

ASX Circular

Date: 8 October, 2007

Key topics

1. Hogan and Partners  
Stockbrokers Pty Ltd

Reading List

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

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No responsibility is accepted for any inaccuracies contained in the matter published.

## DISCIPLINARY MATTERS

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

Hogan and Partners Stockbrokers Pty Ltd ("Hogans") have been fined a total of \$30,000 (plus GST) for contravention of the following ASX Market Rules:

- a) ASX Market Rule 13.1.3 and 13.2.2, by failing to ensure that all trading in a Trading Platform was carried out by Designated Trading Representatives ("DTRs"), following the entry of 51 derivatives orders on 6, 7 and 10 July 2006, and on 16 January 2007 by a non-DTR;
- b) ASX Market Rule 13.1.7, by failing to maintain and enforce at all times appropriate security arrangements to prevent unauthorised entry of Trading Messages, following the entry of the 51 derivatives orders noted above by a non-DTR, who was not authorised to enter or submit orders into a Trading Platform;
- c) ASX Market Rule 13.1.6(c) and 13.1.6(f), by failing to have arrangements in place to ensure that at all times Hogans can determine the origin of all orders and Trading Messages, specifically:
  - i. the identity and capacity of the person placing the order that corresponds to the Trading Message; and
  - ii. the DTR with the responsibility for that Open Interface Device or computer or other device connected to the Open Interface Device.

Hogans did not contest the contraventions before the Tribunal.

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

- a) The circumstances and facts of the matter;
- b) Hogans' disciplinary history, having had no previous disciplinary actions recorded against it;
- c) Hogans has addressed the issues to prevent any future reoccurrence;
- d) Hogans co-operated with ASX in the investigation of the matter and elected not to contest the matter; and
- e) Tribunal precedents in similar matters.

The circumstances of this matter are as follows:

On four separate trading days, an employee of Hogans entered a total of 51 derivatives orders into a Trading Platform. This employee was not a DTR for Hogans at the time and was therefore not permitted or authorised to enter or submit trading messages into an ASX Trading Platform.

Hogans incorrectly believed that this employee had been accredited as a DTR and allowed him to enter trading messages into an ASX Trading Platform by sharing another DTR's login.

During the course of ASX's investigation, it was identified that two other DTR's has also engaged in the practice of sharing DTR logins to access a Trading Platform. Hogans had not initially considered the practice of sharing DTR logins to be contrary to the ASX Market Rules. However, during November 2006, ASX Compliance conducted an onsite review of Hogans. During the onsite review it became apparent that DTR logins were being shared amongst DTRs and used by non DTRs. Relevantly, ASX Compliance requested that this practice cease.

The Tribunal noted that the use of another person's DTR login resulted in the identity of the person placing the order that corresponds to the Trading Message, and/or, the DTR with responsibility for Open Interface Device or computer or other device connected to the Open Interface Device being misrepresented since the person "logged on" was not the person entering or submitting trading messages into a Trading Platform.