

20 August 2025

CIRCULAR 25/23

Cancellation of Trades

CATEGORY : Trading

ATTACHMENTS : 1

1. Definition

A cancellation of trade refers to cancellation of a transaction that is executed significantly from the fair market price and is subject to review reversal, or cancellation by the Exchange (ACM) due to one or more of the following reasons:

- Entry of incorrect price, quantity, or instrument.
- Deviation from fair market value or last good trade.
- An indisputable error or unfortunate mistake which is caused by a technical or manual error at ACM, Member or Member's clients.
- Actions that compromise the market integrity, financial integrity, reputation or interests of the markets established or operated by ACM.

2. Exchange's Right to Cancel Trade

ACM reserves the right to cancel any trade(s) at its sole discretion when it deems such action necessary to:

- Maintain a fair and orderly market.
- Protect the integrity or reputation of the markets.
- Prevent systemic risk or significant market disruption.

This authority may be exercised even when, including but not limited to:

- The trade has not been reported by any member as erroneous; or
- The counterparties do not agree to the cancellation.

3. Trade Error Detection and Procedure

ACM or market participants detect an error with the trade. This could be:

- Pricing Error
The executed price was outside of a permissible range.
- Electronic/Technical Error
A technical error led to an incorrect or invalid transaction.

- Market Participant Mistake
An erroneous order entry by a market participant.

After an error trade is identified:

- The Member responsible for the error must notify ACM within thirty (30) minutes from the time the error occurred; and
- The Member must promptly contact the counterparty Member to seek mutual agreement for cancellation of the error trade.
 - o If both Members agree to cancel the error trade, they must each submit the required trade cancellation request forms to ACM.
 - o If the Members cannot mutually agree on the cancellation, the Member that caused the error trade may request ACM to review the error trade.

Error Trade Reviewing Procedure:

- The review request must be submitted within 60 minutes from the time the error trade occurred or before the contract closing hour on the day that the error trade occurred, whichever is earlier;
- The requesting Member must inform the counterparty that the matter has been referred to ACM;
- The requesting Member must pay a trade review fee of USD\$500 for each referral accepted for review by ACM, regardless of the outcome of the review;
- ACM may in its discretion allow an extension of the timelines set out, taking into account the complexity of the circumstances surrounding the error trade;
- ACM may consider various factors, including but not limited to:
 - o The difference between the trade price and the preceding traded price of the contract;
 - o The market liquidity of the contract at the time the trade occurred;
 - o The trading behavior of the underlying asset;
 - o The monetary impact involved if the trade is or is not cancelled;
 - o The time elapsed between the entry of the erroneous order and its execution;
 - o The number of counterparty customers affected;
 - o Whether any error-prevention alert was triggered when the order was entered into the trading system;
 - o The potential impact on the settlement process; and
 - o The reason(s) provided for the error.
 - o Whether the error trade is part of a strategy order.

- ACM may determine that a trade should be cancelled. ACM has absolute discretion in making this determination.

4. Cancellation Process

Cancellations will only be processed on the same business day. Cancellations after End-of-Day procedure will not be processed or included in the settlement instructions. If the cancellation cannot be processed on the same business day, the only available option is to execute a reversed trade on ACM on the next business day, subject to prior approval from ACM. The reversed trade will be treated as a regular transaction, executed under the same terms and otherwise unchanged conditions as the original cancelled trade.

If it is determined that the trade should be cancelled, the following actions will be taken:

- ACM will notify the involved Members;
- All associated financial or operational adjustments must be made by the relevant members; and
- Cancelled trade(s) will be publicly disclosed, where required, in compliance with market transparency obligations.

5. No-Cancellation Range

- A no-cancellation range will be applied to all contracts.
- ACM will not review an error trade referred to it by a Member if the error trade falls at or within the upper and lower limits of the applicable no-cancellation range.
- ACM reserves the right to apply or remove a no-cancellation range.
- The no-cancellation range will be determined between a lower limit of 95% of the Reference Price and an upper limit of 105% of the Reference Price.
- The Reference Price of the no-cancellation range will be the price of the last good trade.
- ACM may, in its discretion, use an alternative price as the Reference Price for the no-cancellation range if:
 - o The price of the last good trade is not available; or
 - o ACM deems the price of the last good trade to be unreliable or inappropriate as a Reference Price.

Cancellation of Trades Form

Member & Contact Details

Member Name _____
Contact Person _____
Phone _____ Alt Phone _____
Email _____

Trade Details

Trade Date & Time _____
Position Account _____
Contract Code _____
Buy / Sell Indicator _____
Quantity _____
Price Executed _____
Counterparty Trading Member _____
Counterparty Contact (If Available) _____

Error Description

☐ Wrong Price ☐ Wrong Quantity ☐ Wrong Contract
☐ Other Reason _____

Request Type

☐ Mutual Cancellation (Both parties agree to cancel)
☐ Request for Exchange Review (Counterparty has not agreed, ACM to review)

Acknowledgement: Fee \$500 for each incident payable by requesting Member

Member's Declaration (Requesting Member)

We declare that the information provided above is accurate and complete. We further affirm that:

- The error was reported to ACM within the required timeframe
- The counterparty trading member was notified without delay
- We acknowledge and accept that the ACM's decision shall be final and binding

Authorized Signatory _____
Name and Title _____
Date and Time _____



Counterparty Confirmation (If applicable)

We, the undersigned counterparty, declare that we have reviewed the above request and confirm that:

- We have been contacted without delay by the requesting Member
- We acknowledge the details of the reported error trade
- We agree to the proposed cancellation of the trade (or adjustment, if applicable)
- We accept that ACM's decision will be final and binding

Authorized Signatory

Name and Title

Date and Time

ACM Use Only

Received By

Date and Time

Decision

ACM Officer

Signature