



## ASX Circular

**Date:** 9 January 2006

**Key topics**

1. Bell Potter Securities 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 Stock Exchange Limited's Disciplinary Tribunal ("**the Tribunal**") has determined the following:

Bell Potter Securities Limited ("**Bell Potter**") has been fined \$20,000.00 (plus GST) for contravening ASX Market Rule 20.8.1(b). In summary, Bell Potter executed a Special Crossing in the quoted securities of Tap Oil Limited ("**Tap Oil**") on 18 February 2005 when Tap Oil was conducting an on-market buy-back. Without admitting liability, Bell Potter elected not to contest the contravention before the Tribunal.

The Tribunal noted that ASX Market Rule 20.8.1(b), which prohibits the execution of Special Crossings during an on-market buy back, is important as it ensures that all trades during an on-market buy back of financial products for an issuer are conducted on market during the ordinary course of trading on that market.

The circumstances of this matter are detailed as follows:

On 3 February 2005, Tap Oil announced an on-market buy back of up to 10 million shares commencing on 17 February 2005 and expiring 12 months thereafter. Tap Oil engaged Bell Potter to facilitate the on-market buy back.

On 18 February 2005, Bell Potter reported a Special Crossing for 1,235,700 Tap Oil shares at \$1.78 as part of the on-market buy back. Bell Potter became aware of the potential breach of ASX Market Rule 20.8.1(b) when contacted by ASX Surveillance later that day.

On 22 February 2005, Bell Potter cancelled the Special Crossing and subsequently executed an ordinary Crossing on-market for 1,235,700 Tap Oil shares at \$1.78 pursuant to the on-market buy back.

The Tribunal is satisfied that the execution of the Special Crossing by Bell Potter in Tap Oil shares during the on market buy-back was in contravention of ASX Market Rule 20.8.1(b).

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

- (a) Bell Potter did not report the potential breach of ASX Market Rule 20.8.1(b) and only became aware of the potential breach when contacted by ASX Surveillance;
- (b) Bell Potter was notified of a potential breach of ASX Market Rule 20.8.1(b) on 18 February 2005, but did not cancel the Special Crossing until 22 February 2005;
- (c) once Bell Potter became aware of this matter, it took steps to prevent recurrences of this type;

- (d) Bell Potter has an excellent record of compliance with ASX requirements; and
- (e) Bell Potter fully assisted and cooperated with ASX in its investigation and quickly admitted the error.