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## **FORMER ASSOCIATE PARTICIPANTS - ASIC CLASS ORDERS ISSUED 26/9/02**

On 26 September 2002 the Australian Securities and Investments Commission (ASIC) issued two Class Orders in respect of Associate Participants of Sydney Futures Exchange Limited (the Exchange). The Class Orders, which became effective on 1 October 2002, were:

1. No. 02/1013, under which futures brokers who were Associate Participants of the Exchange on 30 September 2002 may continue to deal in futures contracts under their existing futures brokers' licences, pending their transition to Australian Financial Services Licences, without the need to be members of the Exchange; this exemption is subject to compliance with a number of conditions including compliance with certain of the Exchange's By-Laws as in force on 30 September 2002; and
2. No. 02/1022, under which these ex-Associate Participants may operate managed discretionary accounts; again, this exemption is subject to compliance with a number of conditions including compliance with certain of the Exchange's By-Laws as in force on 30 September 2002.

The Class Orders may be accessed through ASIC's website: <http://www.asic.gov.au>.

A copy of the Exchange's By-Laws as in force on 30 September 2002 is being maintained for the assistance of ex-Associate Participants. The By-Laws may be viewed on SFE's website in the Archives section, under the heading 'SFE News'. Current By-Laws may continue to be viewed in the Rules, Fees and Information section, under the heading 'SFE Trading'.

**Class Order 02/1013** includes conditions that ex-Associate Participants must:

- continue to comply with the NTA and financial requirements of the Exchange's By-Laws as in force on 30 September 2002;
- maintain professional indemnity insurance levels as required by the Exchange's By-Laws as in force on 30 September 2002<sup>1</sup>;

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<sup>1</sup> The Exchange determined that the indemnity which Participants were required to put in place is one which provides adequate arrangements for compensating persons who suffer pecuniary loss because of a failure by the Participant or its representatives to adequately provide futures broking services pursuant to its futures broker's licence and the Business Rules of the Exchange. What is adequate for each Participant will depend upon the type and extent of the business conducted by the Participant.

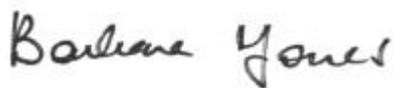
## S F E B U L L E T I N C O N T I N U E D

- segregate client money and property and maintain adequate records of all transactions in accordance with the Exchange's By-Laws (General By-Law G.13<sup>2</sup>) as in force on 30 September 2002; and
- be bound by and submit to the arbitration procedures of the Exchange in relation to any existing or future dispute involving a retail client, in accordance with the Exchange's By-Laws as in force from time to time.

In addition, they are required to provide appropriate disclosure to retail clients including disclosure about the effect of the relief, as soon as practicable after 30 September 2002 and in any event no later than 28 October 2002.

**Class Order 02/1022** includes references to the By-Laws and guidelines of the Exchange as in force on 30 September 2002. Guidelines relating to Managed Discretionary Accounts and advertising may be found in Parts 9 and 10 of the Associate Participant Compliance Manual in the 'Rules, Fees and Information' section under the heading 'SFE Trading' on SFE's website.

This Bulletin refers to some of the material which is set out in ASIC's Class Orders, but only insofar as it is relevant to the Exchange's By-Laws and determinations, and does not provide full details. For these, SFE directs readers to the Class Orders themselves.



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<sup>2</sup> General By-Law G.13.7 includes a requirement that Participants must seek the Exchange's approval, on an individual basis, for each foreign bank in which they invest client funds at interest. No such approvals were in force on 30 September 2002 in respect of Associate Participants.