



ASX Circular

Date: 5 May 2006

Key topics

1. Lehman Brothers Australia Pty Ltd

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:

Lehman Brothers Australia Pty Ltd ("Lehman Brothers") has been censured for contravening ASX Market Rule ("MR") 4.8.1 in that it failed to ensure that its Responsible Executive ("RE") complied with the annual continuing education requirements prescribed by ASX, for the period 1 July 2004 to 30 June 2005 ("the relevant period"), within the required timeframe.

For the purposes of these proceedings, Lehman Brothers did not contest the contraventions before the Tribunal. The Tribunal noted Lehman Brothers' full co-operation in resolving this matter.

The circumstances of this matter are detailed as follows:

MR 4.8.1 required Lehman Brothers to ensure during the relevant period that its RE successfully completed 8 hours (or 8 hours equivalent) Compliance Education of a standard equivalent to the continuing education standards set by one of the professional bodies listed in MR Procedure 4.8.1.

Lehman Brothers' RE did not complete any required continuing education during the relevant period. The RE subsequently completed the required continuing education by 1 September 2005.

The Tribunal noted the important role undertaken by REs in supervising and controlling the ASX markets related business of Market Participants. In order to perform that role effectively, the continuing education requirements prescribed by ASX are intended to ensure that REs have an appropriate level of compliance related knowledge and that this level of knowledge is maintained.

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

- (a) the circumstances and duration of the contravention;
- (b) the action that Lehman Brothers has taken since the contravention was identified to prevent any recurrences of this type; and
- (c) the prior disciplinary history of Lehman Brothers.