

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 31 December 2024. Investigations in relation to other enforcement matters are ongoing.

Enforcement Decisions

UBS AG

ASX Limited's Chief Compliance Officer imposed a penalty of \$55,000 (plus GST) on UBS AG for a contravention of ASX Clear (Futures) Operating Rule 45.1, being UBS AG's obligation to settle an Intra-Day Margin by the prescribed time.

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/2024/disciplinary-notice-ubs-ag.pdf>

UBS Securities Australia Limited

ASX Limited's Chief Compliance Officer imposed a penalty of \$35,000 (plus GST) on UBS Securities Australia Limited 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; and
- (d) ASX SR 6.1.1(a), being its obligation to at all times continue to satisfy the admission requirements under ASX SR 4.3.1(h) and 4.18.1 to have adequate processes to comply with its obligations 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/2024/disciplinary-notice-ubs-securities-australia-limited.pdf>

RBC Securities Australia Pty Ltd

ASX Limited's Chief Compliance Officer imposed a penalty of \$20,000 (plus GST) on RBC Securities Australia Pty Ltd for contraventions of:

- (a) ASX Settlement Operating Rule ('**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; and
- (b) ASX SR 6.1.1(a), being its obligation to at all times continue to satisfy the admission requirements in ASX Settlement Operating Rule 4.3.1(h) and 4.18.1 to have adequate processes to comply with its reporting obligation under ASX SR 6.8A.5(c).

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/2024/disciplinary-circular-rbc-securities-australia-pty-ltd.pdf>

Warning Letter

Failure to submit a Daily Beneficial Ownership Report ('DBOR') before 8:00am in the approved form

ASX has issued a warning letter to a Participant who failed to submit DBORs to ASX for trading date 24 September 2024 before 8:00am the next day, in a form approved by ASX. The Participant attempted to submit several DBORs in unapproved formats, which were rejected by ASX. The required DBOR, in approved machine readable form, was not submitted until 4:48pm.

ASX's concerns with this conduct included that:

- (a) The Participant was unaware that it had not lodged a DBOR until it received an automated email alert from ASX, around 7:00am on 25 September 2024. There was no effective control to staff that the DBOR had not been submitted;
- (b) If relying on an automated email alert from ASX at 7.00am, Participants should have effective processes and procedures in place to enable it to submit DBORs to ASX within the 1 hour timeframe from the alert being issued;
- (c) The Participant's DBOR procedures did not include sufficient detail to facilitate an alternative method of submission, before the 8:00am deadline; and
- (d) The team responsible, where an alternative method for submission is required, was not sufficiently familiar with and/or trained in the DBOR submission process, to ensure accurate DBOR were submitted on time in an approved machine readable form.

ASX requires accurate and timely DBORs to perform its monitoring functions. DBORs assist ASX to identify the beneficial owners of Open Positions and enable ASX to monitor futures positions at an indirect Participant level.

ASX24OR 4840 requires Trading Participants to report to ASX each Open Position entered into by the Trading Participant, including the beneficial owner, except for transactions listed in the Procedures. Procedure 4840 1(a) requires Trading Participants to submit such reporting no later than 8:00am on the next Business Day, in a machine readable form, approved by ASX.

Participants should ensure they have adequate resources and processes to submit accurate and timely DBORs. Adequate compliance processes should include:

- (a) Effective controls for monitoring the daily lodgement of DBORs. Controls should notify staff when DBORs have not been submitted and when DBORs have been rejected by ASX;
- (b) Documented procedures that are sufficiently detailed to ensure that, when an automated process fails, the alternative methods can occur in a timely manner;
- (c) Adequate training for all staff responsible for submitting DBORs. This includes staff that may have to submit DBORs when primary processing teams are unavailable; and
- (d) Appropriate management supervision processes to ensure that any offshored activities comply with all applicable obligations under the ASX24OR.

The Participant has implemented additional controls to prevent similar events and is investigating opportunities for increasing automation of the DBOR process.