



ASTC Bulletin

Date: 13 January, 2005

Key topics

1. Etrade Australia Securities Limited

Reading List

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

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PARTICIPANT BULLETIN

Disciplinary Matters

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

ETRADE Australia Securities Limited ("ETRADE") has been fined a total of \$22,500 (plus GST) by the Tribunal in relation to a breach of ASTC Settlement Rule 8.18.1. This breach was not contested by ETRADE.

The circumstances of the matter are as follows:

1. in the period 25 November 2004 to 14 January 2005 inclusive ETRADE effected a change of Registration Details in relation to a Holder Record without the written authority of the relevant Holder;
2. ETRADE was involved in a review process of its client account database, as well as making enhancements to the database's reporting capabilities, and as a consequence changed the addresses of 395 sponsored clients without their written authority; and
3. then, when correcting the unauthorised changes outlined above, ETRADE changed the Registration Details of 10 Sponsored clients (who had authorised changes), but these clients had their details incorrectly changed.

In determining the appropriate penalty, the Tribunal took into account the following:

- the breach resulted in CHESSE notices of change of Registration Details being sent to incorrect addresses of those affected clients and those notices included the HINs of those clients;
- the large number of clients affected;
- ETRADE did not deliberately seek to make unauthorised address changes;
- despite the number of clients affected, the errors effectively arose from only 2 inadvertent acts;
- there was no suggestion of any systemic technology deficiencies in ETRADE;
- there had been no prior recorded failure by ETRADE to correctly process authorised change of Registration Details; and
- ETRADE attended to a review and reform of its procedures, to minimise the likelihood of future breaches.