AUSTRALIAN SECURITIES EXCHANGE

ACH Notice

Date: 25 March, 2009

Key topics

1. Credit Suisse Equities (Australia) Limited

Reading List

Client Advisers
Compliance Managers
ASTC Participants
Operations Managers (back office)
Share Registries
ACH Participants

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ACH PARTICIPANT NOTICE

Disciplinary Matters

The ASX Disciplinary Tribunal ("the Tribunal") has determined the following:

Credit Suisse Equities (Australia) Limited ("CSEAL") has been fined $30,000 plus GST for contravening ACH Clearing Rule 5.1.1 by failing to comply with the Risk Based Capital Requirements contained in S1.2.1(1)(a) of Schedule 1 to the ACH Clearing Rules, in that on 23 June 2008 it failed to ensure that its Liquid Capital was at all times greater than its Total Risk Requirement.

CSEAL did not contest the contravention before the Tribunal.

The circumstances of this matter are detailed as follows:

On 23 June 2008 CSEAL's capital ratio fell to 0.712. The ratio fell to this level as a result of a stock lending and borrowing transaction ("the material transaction") where stock loaned by CSEAL was not returned as planned.

On 24 June 2008 CSEAL calculated its capital adequacy ratio for 23 June 2008 as 1.228. The calculation was wrong in that CSEAL had failed to include a counterparty Large Exposure Risk in respect of the material transaction. CSEAL identified its calculation error and the breach of the Risk Based Capital Requirement on 25 June 2008 and advised ASX. In any event, CSEAL's capital ratio was restored to 1.602 on 24 June 2008.

CSEAL subsequently undertook the remedial actions outlined below to prevent the likelihood of further contraventions occurring.

The Tribunal noted that the Risk Based Capital Requirements are a fundamental aspect of the ACH's prudential regulation of its Participants. The failure to comply with those requirements has the potential to adversely affect the financial stability of Participants, the financial security of clients, and the integrity of the market. Accordingly, the Tribunal views any breach of Risk Based Capital Requirements to be a matter of serious concern.

In determining penalty, the Tribunal, inter alia, took into account the following matters:

(a) The circumstances and duration of the contravention;

(b) CSEAL self reported the contravention as soon as it became aware of it;

(c) CSEAL took immediate action to rectify the matter;

(d) CSEAL co-operated with ASX Investigations and ASX Capital Monitoring in the investigation of the matter;

(e) CSEAL agreed not to contest the matter;

(f) The system and procedures that CSEAL has implemented to prevent a similar contravention;

(g) ACH Clearing Rule 5.1.1 is a provision that imposes a strict and mandatory obligation on Participants to comply with the Risk Based Capital Requirements set out in Schedule 1.2.1(1)(a), which are of fundamental importance to ACH's prudential regulation of its Participants and to the integrity and stability of ASX's markets; and

(h) CSEAL's disciplinary history.