updates can be provided as more information becomes available.

ASX has numerous Guidance Notes to assist Participants understand ASX's expectations which are available on asx.com.au. [Guidance Notes](#)

Examples of past warning letters are available on asx.com.au within our [Quarterly Enforcement Circulars](#).

Below are some recent examples;

Issue Date	Topic	Rule	Warning letters
27 March 2023	Requirement for Effective Change Management	ASX Settlement 4.14 Guidance Note 10 BCP Arrangements	Warning Letter Q1 2023
18 August 2023	Adequate processes to identify and prevent any orders that could lead to a dis-orderly market	ASX Operating Rules 1000(e) and 1400 (a) Inadequate processes to identify and prevent any orders that could lead to a dis-orderly market.	
28 September 2023	Inclusion of mandatory terms within sponsorship agreements. Notification to ASX of a change in auditor within 10 business days.	ASX Settlement Rule 7.2.4 Sponsorship Agreements	Warning Letters Q3 2023

Further enquiries:

If you have any questions please contact participants.compliance@asx.com.au

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¹ ASX Operating Rules 1000(d)

² ASX Operating Rules Procedure 5000(e)

³ ASX Operating Rule 6704