AUSTRALIAN SECURITIES EXCHANGE

ASX Circular

Date: 22 January 2007

Key topics

1. Lonsec Limited

Reading List

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

Contact

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DISCIPLINARY MATTERS

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

Lonsec Limited has been fined a total of $6,500 plus GST in respect of the contravention of:

(a) Old ASX Business Rule 3.12 during the period 19 October 1995 to 10 March 2004 ("the First Relevant Period"); and

(b) ASX Market Rule 7.19.1 during the period 11 March 2004 to 17 July 2005 ("the Second Relevant Period").

The circumstances of this matter are as follows:

In the First Relevant Period and Second Relevant Period:

- Lonsec Limited registered securities in various Settlement and Accumulation Accounts in its own name.
- Lonsec Limited did not register the Securities in the name of a nominee company incorporated in Australia with a name which contained the word "Nominee".
- Lonsec Limited, during the first Relevant Period, registered Securities of which it was not the beneficial owner, in its own name.
- Lonsec Limited, during the Second Relevant Period, caused the ownership of an Equity Security of which it is not the beneficial owner to be registered in its own name.

In determining sanction the Tribunal took into account a number of matters including the following:

- There was no evidence before the Tribunal to suggest that any clients or other parties were adversely affected by the contraventions. However, client protection is of fundamental importance.
- Although the transitory positions in Settlement and Accumulation Accounts were technically in the name of Lonsec Limited, the Participant treated those holdings in all respects as client holdings. At no time were they encumbered.
- Lonsec Limited indicated at an early stage that they would not contest the proceedings.
- Lonsec Limited co-operated fully with ASX in relation to the conduct of the investigations and proceedings and in rectifying the contraventions.
- No client or other party appears to have been adversely affected by the breach.
- Lonsec Limited did not self-report.