

## SECTION 15 TRADE ERRORS, CANCELLATIONS AND DEALING DISPUTES

<b>15.1</b>	<b>MEANING OF ERROR.....</b>	<b>3</b>
15.1.1	Detail on what will constitute an error under these Rules .....	3
<b>15.2</b>	<b>ERRORS.....</b>	<b>4</b>
15.2.1	Obligation to notify ASX of Error .....	4
15.2.2	ASX may notify Market Participants of an Error.....	4
15.2.3	ASX may impose trading halt.....	4
15.2.4	Errors resolved voluntarily.....	4
15.2.5	Cancellation or amendment binding .....	5
15.2.6	Errors not resolved by agreement .....	5
15.2.7	ASX may refer to Dispute Governors Committee .....	5
15.2.8	Request by Trading Participant where counterparty not known.....	6
15.2.9	ASX action upon receipt of request under Rule 15.2.8 .....	6
15.2.10	Consequences of action under Rule 15.2.9 .....	6
<b>15.3</b>	<b>OTHER MATTERS REFERRED TO ASX .....</b>	<b>7</b>
15.3.1	Dealing Dispute may be referred to ASX .....	7
15.3.2	Crossing Dispute may be referred to ASX – [Deleted].....	7
<b>15.4</b>	<b>RESOLUTION OF ERROR DISPUTES, CROSSING DISPUTES AND DEALING DISPUTES .....</b>	<b>7</b>
15.4.1	Appointment of Dispute Governors .....	7
15.4.2	Dispute Governors Committee to consider dispute .....	7
15.4.3	Conflict of interest.....	7
15.4.4	Powers of Dispute Governors Committee .....	7
15.4.5	Recommendation in relation to the Error Dispute, Crossing Dispute or Dealing Dispute.....	8
15.4.6	Process of Dispute Governors Committee.....	8
15.4.7	Powers of ASX after recommendation from Dispute Governors Committee in relation to Error Dispute or Crossing Dispute.....	9
15.4.8	Powers of ASX after recommendation from Dispute Governors Committee in relation to Dealing Dispute.....	9
15.4.9	Decision final and binding .....	9
15.4.10	Compliance .....	9
15.4.11	Resolution of Error Dispute or Dealing Dispute by Participants or action by ASX .....	10
15.4.12	Disciplinary and other action.....	10
15.4.13	Fee for Error Dispute or Dealing Dispute .....	10
<b>15.5</b>	<b>APPEAL OF DECISION OF ASX.....</b>	<b>10</b>
15.5.1	Appeal to Appeal Tribunal.....	10
15.5.2	Appeal process and powers of Appeal Tribunal – [Deleted].....	11
15.5.3	Action pending appeal .....	11
15.5.4	Process of Appeal Tribunal – [Deleted] .....	11
15.5.5	ASX may take action immediately.....	11

<b>15.6</b>	<b>OVERRIDING POWER OF ASX TO ACT</b> .....	<b>11</b>
15.6.1	ASX power not limited .....	11
<b>15.7</b>	<b>NO LIABILITY OF ASX</b> .....	<b>11</b>
15.7.1	ASX not liable for bona fide exercise of powers, right or discretion.....	11
<b>15.8</b>	<b>NOTIFICATION TO CLIENTS</b> .....	<b>12</b>
15.8.1	Market Participants must notify clients .....	12
15.8.2	Effects of failure to notify clients .....	12
<b>15.9</b>	<b>CANCELLATIONS PRIOR TO MATCHING</b> .....	<b>12</b>
15.9.1	Trading Participant may amend, cancel or withdraw.....	12

## SECTION 15      **TRADE ERRORS, CANCELLATIONS AND DEALING DISPUTES**

Section 15 deals with Market Transactions entered into on the basis of errors and permits the cancellation of such errors if the parties to the transaction agree. In circumstances where a Trading Participant is not aware of the identity of a counterparty to a Market Transaction for the purpose of obtaining the counterparty's agreement to the cancellation, the Trading Participant may request ASX to facilitate the agreement.

The section also deals with disputes arising out of transactions of the type described above (an "Error Dispute") and other Dealing Disputes. Such disputes may be referred to a Dispute Governors' committee, which may make recommendations to ASX as to how best to deal with the dispute. Upon receiving the Dispute Governors' recommendation in relation to an Error Dispute, ASX may take such action as it considers appropriate including cancelling the relevant Market Transaction so as to ensure the maintenance of an orderly Market. In relation to a Dealing Dispute, ASX may make a determination for the resolution of the dispute.

### **15.1      MEANING OF ERROR**

#### **15.1.1      Detail on what will constitute an error under these Rules**

In these Rules, an "Error" means, in relation to a Market Transaction, an error in a Trading Message submitted by a Trading Participant or by ASX, or other error by a Market Participant or ASX which relates to the Market Transaction, including, without limitation, an error involving:

- (a) a mistake by the Trading Participant as to:
  - (i) the identity or fundamental characteristic of the relevant Product;
  - (ii) the volume or quantity of an Order that the Trading Participant has entered, amended or cancelled; or
  - (iii) the matching of, or correspondence between, the price or value referred to in the Order and the Product referred to in the Order; or
- (b) a transaction effected as a result of:
  - (i) a breakdown or malfunction in ASX's procedures or systems;
  - (ii) an error made over the National Voicemail System; or
  - (iii) an error in entries made by ASX in a Trading Platform, or an error in entries in a Trading Platform, or other process, not being made by ASX such that there is a conflict with the market processes of ASX.

Introduced 11/03/04

## **15.2 ERRORS**

### **15.2.1 Obligation to notify ASX of Error**

Subject to Rule 15.9, if a Trading Participant considers that a Market Transaction has arisen from an Error and the Trading Participant wishes to have, or retain the right to request to have, that Market Transaction cancelled or amended under this Section 15, the Trading Participant must notify Market Control of that alleged Error by the time and in the manner set out in the Procedures.

Introduced 11/03/04 Origin ASX 2.17.1(3), 2.17.1(4), ASXF 15.1.1 Amended 28/11/05

### **15.2.2 ASX may notify Market Participants of an Error**

If ASX considers it appropriate having regard to Rule 1.13, ASX may notify particular Market Participants or Market Participants generally that it considers that an Error has occurred (whether a Market Participant or ASX identified the alleged Error) and may do one or both of the following:

- (a) direct Market Participants that may have entered into Market Transactions on the basis of the alleged Error or that were affected by the alleged Error to try to cancel or amend those Market Transactions in accordance with Rule 15.2.4; and
- (b) ask Market Participants that may have entered into Market Transactions on the basis of the alleged Error or that were affected by the alleged Error to submit comments to ASX regarding the alleged Error and potential cancellation or amendment of the relevant Market Transactions within the time specified in the Procedures.

Introduced 11/03/04

### **15.2.3 ASX may impose trading halt**

If ASX considers that an Error has occurred in relation to a Market Transaction, ASX may suspend trading in, or impose a trading halt in relation to, one or more Products at any time after it becomes aware of the alleged Error if it considers it appropriate, having regard to Rule 1.13.

Introduced 11/03/04

### **15.2.4 Errors resolved voluntarily**

If, in relation to a Market Transaction:

- (a) a Trading Participant or ASX considers that an Error has occurred in relation to the Market Transaction;
- (b) the Trading Participants which entered into the Market Transaction agree to the cancellation or amendment of the Market Transaction (or the Trading Participant who executed a Crossing determines that it should be cancelled or amended) and notify (or, in the case of such a Crossing, notifies) ASX of that agreement by the time and in the manner set out in the Procedures; and

- (c) the Trading Participant or Trading Participants comply with the directions (if any) of ASX in connection with that cancellation or amendment,

ASX:

- (d) (in the case of a Market Transaction not being a Crossing) will permit the cancellation or amendment of the Market Transaction, unless ASX considers that the cancellation or amendment is not appropriate, having regard to Rule 1.13; or
- (e) (in the case of a Crossing) may:
  - (i) permit the cancellation or amendment if it considers that the transaction was based on an Error, that the Crossing may give rise to circumstances which are contrary to the interests of a fair and orderly market and that the cancellation or amendment is appropriate, having regard to Rule 1.13; or
  - (ii) if it considers appropriate, refer the matter to the Dispute Governors.

A cancellation or amendment under this Rule 15.2.4 must be effected in the manner set out in the Procedures.

Introduced 11/03/04 Origin ASX 2.17.1(5), 7.9.3.7, ASXF 15.1.2 Amended 28/11/05

#### **15.2.5 Cancellation or amendment binding**

The cancellation or amendment of a Market Transaction under Rule 15.2.4, and any action taken by the Trading Participants and ASX to give effect to the cancellation or amendment, is binding on those Trading Participants and any Nominating Trading Participant of those Trading Participants.

Introduced 11/03/04 Origin ASXF 15.1.3

#### **15.2.6 Errors not resolved by agreement**

If:

- (a) a Trading Participant or ASX considers that an Error has occurred in relation to a Market Transaction; and
- (b) the Trading Participants which entered into the Market Transaction do not agree to amend or cancel the Market Transaction under Rule 15.2.4 in accordance with that Rule,

a Trading Participant which is a party to the Market Transaction may refer the alleged Error to ASX. If a Trading Participant wishes to refer an Error to ASX under this Rule 15.2.6, it must do so by the time and in the manner set out in the Procedures.

Introduced 11/03/04 Origin ASXF 15.1.4

#### **15.2.7 ASX may refer to Dispute Governors Committee**

If, in relation to a Market Transaction:

- (a) a Trading Participant refers an alleged Error to ASX in accordance with Rule 15.2.6; or
- (b) ASX considers that an Error may have occurred and the Trading Participants have not agreed to amend or cancel the Market Transaction under Rule 15.2.4 in accordance with that Rule,

ASX may refer the alleged Error (an "Error Dispute") to a Dispute Governors Committee if ASX considers that the Market Transaction may give rise to circumstances which are contrary to the interests of a fair and orderly Market.

Introduced 11/03/04

#### **15.2.8 Request by Trading Participant where counterparty not known**

For the purposes of Rule 15.2.4(b), a Trading Participant may request ASX to facilitate an agreement for the cancellation or amendment of a Market Transaction in circumstances where the Trading Participant is not aware of the identity of the counterparty to the transaction by providing ASX with notice providing details sufficient to identify the relevant Market Transaction and to explain the alleged Error. The Trading Participant must make the request by the time and in the manner set out in the Procedures.

Introduced 28/11/05

#### **15.2.9 ASX action upon receipt of request under Rule 15.2.8**

Upon receipt of a request from a Trading Participant that meets the requirements of Rule 15.2.8 to ASX' satisfaction, ASX will use reasonable endeavours to contact the counterparty Trading Participant to ascertain whether the counterparty Trading Participant agrees to the cancellation or amendment of the relevant Market Transaction. ASX will notify the requesting Trading Participant as soon as reasonably practicable of the counterparty Trading Participant's response.

Introduced 28/11/05

#### **15.2.10 Consequences of action under Rule 15.2.9**

If:

- (a) a Trading Participant makes such a request and the counterparty Trading Participant acknowledges its agreement to the cancellation or amendment in accordance with Rule 15.2.9 within the time specified in the Procedures, in writing or in such other manner as may be provided for in the Procedures, the Trading Participants will be taken to have agreed to the cancellation or amendment and notified ASX of that agreement by the time and in the manner required under Rule 15.2.4(b); or
- (b) a counterparty Trading Participant contacted under Rule 15.2.9 does not agree to the cancellation or amendment of the relevant Market Transaction (or if ASX has not contacted the counterparty) within the time set out in the Procedures, the Trading Participant who made the request referred to in Rule 15.2.9 may refer the alleged Error to ASX under Rule 15.2.6 within the time set out in the Procedures.

Introduced 28/11/05 Amended 22/05/06

## **15.3 OTHER MATTERS REFERRED TO ASX**

### **15.3.1 Dealing Dispute may be referred to ASX**

A Market Participant may notify ASX of any dispute (a "**Dealing Dispute**") between the Market Participant and another Market Participant arising in relation to any of the Dealing Rules (other than an Error Dispute, which is governed by Rule 15.2). ASX will promptly refer the dispute to the Dispute Governors Committee.

Introduced 11/03/04 Origin ASX 2.18.2, 7.11.1.2

### **15.3.2 Crossing Dispute may be referred to ASX – [Deleted]**

Introduced 11/03/04 Deleted 28/11/05

## **15.4 RESOLUTION OF ERROR DISPUTES, CROSSING DISPUTES AND DEALING DISPUTES**

### **15.4.1 Appointment of Dispute Governors**

ASX may appoint one or more persons as Dispute Governors for a period and on terms and conditions ASX considers appropriate for the purposes of resolving Error Disputes, Crossing Disputes and Dealing Disputes.

Introduced 11/03/04 Origin ASX 2.18.1, 7.11.1.1, ASXF 15.2.3

### **15.4.2 Dispute Governors Committee to consider dispute**

As soon as practicable following the referral of an Error Dispute, Crossing Dispute or Dealing Dispute under Rule 15.2.7 or 15.3, a committee of at least 3 Dispute Governors (including at least one Dispute Governor who is an employee or agent of ASX) will be established to consider the Error Dispute, Crossing Dispute or Dealing Dispute (the "**Dispute Governors Committee**").

Introduced 11/03/04 Origin ASX 7.11.1.4, ASXF 15.2.4

### **15.4.3 Conflict of interest**

A Dispute Governor must not participate in the consideration of an Error Dispute, Crossing Dispute or Dealing Dispute if the Dispute Governor is a Representative of:

- (a) a Market Participant which is a party to the Error Dispute, Crossing Dispute or Dealing Dispute (or a Related Body Corporate of that Trading Participant); or
- (b) a Market Participant (or a Related Body Corporate of that Trading Participant) which has a significant financial interest in the outcome of the determination of the Error Dispute, Crossing Dispute or Dealing Dispute.

Introduced 11/03/04 Origin ASX 2.18.2(3), 7.11.1.5, ASXF 15.2.5

### **15.4.4 Powers of Dispute Governors Committee**

In considering an Error Dispute, Crossing Dispute or Dealing Dispute, the Dispute Governors Committee may:

- (a) make any enquiries which they consider relevant to the Error Dispute, Crossing Dispute or Dealing Dispute;
- (b) seek information (orally or in writing) from the Market Participants involved in the Error Dispute, Crossing Dispute or Dealing Dispute or from other Market Participants;
- (c) determine the manner in which the Error Dispute, Crossing Dispute or Dealing Dispute will be considered; and
- (d) take any other action which they consider appropriate, having regard to Rule 1.13, to consider the Error Dispute, Crossing Dispute or Dealing Dispute.

Introduced 11/03/04 Origin ASX 2.18.2(4), 7.11.1.6, ASXF 15.2.6

#### **15.4.5 Recommendation in relation to the Error Dispute, Crossing Dispute or Dealing Dispute**

The Dispute Governors Committee may make any recommendation to ASX it considers appropriate in relation to the Error Dispute, Crossing Dispute or Dealing Dispute and:

- (a) in the case of an Error Dispute, having regard to whether, in the opinion of the Dispute Governors Committee:
  - (i) an Error has been made either by a Trading Participant or ASX itself; and
  - (ii) Trading Participants entered into a Market Transaction on the basis of the Error or that was affected by the Error, which has created circumstances which are contrary to the interests of a fair and orderly Market, and
- (b) in the case of a Crossing Dispute, having regard to whether, in the opinion of the Dispute Governors Committee:
  - (i) an Error has been made either by a Trading Participant or ASX itself; and
  - (ii) the relevant Trading Participant entered into the relevant Principal Crossing on the basis of, or which was affected by, an Error similar to an Error which caused the cancellation of the relevant Associated Transactions under this Section 15 and those circumstances are contrary to the interests of a fair and orderly Market.

Introduced 11/03/04 Origin ASXF 15.2.9

#### **15.4.6 Process of Dispute Governors Committee**

The Dispute Governors Committee must use reasonable endeavours to make its recommendation under Rule 15.4.5 as quickly as possible and, if practicable, on the Trading Day on which the Error Dispute, Crossing Dispute or Dealing Dispute was referred to it under Rule 15.2.7 or 15.3. Decisions by a Dispute Governors Committee will be made by a simple majority vote.

Introduced 11/03/04 Origin ASX 2.18.2(5), 7.11.1.8, ASXF 15.2.8



#### **15.4.7 Powers of ASX after recommendation from Dispute Governors Committee in relation to Error Dispute or Crossing Dispute**

In relation to an Error Dispute or Crossing Dispute, subject to Rule 15.5, after the Dispute Governors Committee gives ASX its recommendation, ASX may or may not, in its discretion, implement the recommendation. In doing this, ASX may take any action (or refrain from taking action) and give any directions it considers appropriate having regard to Rule 1.13 including, without limitation, doing any or all of the following:

- (a) cancel or amend a Market Transaction;
- (b) restore an Order which was executed and which gave rise to a Market Transaction cancelled under paragraph (a);
- (c) direct the Trading Participant or Trading Participants who are or were party to the relevant Market Transactions (and, where applicable, any relevant Nominating Trading Participant ) to cancel or amend the Market Transaction or to enter into one or more Market Transactions to achieve a substantially similar result; and
- (d) request an Approved Clearing Facility or any Alternative Clearing Facility to examine any process they have under their respective operating rules to give effect to ASX's actions under this Rule including, without limitation, in the case of a Derivatives Market Transaction, to amend or cancel the registration of an Open Contract arising from that Derivatives Market Transaction amended or cancelled under paragraph (a).

Introduced 11/03/04 Origin ASX 7.11.1.9, ASXF 15.2.10 Amended 28/11/05

#### **15.4.8 Powers of ASX after recommendation from Dispute Governors Committee in relation to Dealing Dispute**

In relation to a Dealing Dispute, subject to Rule 15.5, after the Dispute Governors Committee gives ASX its recommendation, ASX may, or may not, in its discretion make a determination for the resolution of the dispute.

Introduced 11/03/04

#### **15.4.9 Decision final and binding**

Subject to Rule 15.5, exercise by ASX of its powers under Rule 15.4.7 and 15.4.8 is final and binding on the Trading Participants involved and, where applicable, any Nominating Trading Participant.

Introduced 11/03/04 Origin ASXF 15.2.11

#### **15.4.10 Compliance**

Market Participants and any Nominating Trading Participants must comply with any request made, or direction given, by the Dispute Governors Committee or ASX under this Rule 15.4.

Introduced 11/03/04 Origin ASX 7.11.1.10, ASXF 15.2.12

#### **15.4.11 Resolution of Error Dispute or Dealing Dispute by Participants or action by ASX**

The process for resolving an Error Dispute, Crossing Dispute or Dealing Dispute under this Rule 15.4 will cease if, before any action is taken by ASX under Rule 15.4.7 or 15.4.8:

- (a) the Trading Participants agree to cancel or amend the Market Transaction the object of the Error Dispute or Dealing Dispute by agreement (and, if the cancellation or amendment of a Market Transaction is involved, ASX permits that cancellation or amendment); or
- (b) ASX exercises any other power under these Rules to cancel or amend the Market Transaction the subject of the Error Dispute or Dealing Dispute.

Introduced 11/03/04 Origin ASXF 15.2.13 Amended 28/11/05

#### **15.4.12 Disciplinary and other action**

Nothing in this Section 15 precludes ASX from taking any other action which it is permitted to take under these Rules in connection with the circumstances giving rise to the Error Dispute or Dealing Dispute including, without limitation, the taking of disciplinary action under Rules 28.1 to 28.12 or exercising any power it has under Rules 28.1 to 28.12 and the Australian Securities Exchange Disciplinary Processes and Appeals Rulebook.

Introduced 11/03/04 Origin ASXF 15.2.14 Amended 31/03/08

#### **15.4.13 Fee for Error Dispute or Dealing Dispute**

If a Dispute Governors Committee considers an Error Dispute, Crossing Dispute or Dealing Dispute, then the Market Participant that referred that dispute to ASX must pay to ASX the fee set out in the Procedures by the time set out in the Procedures.

Introduced 11/03/04

### **15.5 APPEAL OF DECISION OF ASX**

#### **15.5.1 Appeal to Appeal Tribunal**

If a Market Participant is dissatisfied with:

- (a) the failure of ASX to refer a dispute to a Dispute Governors Committee under Rule 15.2.7; or
- (b) the actions taken (or the failure to take actions) by ASX under either Rule 15.4.7, 15.4.8 or 15.6,

the Market Participant may appeal to the Appeal Tribunal in accordance with the provisions of the Australian Securities Exchange Disciplinary Processes and Appeals Rulebook.

Introduced 11/03/04 Origin ASXF 15.3.1 Amended 31/03/08

## **15.5.2 Appeal process and powers of Appeal Tribunal – [Deleted]**

Introduced 11/03/04 Origin ASXF 15.3.2 Deleted 31/03/08

## **15.5.3 Action pending appeal**

Unless Rule 15.5.5 applies, ASX must not exercise its powers under Rule 15.4.7 or 15.4.8 until:

- (a) the period for giving a notice of appeal under Rule 15.5.1 expires (unless the Market Participants affected by the decision agree to waive that period); or
- (b) if a notice of appeal is given, the appeal is determined by the Appeal Tribunal in accordance with the provisions of the Australian Securities Exchange Disciplinary Processes and Appeals Rulebook.

Introduced 11/03/04 Origin ASX 7.11.2.4, ASXF 15.3.3 Amended 31/03/08

## **15.5.4 Process of Appeal Tribunal – [Deleted]**

Introduced 11/03/04 Origin ASX 2.18.2(5) Deleted 31/03/08

## **15.5.5 ASX may take action immediately**

ASX may exercise its powers under Rule 15.4.7 immediately following a decision under Rule 15.4 where it considers immediate action appropriate, having regard to Rule 1.13.

Introduced 11/03/04 Origin ASX 7.11.2.5, ASXF 15.3.4

## **15.6 OVERRIDING POWER OF ASX TO ACT**

### **15.6.1 ASX power not limited**

Nothing in this Section 15 limits precludes ASX exercising its powers under Section 14 in relation to circumstances which involve an Error, an alleged Error or a Dealing Dispute.

Introduced 11/03/04

## **15.7 NO LIABILITY OF ASX**

### **15.7.1 ASX not liable for bona fide exercise of powers, right or discretion**

Without limiting Rule 1.8, none of ASX, its officers, employees, agents or contractors are liable to a Market Participant or any other person for any loss, liability, damage, cost or expense arising in any way (including, without limitation, by negligence) from the bona fide exercise of any power, right or discretion conferred upon ASX by this Section 15.

Introduced 11/03/04

## **15.8 NOTIFICATION TO CLIENTS**

### **15.8.1 Market Participants must notify clients**

Each Market Participant must notify all of its clients as soon as practicable (and prior to submitting any Trading Messages on behalf of that client) that ASX has the power under the Rules to cancel or amend Market Transactions or Crossings. A Market Participant will be deemed to satisfy this requirement in respect of a client if the Market Participant has notified the client prior to these Rules coming into effect that, upon these Rules coming into effect, ASX will have the power under the Rules to require cancellation or amendment of Market Transactions or Crossings.

Introduced 11/03/04

### **15.8.2 Effects of failure to notify clients**

To avoid doubt, a failure by a Market Participant to comply with its obligations under Rule 15.8.1 does not:

- (a) invalidate any Trading Message; or
- (b) affect the powers of ASX or the right of any person, including the Market Participant, to take any action under this Section 15.

Introduced 11/03/04

## **15.9 CANCELLATIONS PRIOR TO MATCHING**

### **15.9.1 Trading Participant may amend, cancel or withdraw**

A Trading Participant may amend, cancel or withdraw any Bid or Offer prior to a transaction being effected in a Trading Platform.

Introduced 11/03/04 Origin ASX 2.17.2(1)