



ASX Circular

Date: 22 January 2007

Key topics

1. Credit Suisse Equities (Australia) Limited

Reading List

Client Advisers
Compliance Managers
DTR Operators
Managing Directors
Office Managers
Operations Managers (back office)

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DISCIPLINARY MATTERS

The Australian Securities Exchange Limited's Disciplinary Tribunal ("the Tribunal") has determined the following:-

Credit Suisse Equities (Australia) Limited ("CSEAL") contravened:

- (a) ASX Market Rule 13.2.2 on 28 July 2005 in that CSEAL permitted a non Designated Trading Representative ("DTR") to submit Trading Messages on SEATS; and
- (b) ASX Market Rule 13.1.7 between 2 March 2005 and 28 July 2005 in that it failed to ensure that at all times it had appropriate security arrangements in place to prevent a non-DTR from submitting unauthorised Trading Messages into SEATS.

CSEAL elected not to contest the contraventions before the Tribunal.

CSEAL has been fined \$30,000 (plus GST) in respect of these contraventions and has voluntarily agreed, and the Tribunal has so ordered, to undertake an Education and Compliance Program in relation to Automated Order Processing for having contravened ASX Market Rules 13.2.2 and 13.1.7.

In determining sanctions the Tribunal took into account the following factors:

- (a) The facts and circumstances of the contraventions;
- (b) The disciplinary history of CSEAL;
- (c) The failure of CSEAL to have in place appropriate procedures and protocols to prevent non-DTRs obtaining access to SEATS;
- (d) CSEAL self reported the matter following a query from SEATS Market Control;
- (e) The potential for interference with the integrity of the SEATS Trading Platform;
- (f) CSEAL gave full co-operation and assistance to the ASX in determining the nature and extent of this matter;
- (g) The prior co-operative history of CSEAL;
- (h) CSEAL took immediate remedial action to prevent a recurrence of the contravening conduct; and
- (i) CSEAL's conduct did not result in any financial loss to others.

are detailed as follows:

engine ("Portfolio Crosser System") was certified by ASX Compliance Services on 8 October. The system consists of the following two functions:

- (a) An Automated Order Processing ("AOP") function which includes the relevant filters for use in On-market crossings;
and
- (b) A DTR-only function utilised for all Off-market crossings known as PTS/Xport.

On 2 March 2005, a new staff member commenced employment with CSEAL's Portfolio Trading Team and was consequently given access to both functions of the Portfolio Crosser System.

On 28 July 2005, the employee reported a Portfolio Special Crossing to SEATS Market Control, utilising Parameter X via the PTS/Xport. The crossing reported by the employee using Parameter X was within a short period cancelled. It transpired that CSEAL had permitted the employee, a non-DTR, to have access to SEATS and to submit trading messages to SEATS.

CSEAL was not able to indicate how many previous occasions the employee had utilised the DTR-only functions of the Portfolio Crosser System since commencing employment with CSEAL, but had done so on at least 10 other occasions.