



ASTC Bulletin

Date: 2 March 2006

Key topics

1. Perpetual Trustees Consolidated Limited

Reading List

Compliance Managers
 Managing Directors
 ASTC Participants
 Office Managers
 Share Registries

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PARTICIPANT BULLETIN

Disciplinary Matters

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

Perpetual Trustees Consolidated Limited ("**Perpetual**") has been fined \$12,000 (plus GST) for contravening ASTC Settlement Rule 6.3.3(b)(ii).

The circumstances of this matter are as follows:

Between 22 November 2004 and 6 January 2005, Perpetual controlled CHESS Holdings designated in CHESS as Participant Sponsored Holdings on behalf of 55 clients as Sponsoring Participant and failed to have Sponsorship Agreements in place that complied with Section 7 of the ASTC Rules.

The Tribunal noted that ASTC Settlement Rule 6.3.3 is an important rule that imposes strict and mandatory obligations upon Participants that control CHESS Holdings to ensure that Sponsorship Agreements are in place that comply with Section 7 of the ASTC Settlement Rules. The Sponsorship Agreement forms an essential part of the relationship between Participants and their sponsored clients. By failing to have in place Sponsorship Agreements for the 55 clients, those clients were not provided with information concerning what their rights and obligations were and what Perpetual's obligations were under the ASTC Settlement Rules. The Tribunal also noted that the obligation to have a Sponsorship Agreement in place is a fundamental requirement in ensuring that the integrity of the CHESS system is maintained.

In determining the penalty to be imposed, the Tribunal took into account a number of matters, including the following:

- (a) Perpetual self-reported its failure to have the requisite Sponsorship Agreements in place;
- (b) Perpetual has since implemented a number of changes to address the deficiencies in its processes with respect to Sponsorship Agreements;
- (c) there was no evidence before the Tribunal to suggest that Perpetual's failure to comply with ASTC Settlement Rule 6.3.3(b)(ii) resulted in any financial loss or damage to any clients; and
- (d) Perpetual received two 'no action' letters from ASX Compliance Services in respect of issues concerning Sponsorship Agreements.