

Imperial Date  
054-1107



Date  
01-09-1107

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**ESM and Boerse LIC faces legal action over decision.** An Efatian fund manager is threatening legal action against Efex (the derivatives exchange part of the ESM, which cancelled dealing related to a rogue trade recently) and Boerse LIC (the ESM regulator). Efatian Asset Management, a MCr20 hedge fund, has lodged a complaint with Boerse LIC and said it will take its case to the Prosecutor's office of the CPO. It believes that a decision by the exchange to cancel up to 5,000 futures contracts - worth some MCr400 - was illegal. This action was taken after a mistaken trade sent the price of the "end-of-year" contract on the EAX index down by 800 points within a few minutes after the start of trading. The problem was that while the exchange announced it was cancelling all the trades carried out in the "end-of-year" futures contract below 5,083 and within three minutes of the mistake being made, related deals in underlying shares remained binding. Derivatives dealers who had laid off trades in the future with trades in shares or other instruments were left short after only one side of the deal was "busted". Carsten Femi, the president of Efatian Asset Management said he believed the decision was "illegal" and "a betrayal". *"We are formulating our complaint which we will pass to relevant authority,"* he said last night. Boerse LIC said it had received notification of the complaint but would not comment.

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**Weather:**

Lakatoro



rain

Aniwa



sunny

Emaé



sunny

Tanna



sunny

Port-Vila



storm

Hammer Bay



overcast

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